METLIFE INC
Form 10-Q
May 08, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012**

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)*	**13-4075851** *(I.R.S. Employer Identification No.)*
200 Park Avenue, New York, N.Y. *(Address of principal executive offices)*	**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 þ No ¨

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 þ 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	þ	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 þ

At May 2, 2012, 1,062,029,784 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 199 subsidiaries and affiliates.

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including 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.

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 the actual future results of MetLife, Inc., its subsidiaries and affiliates. 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) difficult conditions in the global capital markets; (2) concerns over U.S. fiscal policy and the trajectory of the national debt of the U.S., as well as rating agency downgrades of U.S. Treasury securities; (3) uncertainty about the effectiveness of governmental and regulatory actions to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (4) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access our credit facilities; (5) impact of comprehensive financial services regulation reform on us; (6) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (7) exposure to financial and capital market risk, including as a result of the disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (8) changes in general economic conditions, including the performance of financial markets and interest rates, which may affect our ability to raise capital, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets; (9) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (10) investment losses and defaults, and changes to investment valuations; (11) impairments of goodwill and realized losses or market value impairments to illiquid assets; (12) defaults on our mortgage loans; (13) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (14) our ability to address unforeseen liabilities, asset impairments, or rating actions arising from acquisitions or dispositions, including our acquisition of American Life Insurance Company and Delaware American Life Insurance Company (collectively, ALICO) and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (15) uncertainty with respect to the outcome of the closing agreement entered into with the United States Internal Revenue Service in connection with the acquisition of ALICO; (16) the dilutive impact on our stockholders resulting from the settlement of common equity units issued in connection with the acquisition of ALICO or otherwise; (17) 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; (18) downgrades in our claims paying ability, financial strength or credit ratings; (19) ineffectiveness of risk management policies and procedures; (20) availability and effectiveness of reinsurance or indemnification arrangements, as well as default or failure of counterparties to perform; (21) discrepancies between actual claims experience and assumptions used in setting prices for our products and establishing the liabilities for our obligations for future policy benefits and claims; (22) catastrophe losses; (23) 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; (24) unanticipated changes in industry trends; (25) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (26) changes in accounting standards, practices and/or policies; (27) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (28) 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; (29) deterioration in the experience of the closed block established in connection with the reorganization of Metropolitan Life Insurance Company; (30) adverse results or other consequences from litigation, arbitration or regulatory investigations; (31) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (32) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (33) regulatory, legislative or tax changes relating to our insurance, banking, international, or other operations that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to employees; (34) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems, cyber- or other information security systems and management continuity planning; (35) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (36) other risks and uncertainties described from time to time in MetLife, Inc. s filings with the SEC.

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

See Exhibit Index Note Regarding Reliance on Statements in Our Contracts for information regarding agreements included as exhibits to this Quarterly Report on Form 10-Q.

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Part I Financial Information

Item 1. ***Financial Statements***

MetLife, Inc.

Interim Condensed Consolidated Balance Sheets

March 31, 2012 (Unaudited) and December 31, 2011

(In millions, except share and per share data)

	March 31, 2012	December 31, 2011
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $332,981 and $329,811, respectively; includes $3,296 and $3,225, respectively, relating to variable interest entities)	$ 354,451	$ 350,271
Equity securities available-for-sale, at estimated fair value (cost: $3,063 and $3,208, respectively)	3,043	3,023
Trading and other securities, at estimated fair value (includes $544 and $473, respectively, of actively traded securities; and $249 and $280, respectively, relating to variable interest entities)	19,026	18,268
Mortgage loans:		
Held-for-investment, principally at amortized cost (net of valuation allowances of $446 and $481, respectively; includes $3,073 and $3,187, respectively, at estimated fair value, relating to variable interest entities)	56,641	56,915
Held-for-sale, principally at estimated fair value (includes $9,204 and $10,716, respectively, under the fair value option)	11,947	15,178
Mortgage loans, net	68,588	72,093
Policy loans	11,896	11,892
Real estate and real estate joint ventures (includes $10 and $15, respectively, relating to variable interest entities)	8,472	8,563
Other limited partnership interests (includes $242 and $259, respectively, relating to variable interest entities)	6,487	6,378
Short-term investments, principally at estimated fair value	11,801	17,310
Other invested assets, principally at estimated fair value (includes $98 and $98, respectively, relating to variable interest entities)	20,172	23,581
Total investments	503,936	511,379
Cash and cash equivalents, principally at estimated fair value (includes $120 and $176, respectively, relating to variable interest entities)	18,667	10,461
Accrued investment income (includes $15 and $16, respectively, relating to variable interest entities)	4,612	4,344
Premiums, reinsurance and other receivables (includes $3 and $12, respectively, relating to variable interest entities)	23,759	22,481
Deferred policy acquisition costs and value of business acquired	25,105	24,619
Goodwill	11,903	11,935
Other assets (includes $5 and $5, respectively, relating to variable interest entities)	9,647	7,984
Separate account assets	221,975	203,023
Total assets	$ 819,604	$ 796,226
Liabilities and Equity		
Liabilities		
Future policy benefits	$ 184,141	$ 184,275
Policyholder account balances	220,813	217,700
Other policy-related balances	16,029	15,599
Policyholder dividends payable	761	774
Policyholder dividend obligation	2,700	2,919
Payables for collateral under securities loaned and other transactions	32,496	33,716
Bank deposits	10,478	10,507

Short-term debt	101	686
Long-term debt (includes $2,916 and $3,068, respectively, at estimated fair value, relating to variable interest entities)	23,389	23,692
Collateral financing arrangements	4,647	4,647
Junior subordinated debt securities	3,192	3,192
Current income tax payable	239	193
Deferred income tax liability	6,375	6,395
Other liabilities (includes $52 and $60, respectively, relating to variable interest entities; and $8,252 and $7,626, respectively, under the fair value option)	33,144	30,914
Separate account liabilities	221,975	203,023
Total liabilities	760,480	738,232
Contingencies, Commitments and Guarantees (Note 10)		
Redeemable noncontrolling interests in partially owned consolidated subsidiaries	114	105
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; 1,064,057,907 and 1,061,150,915 shares issued at March 31, 2012 and December 31, 2011, respectively; 1,060,864,020 and 1,057,957,028 shares outstanding at March 31, 2012 and December 31, 2011, respectively	11	11
Additional paid-in capital	26,920	26,782
Retained earnings	24,640	24,814
Treasury stock, at cost; 3,193,887 shares at March 31, 2012 and December 31, 2011	(172)	(172)
Accumulated other comprehensive income (loss)	7,266	6,083
Total MetLife, Inc. s stockholders equity	58,666	57,519
Noncontrolling interests	344	370
Total equity	59,010	57,889
Total liabilities and equity	$ 819,604	$ 796,226

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income

For the Three Months Ended March 31, 2012 and 2011 (Unaudited)

(In millions, except per share data)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Revenues		
Premiums	$ 9,129	$ 8,554
Universal life and investment-type product policy fees	2,078	1,889
Net investment income	6,200	5,313
Other revenues	597	566
Net investment gains (losses):		
Other-than-temporary impairments on fixed maturity securities	(135)	(132)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	2	9
Other net investment gains (losses)	23	24
Total net investment gains (losses)	(110)	(99)
Net derivative gains (losses)	(1,978)	(315)
Total revenues	15,916	15,908
Expenses		
Policyholder benefits and claims	9,104	8,237
Interest credited to policyholder account balances	2,557	1,924
Policyholder dividends	343	372
Other expenses	4,321	4,090
Total expenses	16,325	14,623
Income (loss) from continuing operations before provision for income tax	(409)	1,285
Provision for income tax expense (benefit)	(275)	361
Income (loss) from continuing operations, net of income tax	(134)	924
Income (loss) from discontinued operations, net of income tax	14	(40)
Net income (loss)	(120)	884
Less: Net income (loss) attributable to noncontrolling interests	24	7
Net income (loss) attributable to MetLife, Inc	(144)	877
Less: Preferred stock dividends	30	30
Preferred stock redemption premium		146
Net income (loss) available to MetLife, Inc. s common shareholders	$ (174)	$ 701
Comprehensive income (loss)	$ 1,054	$ 974

Less: Comprehensive income (loss) attributable to noncontrolling interest, net of income tax	15	(2)
Comprehensive income (loss) attributable to MetLife, Inc	$ 1,039	$ 976
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc. s common shareholders per common share:		
Basic	$ (0.17)	$ 0.70
Diluted	$ (0.17)	$ 0.70
Net income (loss) available to MetLife, Inc. s common shareholders per common share:		
Basic	$ (0.16)	$ 0.66
Diluted	$ (0.16)	$ 0.66

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Interim Condensed Consolidated Statements of Equity

For the Three Months Ended March 31, 2012 (Unaudited)

(In millions)

						Accumulated Other Comprehensive Income (Loss)						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests (1)	Total Equity
Balance at December 31, 2011	$ 1	$ 11	$ 26,782	$ 24,814	$ (172)	$ 9,115	$ (441)	$ (648)	$ (1,943)	$ 57,519	$ 370	$ 57,889
Stock-based compensation			138							138		138
Dividends on preferred stock				(30)						(30)		(30)
Change in equity of noncontrolling interests											(41)	(41)
Net income (loss)				(144)						(144)	8	(136)
Other comprehensive income (loss), net of income tax						814	31	313	25	1,183	7	1,190
Balance at March 31, 2012	$ 1	$ 11	$ 26,920	$ 24,640	$ (172)	$ 9,929	$ (410)	$ (335)	$ (1,918)	$ 58,666	$ 344	$ 59,010

(1) Net income (loss) attributable to noncontrolling interests excludes gains (losses) of redeemable noncontrolling interests in partially owned consolidated subsidiaries of $16 million.

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Interim Condensed Consolidated Statements of Equity (Continued)

For the Three Months Ended March 31, 2011 (Unaudited)

(In millions)

						Accumulated Other Comprehensive Income (Loss)						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders Equity	Noncontrolling Interests (1)	Total Equity
Balance at December 31, 2010	$ 1	$ 10	$ 26,423	$ 21,363	$ (172)	$ 3,356	$ (366)	$ (541)	$ (1,449)	$ 48,625	$ 371	$ 48,996
Cumulative effect of change in accounting principle, net of income tax (Note 1)				(1,917)		132		13		(1,772)	(6)	(1,778)
Balance at January 1, 2011	1	10	26,423	19,446	(172)	3,488	(366)	(528)	(1,449)	46,853	365	47,218
Redemption of convertible preferred stock			(2,805)							(2,805)		(2,805)
Preferred stock redemption premium				(146)						(146)		(146)
Common stock issuance newly issued shares		1	2,949							2,950		2,950
Stock-based compensation			101							101		101
Dividends on preferred stock				(30)						(30)		(30)
Change in equity of noncontrolling interests											36	36
Net income (loss)				877						877	(3)	874
Other comprehensive income (loss), net of income tax						(360)	27	413	19	99	1	100
Balance at March 31, 2011	$ 1	$ 11	$ 26,668	$ 20,147	$ (172)	$ 3,128	$ (339)	$ (115)	$ (1,430)	$ 47,899	$ 399	$ 48,298

(1) Net income (loss) attributable to noncontrolling interests excludes gains (losses) of redeemable noncontrolling interests in partially owned consolidated subsidiaries of $10 million.

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Interim Condensed Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2012 and 2011 (Unaudited)

(In millions)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Net cash provided by operating activities	$ 5,758	$ 3,499
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	25,815	25,149
Equity securities	166	473
Mortgage loans	2,160	2,411
Real estate and real estate joint ventures	251	106
Other limited partnership interests	188	320
Purchases of:		
Fixed maturity securities	(27,657)	(32,954)
Equity securities	(108)	(271)
Mortgage loans	(1,802)	(2,678)
Real estate and real estate joint ventures	(117)	(159)
Other limited partnership interests	(278)	(211)
Cash received in connection with freestanding derivatives	417	1,070
Cash paid in connection with freestanding derivatives	(1,566)	(1,916)
Net change in securitized reverse residential mortgage loans	(561)	
Net change in policy loans	(53)	(87)
Net change in short-term investments	5,522	774
Net change in other invested assets	(170)	(66)
Other, net	(40)	(53)
Net cash provided by (used in) investing activities	2,167	(8,092)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	25,069	25,042
Withdrawals	(23,247)	(23,363)
Net change in payables for collateral under securities loaned and other transactions	(1,220)	1,353
Net change in bank deposits	(50)	(1,027)
Net change in short-term debt	(585)	266
Long-term debt issued		280
Long-term debt repaid	(349)	(249)
Net change in liability for securitized reverse residential mortgage loans	561	
Common stock issued, net of issuance costs		2,950
Stock options exercised	75	47
Redemption of convertible preferred stock		(2,805)
Preferred stock redemption premium		(146)
Dividends on preferred stock	(30)	(30)
Other, net	16	(56)
Net cash provided by financing activities	240	2,262
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	41	93

Change in cash and cash equivalents	8,206	(2,238)
Cash and cash equivalents, beginning of period	10,461	13,046
Cash and cash equivalents, end of period	$ 18,667	$ 10,808
Cash and cash equivalents, subsidiaries held-for-sale, beginning of period	$	$ 89
Cash and cash equivalents, subsidiaries held-for-sale, end of period	$	$ 116
Cash and cash equivalents, from continuing operations, beginning of period	$ 10,461	$ 12,957
Cash and cash equivalents, from continuing operations, end of period	$ 18,667	$ 10,692
Supplemental disclosures of cash flow information:		
Net cash paid during the period for:		
Interest	$ 266	$ 333
Income tax	$ 83	$ 415
Non-cash transactions during the period:		
Real estate and real estate joint ventures acquired in satisfaction of debt	$ 123	$

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, its subsidiaries and affiliates. MetLife is a leading global provider of insurance, annuities and employee benefit programs throughout the United States, Japan, Latin America, Asia, Europe, the Middle East and Africa. Through its subsidiaries and affiliates, MetLife offers life insurance, annuities, property & casualty insurance, and other financial services to individuals, as well as group insurance and retirement & savings products and services to corporations and other institutions.

MetLife is organized into six segments: Retail Products; Group, Voluntary and Worksite Benefits; Corporate Benefit Funding; and Latin America (collectively, The Americas); Asia; and Europe, the Middle East and Africa (EMEA). See Note 15 for further information on the reorganization of the Company s segments in the first quarter of 2012, which was applied retrospectively.

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.

Certain international subsidiaries have a fiscal year-end of November 30. Accordingly, the Company s interim condensed consolidated financial statements reflect the assets and liabilities of such subsidiaries as of February 29, 2012 and the operating results of such subsidiaries for the three months ended February 29, 2012 and February 28, 2011.

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 business and operations. Actual results could differ from these estimates.

The accompanying interim condensed consolidated financial statements include the accounts of MetLife, Inc. 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. 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 9. 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 ownership 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 and related footnotes thereto have been reclassified to conform with the 2012 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements. See Adoption of New Accounting Pronouncements for discussion of an adoption in the first quarter of 2012, which was retrospectively applied.

MetLife, Inc.

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

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 March 31, 2012, its consolidated results of operations and comprehensive income for the three months ended March 31, 2012 and 2011, its consolidated statements of equity for the three months ended March 31, 2012 and 2011, and its consolidated statements of cash flows for the three months ended March 31, 2012 and 2011, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2011 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife, Inc. s Annual Report on Form 10-K for the year ended December 31, 2011 (the 2011 Annual Report) filed with the U.S. Securities and Exchange Commission (SEC), which include 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 2011 Annual Report.

Summary of Significant Accounting Policies and Critical Accounting Estimates

See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for the *Summary of Significant Accounting Policies and Critical Accounting Estimates.* Described below are the significant changes to such policies based on the adoption of new guidance.

Deferred Policy Acquisition Costs and Value of Business Acquired

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that are related directly to the successful acquisition or renewal of insurance contracts are deferred as deferred policy acquisition costs (DAC). Such costs include: (1) incremental direct costs of contract acquisition, such as commissions, (2) the portion of an employee s total compensation and benefits related to time spent selling, underwriting or processing the issuance of new and renewal insurance business only with respect to actual policies acquired or renewed, (3) other direct costs essential to contract acquisition that would not have been incurred had a policy not been acquired or renewed, and (4) in limited circumstances, the costs of direct-response advertising whose primary purpose is to elicit sales to customers who could be shown to have responded specifically to the advertising and that results in probable future benefits. All other acquisition-related costs, including those related to general advertising and solicitation, market research, agent training, product development, unsuccessful sales and underwriting efforts, as well as all indirect costs, are expensed as incurred.

The Company s policies relating to the establishment of value of business acquired (VOBA), amortization of DAC and VOBA, review of estimated gross margin and profit projections, and internal replacements are described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report.

Adoption of New Accounting Pronouncements

Effective January 1, 2012, the Company adopted new guidance regarding comprehensive income that defers the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income. The amendments in this guidance are being made to allow the Financial Accounting Standards Board (FASB) time to re-deliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. All other requirements in the new comprehensive income standard are not affected by this guidance, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements on an annual basis.

Effective January 1, 2012, the Company adopted new guidance regarding comprehensive income that provides companies with the option to present the total of comprehensive income, components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or

MetLife, Inc.

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

in two separate but consecutive statements in annual financial statements. The objective of the standard is to increase the prominence of items reported in other comprehensive income and to facilitate convergence of GAAP and International Financial Reporting Standards (IFRS). The standard eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders equity. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified in net income.

Effective January 1, 2012, the Company adopted new guidance on goodwill impairment testing that simplifies how an entity tests goodwill for impairment. This new guidance allows an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value as a basis for determining whether it needs to perform the quantitative two-step goodwill impairment test. Only if an entity determines, based on qualitative assessment, that it is more likely than not that a reporting unit s fair value is less than its carrying value will it be required to calculate the fair value of the reporting unit. The adoption did not have a material impact on the Company s consolidated financial statements.

Effective January 1, 2012, the Company adopted new guidance regarding fair value measurements that establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. Some of the amendments clarify the FASB s intent on the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption did not have a material impact on the Company s consolidated financial statements. See also expanded disclosures in Note 5.

Effective January 1, 2012, the Company adopted new guidance regarding effective control in repurchase agreements. The guidance removes from the assessment of effective control, the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The adoption did not have a material impact on the Company s consolidated financial statements.

Effective January 1, 2012, the Company adopted new guidance regarding accounting for DAC. The guidance specifies that only costs related directly to successful acquisition of new or renewal contracts can be capitalized as DAC; all other acquisition-related costs must be expensed as incurred. Under the new guidance, advertising costs may only be included in DAC if the capitalization criteria in the direct-response advertising guidance in Subtopic 340-20, *Other Assets and Deferred Costs Capitalized Advertising Costs*, are met. As a result, certain direct marketing, sales manager compensation and administrative costs previously capitalized by the Company will no longer be deferred.

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MetLife, Inc.

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

The following table presents the effects of the retrospective application of the adoption of such new accounting guidance to the Company s previously reported consolidated balance sheet:

	December 31, 2011		
	As Previously Reported	Adjustment	As Adjusted
		(In millions)	
Assets			
Other invested assets, principally at estimated fair value	$ 23,628	$ (47)	$ 23,581
Deferred policy acquisition costs and value of business acquired (1)	$ 27,971	$ (3,352)	$ 24,619
Liabilities			
Future policy benefits	$ 184,252	$ 23	$ 184,275
Deferred income tax liability	$ 7,535	$ (1,140)	$ 6,395
Equity			
Retained earnings	$ 27,289	$ (2,475)	$ 24,814
Accumulated other comprehensive income (loss)	$ 5,886	$ 197	$ 6,083
Total MetLife, Inc. s stockholders equity	$ 59,797	$ (2,278)	$ 57,519
Noncontrolling interests	$ 374	$ (4)	$ 370
Total equity	$ 60,171	$ (2,282)	$ 57,889

(1) Value of business acquired was not impacted by the adoption of this guidance.

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MetLife, Inc.

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

The following table presents the effects of the retrospective application of the adoption of such new accounting guidance to the Company s previously reported consolidated statement of operations and comprehensive income:

	Three Months Ended March 31, 2011		
	As Previously Reported	Adjustment	As Adjusted
		(In millions)	
Revenues			
Net investment income	$ 5,315(1)	$ (2)	$ 5,313
Expenses			
Policyholder benefits and claims	$ 8,231	$ 6	$ 8,237
Other expenses	$ 3,902	$ 188	$ 4,090
Income (loss) from continuing operations before provision for income tax	$ 1,481(1)	$ (196)	$ 1,285
Provision for income tax expense (benefit)	$ 428	$ (67)	$ 361
Income (loss) from continuing operations, net of income tax	$ 1,053(1)	$ (129)	$ 924
Net income (loss)	$ 1,013	$ (129)	$ 884
Net income (loss) attributable to MetLife, Inc	$ 1,006	$ (129)	$ 877
Net income (loss) available to MetLife, Inc. s common shareholders	$ 830	$ (129)	$ 701
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc. s common shareholders per common share:			
Basic	$ 0.82	$ (0.12)	$ 0.70
Diluted	$ 0.82	$ (0.12)	$ 0.70
Net income (loss) available to MetLife, Inc. s common shareholders per common share:			
Basic	$ 0.78	$ (0.12)	$ 0.66
Diluted	$ 0.78	$ (0.12)	$ 0.66

(1) Amounts in the table above differ from the amounts previously reported in the consolidated statement of operations and comprehensive income due to the inclusion of the impact of discontinued real estate operations of $2 million.

The following table presents the effects of the retrospective application of the adoption of such new accounting guidance to the Company s previously reported consolidated statement of cash flows:

	Three Months Ended March 31, 2011		
	As Previously Reported	Adjustment	As Adjusted
		(In millions)	
Net cash provided by operating activities	$ 3,501	$ (2)	$ 3,499

Net change in other invested assets	$ (68)	$ 2	$ (66)

Future Adoption of New Accounting Pronouncements

In December 2011, the FASB issued new guidance regarding balance sheet offsetting disclosures (Accounting Standards Update (ASU) 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities),* effective for annual reporting periods beginning on or after January 1, 2013, and interim periods

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MetLife, Inc.

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

within those annual periods. The guidance should be applied retrospectively for all comparative periods presented. The amendments in ASU 2011-11 require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effects of those arrangements on its financial position. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The objective of ASU 2011-11 is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of IFRS. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In December 2011, the FASB issued new guidance regarding derecognition of in substance real estate (ASU 2011-10 *Property, Plant and Equipment (Topic 360): Derecognition of in Substance Real Estate a Scope Clarification (a consensus of the FASB Emerging Issues Task Force),* effective for fiscal years, and interim periods within those fiscal years, beginning on or after June 15, 2012. The amendments should be applied prospectively to deconsolidation events occurring after the effective date. Under the amendments in ASU 2011-10, when a parent ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of a default on the subsidiary s nonrecourse debt, the reporting entity should apply the guidance in Subtopic 360-20 to determine whether it should derecognize the in substance real estate. Generally, a reporting entity would not satisfy the requirements to derecognize in substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse indebtedness. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In July 2011, the FASB issued new guidance on other expenses (ASU 2011-06, *Other Expenses (Topic 720): Fees Paid to the Federal Government by Health Insurers)*, effective for calendar years beginning after December 31, 2013. The objective of this standard is to address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. The amendments in this standard specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Acquisitions and Dispositions

2012 Pending Dispositions

In December 2011, MetLife Bank National Association (MetLife Bank) and MetLife, Inc. entered into a definitive agreement to sell most of the depository business of MetLife Bank to GE Capital Financial Inc. The transaction is subject to the receipt of regulatory approvals from the Office of the Comptroller of the Currency (the OCC), the Federal Deposit Insurance Corporation (the FDIC) and the Utah Department of Financial Institutions (the Utah DFI) and to the satisfaction of other customary closing conditions. GE Capital Financial Inc. has filed applications with the FDIC and the Utah DFI seeking approval of the assumption of the deposits to be transferred to it, and MetLife Bank has filed applications with the OCC seeking approval to change the composition of substantially all of MetLife Bank s assets and with the FDIC to terminate MetLife Bank s FDIC deposit insurance contingent upon certification that MetLife Bank has no remaining deposits (which is dependent on the assumption by GE Capital Financial Inc. of the deposits to be transferred to it). The parties have responded to questions on their applications from the staff of the OCC, the FDIC and the Utah DFI, and are awaiting action by these regulators on their applications. In January 2012, MetLife, Inc. announced it is exiting the business of originating forward residential mortgages. In conjunction with these events, for the three months ended March 31, 2012, the Company recorded a net gain of

MetLife, Inc.

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

$7 million, net of income tax, which included gains on securities and mortgage loans sold, partially offset by impairments on mortgage loans, lease impairments and other employee-related charges. Additionally, in April 2012, MetLife, Inc. announced that it is exiting the reverse mortgage origination business and that it and MetLife Bank entered into a definitive agreement to sell MetLife Bank s reverse mortgage servicing portfolio. The transaction is subject to certain regulatory approvals and other customary closing conditions. The Company expects to incur additional charges of $77 million to $115 million, net of income tax, during the remainder of 2012, related to exiting these three businesses. The total assets and liabilities recorded in the consolidated balance sheets related to these businesses were approximately $19.5 billion and $18.6 billion at March 31, 2012, respectively, and $19.3 billion and $18.2 billion at December 31, 2011, respectively. These businesses did not qualify for discontinued operations accounting treatment under GAAP.

In November 2011, the Company entered into an agreement to sell its insurance operations in the Caribbean region, Panama and Costa Rica (the Caribbean Business). The total assets and liabilities recorded in the consolidated balance sheets related to these insurance operations were $786 million and $625 million at March 31, 2012, respectively, and $859 million and $707 million at December 31, 2011, respectively. The sale is expected to close in the third quarter of 2012, subject to regulatory approval and other customary closing conditions. The results of the Caribbean Business are included in continuing operations.

2010 Acquisition

Contingent Consideration

Related to the 2010 acquisition of American Life Insurance Company (American Life), the Company has guaranteed that the fair value of a fund of assets backing certain U.K. unit-linked contracts will have a value of at least £1 per unit on July 1, 2012. If the shortfall between the aggregate guaranteed amount and the fair value of the fund exceeds £106 million (as adjusted for withdrawals), American International Group, Inc. (AIG) will pay the difference to the Company and, conversely, if the shortfall at July 1, 2012 is less than £106 million, the Company will pay the difference to AIG. The Company believes that the fair value of the fund will equal or exceed the aggregate guaranteed amount by July 1, 2012. The contingent consideration liability was $121 million at March 31, 2012 and $109 million at December 31, 2011. The increase in the contingent consideration liability amount from December 31, 2011 to March 31, 2012 was recorded in net derivative gains (losses) in the consolidated statement of operations and comprehensive income. See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report.

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MetLife, Inc.

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

3. Investments

Fixed Maturity and Equity Securities Available-for-Sale

Presented below is certain information about fixed maturity and equity securities for the periods shown. The unrealized loss amounts presented below include the noncredit loss component of other-than-temporary impairment (OTTI) losses:

	March 31, 2012					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value	% of Total
	(In millions)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 97,827	$ 8,327	$ 881	$	$ 105,273	29.7%
Foreign corporate securities	61,857	4,149	651	1	65,354	18.4
Foreign government securities	52,086	3,428	176		55,338	15.6
U.S. Treasury and agency securities	37,187	4,316	87		41,416	11.7
Residential mortgage-backed securities (RMBS)	40,487	2,243	805	646	41,279	11.7
Commercial mortgage-backed securities (CMBS)	17,980	863	108	3	18,732	5.3
State and political subdivision securities	12,425	1,604	113		13,916	3.9
Asset-backed securities (ABS)	13,132	273	244	18	13,143	3.7
Total fixed maturity securities	$ 332,981	$ 25,203	$ 3,065	$ 668	$ 354,451	100.0%
Equity Securities:						
Common stock	$ 2,155	$ 109	$ 22	$	$ 2,242	73.7%
Non-redeemable preferred stock	908	48	155		801	26.3
Total equity securities	$ 3,063	$ 157	$ 177	$	$ 3,043	100.0%

	December 31, 2011					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value	% of Total
	(In millions)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 98,621	$ 8,544	$ 1,380	$	$ 105,785	30.2%
Foreign corporate securities	61,568	3,789	1,338	1	64,018	18.3
Foreign government securities	49,840	3,053	357		52,536	15.0
U.S. Treasury and agency securities	34,132	5,882	2		40,012	11.4
RMBS	42,092	2,281	1,033	703	42,637	12.2
CMBS	18,565	730	218	8	19,069	5.4
State and political subdivision securities	11,975	1,416	156		13,235	3.8
ABS	13,018	278	305	12	12,979	3.7

Total fixed maturity securities	$ 329,811	$ 25,973	$ 4,789	$ 724	$ 350,271	100.0%
Equity Securities:						
Common stock	$ 2,219	$ 83	$ 97	$	$ 2,205	72.9%
Non-redeemable preferred stock	989	31	202		818	27.1
Total equity securities	$ 3,208	$ 114	$ 299	$	$ 3,023	100.0%

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MetLife, Inc.

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

The Company held non-income producing fixed maturity securities with an estimated fair value of $22 million and $62 million with unrealized gains (losses) of ($9) million and ($19) million at March 31, 2012 and December 31, 2011, respectively.

Concentrations of Credit Risk Summary. The Company was not exposed to any concentrations of credit risk of any single issuer within its fixed maturity securities and equity securities greater than 10% of the Company s equity, other than the government and agency securities summarized in the table below at:

	March 31, 2012	December 31, 2011
	Carrying Value (1) (In millions)	
U.S. Treasury and agency securities included in:		
Fixed maturity securities	$ 41,416	$ 40,012
Short-term investments	10,023	15,775
Cash equivalents	3,072	1,748
Total U.S. Treasury and agency securities	$ 54,511	$ 57,535
Japan government and agency securities included in:		
Fixed maturity securities	$ 20,562	$ 21,003
Short-term investments	62	
Cash equivalents	395	
Total Japan government and agency securities	$ 21,019	$ 21,003

(1) Represents estimated fair value for fixed maturity securities, and for short-term investments and cash equivalents, estimated fair value or amortized cost, which approximates estimated fair value.

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:

	March 31, 2012		December 31, 2011	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
Due in one year or less	$ 19,016	$ 19,154	$ 16,747	$ 16,862
Due after one year through five years	63,283	65,588	62,819	64,414
Due after five years through ten years	82,469	89,080	82,694	88,036
Due after ten years	96,614	107,475	93,876	106,274
Subtotal	261,382	281,297	256,136	275,586
RMBS, CMBS and ABS	71,599	73,154	73,675	74,685

Total fixed maturity securities	$ 332,981	$ 354,451	$ 329,811	$ 350,271

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.

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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 2011 Annual Report, the Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities, equity securities and perpetual hybrid securities, in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

Net Unrealized Investment Gains (Losses)

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

	March 31, 2012	December 31, 2011
	(In millions)	
Fixed maturity securities	$ 22,011	$ 21,096
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(668)	(724)
Total fixed maturity securities	21,343	20,372
Equity securities	5	(167)
Derivatives	1,019	1,514
Other	9	72
Subtotal	22,376	21,791
Amounts allocated from:		
Insurance liability loss recognition	(3,454)	(3,996)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	41	47
DAC and VOBA	(1,820)	(1,800)
Policyholder dividend obligation	(2,700)	(2,919)
Subtotal	(7,933)	(8,668)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	217	236
Deferred income tax benefit (expense)	(5,150)	(4,694)
Net unrealized investment gains (losses)	9,510	8,665
Net unrealized investment gains (losses) attributable to noncontrolling interests	9	9
Net unrealized investment gains (losses) attributable to MetLife, Inc	$ 9,519	$ 8,674

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MetLife, Inc.

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

The changes in fixed maturity securities with noncredit OTTI losses included in accumulated other comprehensive income (loss), were as follows:

	March 31, 2012	December 31, 2011
	(In millions)	
Balance, beginning of period	$ (724)	$ (601)
Noncredit OTTI losses recognized (1)	(2)	31
Securities sold with previous noncredit OTTI loss	50	125
Subsequent changes in estimated fair value	8	(279)
Balance, end of period	$ (668)	$ (724)

(1) Noncredit OTTI losses recognized, net of DAC, were ($8) million and $33 million for the periods ended March 31, 2012 and December 31, 2011, respectively.

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

	Three Months Ended March 31, 2012 (In millions)
Balance, beginning of period	$ 8,674
Fixed maturity securities on which noncredit OTTI losses have been recognized	56
Unrealized investment gains (losses) during the period	529
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	542
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(6)
DAC and VOBA	(20)
Policyholder dividend obligation	219
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(19)
Deferred income tax benefit (expense)	(456)
Net unrealized investment gains (losses)	9,519
Net unrealized investment gains (losses) attributable to noncontrolling interests	
Balance, end of period	$ 9,519
Change in net unrealized investment gains (losses)	$ 845
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	
Change in net unrealized investment gains (losses) attributable to MetLife, Inc	$ 845

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MetLife, Inc.

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

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

Presented below is certain information about the estimated fair value and gross unrealized losses of fixed maturity and equity securities in an 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 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.

	March 31, 2012					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 10,097	$ 293	$ 4,125	$ 588	$ 14,222	$ 881
Foreign corporate securities	8,410	265	4,719	387	13,129	652
Foreign government securities	4,831	84	1,322	92	6,153	176
U.S. Treasury and agency securities	8,512	83	37	4	8,549	87
RMBS	4,698	406	4,565	1,045	9,263	1,451
CMBS	1,189	33	714	78	1,903	111
State and political subdivision securities	352	5	544	108	896	113
ABS	3,810	80	1,343	182	5,153	262
Total fixed maturity securities	$ 41,899	$ 1,249	$ 17,369	$ 2,484	$ 59,268	$ 3,733
Equity Securities:						
Common stock	$ 347	$ 22	$ 4	$	$ 351	$ 22
Non-redeemable preferred stock	62	9	326	146	388	155
Total equity securities	$ 409	$ 31	$ 330	$ 146	$ 739	$ 177
Total number of securities in an unrealized loss position	3,555		1,674			

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MetLife, Inc.

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

	December 31, 2011					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 15,642	$ 590	$ 5,135	$ 790	$ 20,777	$ 1,380
Foreign corporate securities	12,618	639	5,957	700	18,575	1,339
Foreign government securities	11,227	230	1,799	127	13,026	357
U.S. Treasury and agency securities	2,611	1	50	1	2,661	2
RMBS	4,040	547	4,724	1,189	8,764	1,736
CMBS	2,825	135	678	91	3,503	226
State and political subdivision securities	177	2	1,007	154	1,184	156
ABS	4,972	103	1,316	214	6,288	317
Total fixed maturity securities	$ 54,112	$ 2,247	$ 20,666	$ 3,266	$ 74,778	$ 5,513
Equity Securities:						
Common stock	$ 581	$ 96	$ 5	$ 1	$ 586	$ 97
Non-redeemable preferred stock	204	30	370	172	574	202
Total equity securities	$ 785	$ 126	$ 375	$ 173	$ 1,160	$ 299
Total number of securities in an unrealized loss position	3,978		1,963			

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MetLife, Inc.

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

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

Presented below is certain information about the aging and severity of gross unrealized losses on fixed maturity and equity securities, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss) at:

	March 31, 2012					
	Cost or Amortized Cost		Gross Unrealized Losses		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	$ 27,651	$ 971	$ 441	$ 258	2,367	118
Six months or greater but less than nine months	11,280	1,549	367	452	820	84
Nine months or greater but less than twelve months	3,306	791	149	237	292	43
Twelve months or greater	15,271	2,182	1,006	823	1,340	162
Total	$ 57,508	$ 5,493	$ 1,963	$ 1,770		
Percentage of amortized cost			3%	32%		
Equity Securities:						
Less than six months	$ 139	$ 46	$ 5	$ 14	64	16
Six months or greater but less than nine months	233	112	17	32	50	7
Nine months or greater but less than twelve months	49		3		17	1
Twelve months or greater	114	223	8	98	20	19
Total	$ 535	$ 381	$ 33	$ 144		
Percentage of cost			6%	38%		

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MetLife, Inc.

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

	December 31, 2011					
	Cost or Amortized Cost		Gross Unrealized Losses		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	$ 49,249	$ 4,736	$ 1,346	$ 1,332	3,260	320
Six months or greater but less than nine months	4,104	1,049	279	349	375	63
Nine months or greater but less than twelve months	1,160	288	55	93	143	14
Twelve months or greater	17,590	2,115	1,216	843	1,523	167
Total	$ 72,103	$ 8,188	$ 2,896	$ 2,617		
Percentage of amortized cost			4%	32%		
Equity Securities:						
Less than six months	$ 714	$ 376	$ 64	$ 123	154	42
Six months or greater but less than nine months	22	8	2	4	19	3
Nine months or greater but less than twelve months	18		2		8	
Twelve months or greater	98	223	8	96	24	20
Total	$ 852	$ 607	$ 76	$ 223		
Percentage of cost			9%	37%		

Equity securities with gross unrealized losses of 20% or more for twelve months or greater increased from $96 million at December 31, 2011 to $98 million at March 31, 2012. As shown in the section Evaluating Temporarily Impaired Available-for-Sale Securities below, all of the equity securities with gross unrealized losses of 20% or more for twelve months or greater at March 31, 2012 were financial services industry investment grade non-redeemable preferred stock, of which 72% were rated A or better.

MetLife, Inc.

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

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

The gross unrealized losses related to fixed maturity and equity securities, including the portion of OTTI losses on fixed maturity securities recognized in accumulated other comprehensive income (loss) were $3.9 billion and $5.8 billion at March 31, 2012 and December 31, 2011, respectively. The concentration, calculated as a percentage of gross unrealized losses (including OTTI losses), by sector and industry was as follows at:

	March 31, 2012	December 31, 2011
Sector:		
RMBS	37%	30%
U.S. corporate securities	23	24
Foreign corporate securities	17	23
ABS	7	5
Foreign government securities	4	6
State and political subdivision securities	3	3
CMBS	3	4
U.S. Treasury and agency securities	2	
Other	4	5
Total	100%	100%
Industry:		
Mortgage-backed	40%	34%
Finance	20	27
Utility	8	8
Asset-backed	7	5
Consumer	5	6
Foreign government securities	4	6
State and political subdivision securities	3	3
Communications	2	3
U.S. Treasury and agency securities	2	
Industrial	2	2
Other	7	6
Total	100%	100%

Evaluating Temporarily Impaired Available-for-Sale Securities

The following table presents fixed maturity and equity securities, each with gross unrealized losses of greater than $10 million, the number of securities, total gross unrealized losses and percentage of total gross unrealized losses at:

	March 31, 2012		December 31, 2011	
	Fixed Maturity Securities	Equity Securities	Fixed Maturity Securities	Equity Securities
	(In millions, except number of securities)			
Number of securities	59	4	96	8

Total gross unrealized losses	1,130	$ 77	$ 1,703	$ 117
Percentage of total gross unrealized losses	30%	44%	31%	39%

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MetLife, Inc.

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

Fixed maturity and equity securities, each with gross unrealized losses greater than $10 million, decreased $613 million during the three months ended March 31, 2012. The decline in, or improvement in, gross unrealized losses for the three months ended March 31, 2012 was primarily attributable to narrowing credit spreads, partially offset by an increase in interest rates. These securities were included in the Company s OTTI review process.

As of March 31, 2012, $1.5 billion of unrealized losses were from fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater. Of the $1.5 billion, $598 million, or 40%, are related to unrealized losses on investment grade securities. Unrealized losses on investment grade securities are principally related to widening credit spreads or rising interest rates since purchase. Of the $1.5 billion, $914 million, or 60%, are related to unrealized losses on below investment grade securities. Unrealized losses on below investment grade securities are principally related to non-agency RMBS (primarily alternative residential mortgage loans and sub-prime residential mortgage loans), U.S. and foreign corporate securities (primarily utility, financial services and transportation industry securities) and ABS (primarily collateralized debt obligations) and were the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over the financial services sector, unemployment levels and valuations of residential real estate supporting non-agency RMBS. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for the factors management considers in evaluating these corporate and structured securities. See Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale for a discussion of equity securities with an unrealized loss position of 20% or more of cost for 12 months or greater.

In the Company s impairment review process, the duration and severity of an unrealized loss position for equity securities are 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 are 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 gross unrealized losses of 20% or more at March 31, 2012:

	All Equity Securities	All Types of Non-Redeemable Preferred Stock		Non-Redeemable Preferred Stock — Investment Grade — All Industries		Non-Redeemable Preferred Stock — Investment Grade — Financial Services Industry		
	Gross Unrealized Losses	Gross Unrealized Losses	% of All Equity Securities	Gross Unrealized Losses	% of All Non-Redeemable Preferred Stock	Gross Unrealized Losses	% of All Industries	% A Rated or Better
	(In millions)			(In millions)		(In millions)		
Less than six months	$ 14	$ 13	93 %	$ 2	15 %	$ 2	100 %	100 %
Six months or greater but less than twelve months	32	32	100 %	23	72 %	23	100 %	30 %
Twelve months or greater	98	98	100 %	98	100 %	98	100 %	72 %
All equity securities with gross unrealized losses of 20% or more	$ 144	$ 143	99 %	$ 123	86 %	$ 123	100 %	65 %

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MetLife, Inc.

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

In connection with the equity securities impairment review process, the Company evaluated its holdings in non-redeemable preferred stock, particularly those in the financial services sector. 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 had been 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).

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

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 ratings, changes in collateral valuation, changes in interest rates and changes in credit spreads. If economic fundamentals or any of the above factors deteriorate, additional OTTIs may be incurred in upcoming quarters.

Trading and Other Securities

The table below presents certain information about the Company s trading securities that are actively purchased and sold (Actively Traded Securities) and other securities for which the fair value option (FVO) has been elected at:

	March 31, 2012	December 31, 2011
	(In millions)	
Actively Traded Securities	$ 544	$ 473
FVO general account securities	274	267
FVO contractholder-directed unit-linked investments	18,119	17,411
FVO securities held by CSEs	89	117
Total trading and other securities at estimated fair value	$ 19,026	$ 18,268
Actively Traded Securities at estimated fair value	$ 544	$ 473
Short sale agreement liabilities at estimated fair value	(169)	(127)
Net long/short position at estimated fair value	$ 375	$ 346
Investments pledged to secure short sale agreement liabilities	$ 624	$ 558

See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, for discussion of FVO contractholder-directed unit-linked investments and Variable Interest Entities for discussion of consolidated securitization entities (CSEs) included in the table above. See Net Investment Income and Net Investment Gains (Losses) for the net investment income recognized on trading and other securities and the related changes in estimated fair value subsequent to purchase included in earnings for securities still held as of the end of the respective periods.

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MetLife, Inc.

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

Net Investment Gains (Losses)

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

	Three Months Ended March 31,	
	2012	2011
	(In millions)	
Total gains (losses) on fixed maturity securities:		
Total OTTI losses recognized	$ (135)	$ (132)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	2	9
Net OTTI losses on fixed maturity securities recognized in earnings	(133)	(123)
Fixed maturity securities net gains (losses) on sales and disposals (1)	(7)	(40)
Total gains (losses) on fixed maturity securities	(140)	(163)
Other net investment gains (losses):		
Equity securities	(9)	36
Trading and other securities FVO general account securities changes in estimated fair value subsequent to purchase	4	
Mortgage loans (1)	36	47
Real estate and real estate joint ventures	(4)	1
Other limited partnership interests	(2)	3
Other investment portfolio gains (losses)	(25)	4
Subtotal investment portfolio gains (losses)	(140)	(72)
FVO CSEs changes in estimated fair value:		
Commercial mortgage loans	6	18
Securities		(40)
Long-term debt related to securities	(11)	47
Other gains (losses) (2)	35	(52)
Subtotal FVO CSEs and other gains (losses)	30	(27)
Total net investment gains (losses)	$ (110)	$ (99)

(1) Net investment gains (losses) for the three months ended March 31, 2012 includes a net gain of $95 million as a result of the pending disposition of certain operations of MetLife Bank, which is comprised of gains on securities and mortgage loans sold of $102 million,

partially offset by impairments on mortgage loans of $7 million. See Note 2.

(2) Other gains (losses) includes a loss of $80 million for the three months ended March 31, 2011, related to the sale of the Company s investment in Mitsui Sumitomo MetLife Insurance Co., Ltd. See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report.

See Variable Interest Entities for discussion of CSEs included in the table above.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were $58 million and $35 million for the three months ended March 31, 2012 and 2011, respectively.

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MetLife, Inc.

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

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

	Three Months Ended March 31,					
	2012	2011	2012	2011	2012	2011
	Fixed Maturity Securities		Equity Securities (In millions)		Total	
Proceeds	$ 19,394	$ 16,532	$ 125	$ 316	$ 19,519	$ 16,848
Gross investment gains	$ 325	$ 193	$ 10	$ 48	$ 335	$ 241
Gross investment losses	(332)	(233)	(4)	(6)	(336)	(239)
Total OTTI losses recognized in earnings:						
Credit-related	(73)	(43)			(73)	(43)
Other (1)	(60)	(80)	(15)	(6)	(75)	(86)
Total OTTI losses recognized in earnings	(133)	(123)	(15)	(6)	(148)	(129)
Net investment gains (losses)	$ (140)	$ (163)	$ (9)	$ 36	$ (149)	$ (127)

(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.

Fixed maturity security OTTI losses recognized in earnings related to the following sectors and industries within the U.S. and foreign corporate securities sector:

	Three Months Ended March 31,	
	2012	2011
	(In millions)	
Sector:		
U.S. and foreign corporate securities by industry:		
Utility	$ 38	$ 1
Finance	32	1

Communications	17	13
Consumer	3	2
Industrial	1	
Total U.S. and foreign corporate securities	91	17
CMBS	30	3
RMBS (1)	9	24
ABS (1)	2	3
State and political subdivision securities	1	
Foreign government securities		76
Total	$ 133	$ 123

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

(1) See Note 3 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for discussion of a reclassification from the ABS sector to the RMBS sector for securities backed by sub-prime residential mortgage loans.

Equity security OTTI losses recognized in earnings of $15 million and $6 million for the three months ended March 31, 2012 and 2011, respectively, were all in the common stock sector.

Credit Loss Rollforward

Presented below is a 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):

	Three Months Ended March 31, 2012	2011
	(In millions)	
Balance, beginning of period	$ 471	$ 443
Additions:		
Initial impairments credit loss OTTI recognized on securities not previously impaired	16	8
Additional impairments credit loss OTTI recognized on securities previously impaired	6	16
Reductions:		
Sales, maturities, pay downs and prepayments during the period of securities previously impaired as credit loss OTTI	(104)	(29)
Securities impaired to net present value of expected future cash flows	(8)	(44)
Increases in cash flows accretion of previous credit loss OTTI		(5)
Balance, end of period	$ 381	$ 389

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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 March 31, 2012	2011
	(In millions)	
Investment income:		
Fixed maturity securities	$ 3,808	$ 3,683
Equity securities	32	30
Trading and other securities Actively Traded Securities and FVO general account securities (1)	45	28
Mortgage loans	830	759
Policy loans	158	160
Real estate and real estate joint ventures	178	147
Other limited partnership interests	182	243
Cash, cash equivalents and short-term investments	36	46
International joint ventures (2)	3	(21)
Other	41	(32)
Subtotal	5,313	5,043
Less: Investment expenses	260	245
Subtotal, net	5,053	4,798
Trading and other securities FVO contractholder-directed unit-linked investments (1)	1,015	419
Securitized reverse residential mortgage loans	85	
FVO CSEs:		
Commercial mortgage loans	45	95
Securities	2	1
Subtotal	1,147	515
Net investment income	$ 6,200	$ 5,313

(1) Changes in estimated fair value subsequent to purchase for securities still held as of the end of the respective periods included in net investment income were:

Actively Traded Securities and FVO general account securities	$ 29	$ 21

FVO contractholder-directed unit-linked investments	$ 877	$ 316

(2) Amounts are presented net of changes in estimated fair value of derivatives related to economic hedges of the Company s investment in these equity method international joint venture investments that do not qualify for hedge accounting of $0 and ($23) million for the three months ended March 31, 2012 and 2011, respectively.

See Variable Interest Entities for discussion of CSEs included in the table above.

MetLife, Inc.

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

Securities Lending

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company participates in a securities lending program whereby blocks of securities are loaned to third parties. These transactions are treated as financing arrangements and the associated cash collateral received is recorded as a liability. The Company is obligated to return the cash collateral received to its counterparties.

Elements of the securities lending program are presented below at:

	March 31, 2012	December 31, 2011
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 22,033	$ 20,613
Estimated fair value	$ 24,629	$ 24,072
Cash collateral on deposit from counterparties (2)	$ 25,265	$ 24,223
Security collateral on deposit from counterparties	$ 120	$ 371
Reinvestment portfolio estimated fair value	$ 25,208	$ 23,940

(1) Included within fixed maturity securities, short-term investments and cash and cash equivalents.

(2) Included within payables for collateral under securities loaned and other transactions.

Security collateral on deposit from counterparties in connection with the securities lending transactions may not be sold or repledged, unless the counterparty is in default, and is not reflected in the interim condensed consolidated financial statements.

Invested Assets on Deposit, Held in Trust and Pledged as Collateral

Invested assets on deposit, held in trust and pledged as collateral are presented in the table below at estimated fair value for cash and cash equivalents, short-term investments, fixed maturity securities, equity securities, and trading and other securities and at carrying value for mortgage loans.

	March 31, 2012	December 31, 2011
	(In millions)	
Invested assets on deposit (1)	$ 2,621	$ 1,660
Invested assets held in trust (2)	10,936	11,135
Invested assets pledged as collateral (3)	26,894	29,899
Total invested assets on deposit, held in trust and pledged as collateral	$ 40,451	$ 42,694

(1) The Company has invested assets on deposit with regulatory agencies consisting primarily of cash and cash equivalents, short-term investments, fixed maturity securities and equity securities.

(2) The Company held in trust cash and securities, primarily fixed maturity and equity securities, to satisfy requirements under certain collateral financing agreements and certain reinsurance agreements.

(3) The Company has pledged fixed maturity securities, mortgage loans and cash and cash equivalents in connection with various agreements and transactions, including funding and advances agreements (see Notes 8 and 11 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report),

MetLife, Inc.

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

collateralized borrowings (see Note 11 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report), collateral financing arrangements (see Note 12 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report), derivative transactions (see Note 4), and short sale agreements (see Trading and Other Securities).

Mortgage Loans

Mortgage loans are summarized as follows at:

	March 31, 2012		December 31, 2011	
	Carrying Value (In millions)	% of Total	Carrying Value (In millions)	% of Total
Mortgage loans held-for-investment:				
Commercial	$ 40,329	58.8 %	$ 40,440	56.1 %
Agricultural	12,946	18.9	13,129	18.2
Residential	788	1.2	689	1.0
Subtotal	54,063	78.9	54,258	75.3
Valuation allowances	(446)	(0.7)	(481)	(0.7)
Subtotal mortgage loans held-for-investment, net	53,617	78.2	53,777	74.6
Commercial mortgage loans held by CSEs	3,024	4.4	3,138	4.4
Total mortgage loans held-for-investment, net	56,641	82.6	56,915	79.0
Mortgage loans held-for-sale:				
Residential	921	1.3	3,064	4.2
Mortgage loans lower of amortized cost or estimated fair value	2,743	4.0	4,462	6.2
Securitized reverse residential mortgage loans	8,283	12.1	7,652	10.6
Total mortgage loans held-for-sale	11,947	17.4	15,178	21.0
Total mortgage loans, net	$ 68,588	100.0 %	$ 72,093	100.0 %

See Variable Interest Entities for discussion of CSEs included in the table above.

Certain of the Company s real estate joint ventures have mortgage loans with the Company. The carrying values of such mortgage loans were $284 million and $286 million at March 31, 2012 and December 31, 2011, respectively.

MetLife, Inc.

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

The following tables present certain information about mortgage loans held-for-investment and valuation allowances, by portfolio segment, at:

	Commercial	Agricultural	Residential	Total
		(In millions)		
March 31, 2012:				
Mortgage loans:				
Evaluated individually for credit losses	$ 113	$ 157	$ 12	$ 282
Evaluated collectively for credit losses	40,216	12,789	776	53,781
Total mortgage loans	40,329	12,946	788	54,063
Valuation allowances:				
Specific credit losses	61	43	1	105
Non-specifically identified credit losses	307	32	2	341
Total valuation allowances	368	75	3	446
Mortgage loans, net of valuation allowance	$ 39,961	$ 12,871	$ 785	$ 53,617
December 31, 2011:				
Mortgage loans:				
Evaluated individually for credit losses	$ 96	$ 159	$ 13	$ 268
Evaluated collectively for credit losses	40,344	12,970	676	53,990
Total mortgage loans	40,440	13,129	689	54,258
Valuation allowances:				
Specific credit losses	59	45	1	105
Non-specifically identified credit losses	339	36	1	376
Total valuation allowances	398	81	2	481
Mortgage loans, net of valuation allowance	$ 40,042	$ 13,048	$ 687	$ 53,777

The following tables present the changes in the valuation allowance, by portfolio segment:

	Mortgage Loan Valuation Allowances			
	Commercial	Agricultural	Residential	Total
		(In millions)		
For the Three Months Ended March 31, 2012:				
Balance, beginning of period	$ 398	$ 81	$ 2	$ 481
Provision (release)	(30)	(6)	1	(35)
Charge-offs, net of recoveries				

Balance, end of period	$ 368	$	75	$	3		$ 446
For the Three Months Ended March 31, 2011:							
Balance, beginning of period	$ 562	$	88	$	14		$ 664
Provision (release)	(30)		(9)				(39)
Charge-offs, net of recoveries			(3)		(1)		(4)
Balance, end of period	$ 532	$	76	$	13		$ 621

See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of all credit quality indicators presented herein. Recorded investment data presented herein is prior to valuation allowance. Unpaid principal balance data presented herein is generally prior to charge-offs.

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

Commercial Mortgage Loans by Credit Quality Indicators with Estimated Fair Value. Presented below is certain information about the credit quality of the commercial mortgage loans held-for-investment at:

	Commercial Recorded Investment Debt Service Coverage Ratios > 1.20x	1.00x - 1.20x (In millions)	< 1.00x	Total	% of Total	Estimated Fair Value (In millions)	% of Total
March 31, 2012:							
Loan-to-value ratios:							
Less than 65%	$ 26,167	$ 590	$ 538	$ 27,295	67.7%	$ 29,059	69.2%
65% to 75%	7,456	232	280	7,968	19.8	8,354	19.9
76% to 80%	1,036	111	226	1,373	3.4	1,197	2.8
Greater than 80%	2,516	740	437	3,693	9.1	3,411	8.1
Total	$ 37,175	$ 1,673	$ 1,481	$ 40,329	100.0%	$ 42,021	100.0%
December 31, 2011:							
Loan-to-value ratios:							
Less than 65%	$ 24,983	$ 448	$ 564	$ 25,995	64.3%	$ 27,581	65.5%
65% to 75%	8,275	336	386	8,997	22.3	9,387	22.3
76% to 80%	1,150	98	226	1,474	3.6	1,473	3.5
Greater than 80%	2,714	880	380	3,974	9.8	3,664	8.7
Total	$ 37,122	$ 1,762	$ 1,556	$ 40,440	100.0%	$ 42,105	100.0%

Agricultural Mortgage Loans by Credit Quality Indicator. Presented below is certain information about the credit quality of agricultural mortgage loans held-for-investment. The estimated fair value of agricultural mortgage loans held-for-investment was $13.4 billion and $13.6 billion at March 31, 2012 and December 31, 2011, respectively.

	Agricultural March 31, 2012 Recorded Investment (In millions)	% of Total	December 31, 2011 Recorded Investment (In millions)	% of Total
Loan-to-value ratios:				
Less than 65%	$ 11,786	91.0 %	$ 11,802	89.9 %
65% to 75%	778	6.0	874	6.7
76% to 80%	13	0.1	76	0.6
Greater than 80%	369	2.9	377	2.8
Total	$ 12,946	100.0 %	$ 13,129	100.0 %

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

Residential Mortgage Loans by Credit Quality Indicator. Presented below is certain information about the credit quality of residential mortgage loans held-for-investment. The estimated fair value of residential mortgage loans held-for-investment was $802 million and $737 million at March 31, 2012 and December 31, 2011, respectively.

	Residential			
	March 31, 2012		December 31, 2011	
	Recorded Investment (In millions)	% of Total	Recorded Investment (In millions)	% of Total
Performance indicators:				
Performing	$ 770	97.7 %	$ 671	97.4 %
Nonperforming	18	2.3	18	2.6
Total	$ 788	100.0 %	$ 689	100.0 %

Past Due and Interest Accrual Status of Mortgage Loans. The Company has a high quality, well performing, mortgage loan portfolio, with approximately 99% of all mortgage loans classified as performing at both March 31, 2012 and December 31, 2011. The Company defines delinquent mortgage loans consistent with industry practice, when interest and principal payments are past due as follows: commercial and residential mortgage loans 60 days or more and agricultural mortgage loans 90 days or more. Presented below is the recorded investment of past due and interest accrual status of mortgage loans held-for-investment at:

	Past Due		Greater than 90 Days Past Due Still Accruing Interest		Nonaccrual Status	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
	(In millions)					
Commercial	$	$ 63	$	$	$	$ 63
Agricultural	151	146	31	29	143	157
Residential	10	8			18	17
Total	$ 161	$ 217	$ 31	$ 29	$ 161	$ 237

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

Impaired Mortgage Loans. Presented below is certain information about impaired mortgage loans, included within mortgage loans held-for-investment, including those modified in a troubled debt restructuring, by portfolio segment, at:

	Impaired Mortgage Loans							
	Loans with a Valuation Allowance				Loans without a Valuation Allowance		All Impaired Loans	
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Carrying Value	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Carrying Value
	(In millions)							
March 31, 2012:								
Commercial	$ 113	$ 113	$ 61	$ 52	$ 100	$ 100	$ 213	$ 152
Agricultural	158	157	43	114	84	73	242	187
Residential	13	12	1	11	1	1	14	12
Total	$ 284	$ 282	$ 105	$ 177	$ 185	$ 174	$ 469	$ 351
December 31, 2011:								
Commercial	$ 96	$ 96	$ 59	$ 37	$ 252	$ 237	$ 348	$ 274
Agricultural	160	159	45	114	71	69	231	183
Residential	13	13	1	12	1	1	14	13
Total	$ 269	$ 268	$ 105	$ 163	$ 324	$ 307	$ 593	$ 470

The average recorded investment in impaired mortgage loans held-for-investment, including those modified in a troubled debt restructuring, and the related interest income, by portfolio segment, was:

	Impaired Mortgage Loans		
	Average Recorded Investment	Interest Income Recognized	
		Cash Basis	Accrual Basis
	(In millions)		
For the Three Months Ended March 31, 2012:			
Commercial	$ 273	$ 3	$
Agricultural	229	1	
Residential	14		
Total	$ 516	$ 4	$
For the Three Months Ended March 31, 2011:			
Commercial	$ 242	$ 3	$ 1
Agricultural	278	2	
Residential	19		
Total	$ 539	$ 5	$ 1

MetLife, Inc.

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

Mortgage Loans Modified in a Troubled Debt Restructuring. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of loan modifications that are classified as troubled debt restructuring and the types of concessions typically granted. The number of mortgage loans and carrying value of mortgage loans modified during the period in a troubled debt restructuring were as follows:

	Mortgage Loans Modified in a Troubled Debt Restructuring					
	March 31, 2012			March 31, 2011		
	Number of Mortgage Loans	Carrying Value after Specific Valuation Allowance		Number of Mortgage Loans	Carrying Value after Specific Valuation Allowance	
		Pre-Modification	Post-Modification		Pre-Modification	Post-Modification
		(In millions)			(In millions)	
Commercial		$	$	1	$ 53	$ 55
Agricultural				2	10	11
Residential						
Total		$	$	3	$ 63	$ 66

During the three months ended March 31, 2012, one agricultural mortgage loan with a carrying value after specific valuation allowance of $8 million defaulted, which was modified as a troubled debt restructuring during the previous twelve months. There were no such subsequent payment defaults for the three months ended March 31, 2011. Payment default is determined in the same manner as delinquency status when interest and principal payments are past due as described above.

Cash Equivalents

The carrying value of cash equivalents, which includes securities and other investments with an original or remaining maturity of three months or less at the time of purchase, was $6.6 billion and $5.0 billion at March 31, 2012 and December 31, 2011, respectively.

Purchased Credit Impaired Investments

See Note 3 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for information about investments acquired with evidence of credit quality deterioration since origination and for which it was probable at the acquisition date that the Company would be unable to collect all contractually required payments.

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

Variable Interest Entities

The Company holds investments in certain entities that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The following table presents the total assets and total liabilities relating to VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at March 31, 2012 and December 31, 2011. Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company s obligation to the VIEs is limited to the amount of its committed investment.

	March 31, 2012		December 31, 2011	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
CSEs (1)	$ 3,131	$ 2,944	$ 3,299	$ 3,103
MRSC collateral financing arrangement (2)	3,374		3,333	
Other limited partnership interests	333	9	360	6
Trading and other securities	160		163	
Other invested assets	102	1	102	1
Real estate joint ventures	11	14	16	18
Total	$ 7,111	$ 2,968	$ 7,273	$ 3,128

(1) The Company consolidates former qualified special purpose entities (QSPEs) that are structured as CMBS and former QSPEs that are structured as collateralized debt obligations. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company s exposure was limited to that of its remaining investment in the former QSPEs of $176 million and $172 million at estimated fair value at March 31, 2012 and December 31, 2011, respectively. The long-term debt presented below bears interest primarily at fixed rates ranging from 2.25% to 5.57%, payable primarily on a monthly basis and is expected to be repaid over the next five years. Interest expense related to these obligations, included in other expenses, was $43 million and $92 million for the three months ended March 31, 2012 and 2011, respectively. The assets and liabilities of these CSEs, at estimated fair value, were as follows at:

	March 31, 2012	December 31, 2011
	(In millions)	
Assets:		
Mortgage loans held-for-investment (commercial mortgage loans)	$ 3,024	$ 3,138
Trading and other securities	89	117
Accrued investment income	15	16
Cash and cash equivalents	3	21
Premiums, reinsurance and other receivables		7
Total assets	$ 3,131	$ 3,299
Liabilities:		
Long-term debt	$ 2,916	$ 3,068
Other liabilities	28	35

Total liabilities	$ 2,944	$ 3,103

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(2) See Note 12 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a description of the MetLife Reinsurance Company of South Carolina (MRSC) collateral financing arrangement. These assets consist of the following, at estimated fair value, except for mortgage loans, which are presented at carrying value, at:

	March 31, 2012	December 31, 2011
	(In millions)	
Fixed maturity securities available-for-sale:		
ABS	$ 1,491	$ 1,356
U.S. corporate securities	806	833
RMBS	509	502
CMBS	324	369
Foreign corporate securities	126	126
State and political subdivision securities	40	39
Mortgage loans	49	49
Cash and cash equivalents	29	59
Total	$ 3,374	$ 3,333

The following table presents the carrying amount and maximum exposure to loss relating to VIEs for which the Company holds significant variable interests but is not the primary beneficiary and which have not been consolidated at:

	March 31, 2012		December 31, 2011	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities available-for-sale:				
RMBS (2)	$ 41,279	$ 41,279	$ 42,637	$ 42,637
CMBS (2)	18,732	18,732	19,069	19,069
ABS (2)	13,143	13,143	12,979	12,979
U.S. corporate securities	2,846	2,846	2,911	2,911
Foreign corporate securities	2,053	2,053	2,087	2,087
Other limited partnership interests	4,391	6,003	4,340	6,084
Other invested assets	839	1,203	799	1,194
Trading and other securities	708	708	671	671
Mortgage loans	356	356	456	456
Real estate joint ventures	103	119	61	79
Total	$ 84,450	$ 86,442	$ 86,010	$ 88,167

(1) The maximum exposure to loss relating to the fixed maturity and trading and other securities is equal to their estimated fair value. The maximum exposure to loss relating to the other limited partnership interests, real estate joint ventures and mortgage loans is equal to the

carrying amounts plus any unfunded commitments of the Company. Such a maximum loss would be expected to occur only upon bankruptcy of the issuer, borrower or investee. For certain of its investments in other invested assets, the Company s return is in the form of income tax credits which are guaranteed by a creditworthy third party. For such investments, the maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by income tax credits guaranteed by third parties of $360 million and $267 million at March 31, 2012 and December 31, 2011, respectively.

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

(2) For these variable interests, the Company s involvement is limited to that of a passive investor.

As described in Note 10, the Company makes commitments to fund partnership investments in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to investees designated as VIEs during the three months ended March 31, 2012 or 2011.

4. Derivative Financial Instruments

Accounting for Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the over-the-counter (OTC) market. The Company uses a variety of derivatives, including swaps, forwards, futures and option contracts, to manage various risks relating to its ongoing business operations. To a lesser extent, the Company uses credit default swaps and structured interest rate swaps to synthetically replicate investment risks and returns which are not readily available in the cash market. The Company also purchases certain securities, issues certain insurance policies and investment contracts and engages in certain reinsurance agreements that have embedded derivatives.

Freestanding derivatives are carried in the Company s consolidated balance sheets either as assets within other invested assets or as liabilities within other liabilities at estimated fair value as determined through the use of quoted market prices for exchange-traded derivatives and interest rate forwards to sell certain to be announced securities or through the use of pricing models for OTC derivatives. The determination of estimated fair value of freestanding derivatives, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models.

Accruals on derivatives are generally recorded in accrued investment income or within other liabilities in the consolidated balance sheets. However, accruals that are not expected to settle within one year are included with the derivative carrying value in other invested assets or other liabilities.

The Company does not offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are generally reported in net derivative gains (losses) except for those (i) in policyholder benefits and claims for economic hedges of variable annuity guarantees included in future policy benefits; (ii) in net investment income for (a) economic hedges of equity method investments in joint ventures, (b) all derivatives held in relation to the trading portfolios, and (c) derivatives held within contractholder-directed unit-linked investments; (iii) in other revenues for derivatives held in connection with the Company s mortgage banking activities; and (iv) in other expenses for economic hedges of foreign currency exposure related to the Company s international subsidiaries. The fluctuations in estimated fair value of derivatives which have not been designated for hedge accounting can result in significant volatility in net income.

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its

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

designation of the hedge as either (i) a hedge of the estimated fair value of a recognized asset or liability (fair value hedge); (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge); or (iii) a hedge of a net investment in a foreign operation. In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument s effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship. Assessments of hedge effectiveness and measurements of ineffectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

The accounting for derivatives is complex and interpretations of the primary accounting guidance continue to evolve in practice. Judgment is applied in determining the availability and application of hedge accounting designations and the appropriate accounting treatment under such accounting guidance. If it was determined that hedge accounting designations were not appropriately applied, reported net income could be materially affected.

Under a fair value hedge, changes in the estimated fair value of the hedging derivative, including amounts measured as ineffectiveness, and changes in the estimated fair value of the hedged item related to the designated risk being hedged, are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations and comprehensive income within interest income or interest expense to match the location of the hedged item.

Under a cash flow hedge, changes in the estimated fair value of the hedging derivative measured as effective are reported within other comprehensive income (loss), a separate component of stockholders equity, and the deferred gains or losses on the derivative are reclassified into the consolidated statement of operations and comprehensive income when the Company s earnings are affected by the variability in cash flows of the hedged item. Changes in the estimated fair value of the hedging instrument measured as ineffectiveness are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations and comprehensive income within interest income or interest expense to match the location of the hedged item.

In a hedge of a net investment in a foreign operation, changes in the estimated fair value of the hedging derivative that are measured as effective are reported within other comprehensive income (loss) consistent with the translation adjustment for the hedged net investment in the foreign operation. Changes in the estimated fair value of the hedging instrument measured as ineffectiveness are reported within net derivative gains (losses).

The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; or (iv) the derivative is de-designated as a hedging instrument.

When hedge accounting is discontinued because it is determined that the derivative is not highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item, the derivative continues to be carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). The carrying value of the hedged recognized asset or liability under a fair value hedge is no longer adjusted for changes in its estimated fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurrence, the changes in estimated

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

fair value of derivatives recorded in other comprehensive income (loss) related to discontinued cash flow hedges are released into the consolidated statements of operations and comprehensive income when the Company s earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). Deferred gains and losses of a derivative recorded in other comprehensive income (loss) pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable are recognized immediately in net derivative gains (losses).

In all other situations in which hedge accounting is discontinued, the derivative is carried at its estimated fair value in the consolidated balance sheets, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

The Company issues certain products and purchases certain investments that contain embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. If the instrument would not be accounted for in its entirety at estimated fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative. Such embedded derivatives are carried in the consolidated balance sheets at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses) except for those in policyholder benefits and claims related to ceded reinsurance of guaranteed minimum income benefits (GMIB). If the Company is unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income. Additionally, the Company may elect to carry an entire contract on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income if that contract contains an embedded derivative that requires bifurcation.

See Note 5 for information about the fair value hierarchy for derivatives.

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Primary Risks Managed by Derivative Financial Instruments and Non-Derivative Financial Instruments

The Company is exposed to various risks relating to its ongoing business operations, including interest rate risk, foreign currency risk, credit risk and equity market risk. The Company uses a variety of strategies to manage these risks, including the use of derivative instruments. The following table presents the gross notional amount, estimated fair value and primary underlying risk exposure of the Company s derivative financial instruments, excluding embedded derivatives, held at:

		March 31, 2012			December 31, 2011		
			Estimated Fair Value (1)			Estimated Fair Value (1)	
Primary Underlying Risk Exposure	Instrument Type	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
		(In millions)					
Interest rate	Interest rate swaps	$ 90,460	$ 6,595	$ 1,994	$ 79,733	$ 8,241	$ 2,199
	Interest rate floors	23,866	1,043	143	23,866	1,246	165
	Interest rate caps	43,665	92		49,665	102	
	Interest rate futures	14,781	20	43	14,965	25	19
	Interest rate options	16,051	516	79	16,988	896	6
	Interest rate forwards	3,189	119	5	14,033	286	91
	Synthetic GICs	4,484			4,454		
Foreign currency	Foreign currency swaps	16,995	1,032	1,064	16,461	1,172	1,060
	Foreign currency forwards	10,301	64	295	10,149	200	60
	Currency futures	827	1		633		
	Currency options	1,446	22	2	1,321	6	
Credit	Credit default swaps	12,599	173	51	13,136	326	113
	Credit forwards				20	4	
Equity market	Equity futures	6,498	26	8	7,053	26	10
	Equity options	23,575	2,563	251	17,099	3,263	179
	Variance swaps	19,108	178	181	18,801	397	75
	Total rate of return swaps	2,117	3	91	1,644	10	34
	Total	$ 289,962	$ 12,447	$ 4,207	$ 290,021	$ 16,200	$ 4,011

(1) The estimated fair value of all derivatives in an asset position is reported within other invested assets in the consolidated balance sheets and the estimated fair value of all derivatives in a liability position is reported within other liabilities in the consolidated balance sheets.

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company utilizes interest rate swaps in fair value, cash flow and non-qualifying hedging relationships.

The Company also enters into basis swaps to better match the cash flows from assets and related liabilities. In a basis swap, both legs of the swap are floating with each based on a different index. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party. A single net payment is usually made by one counterparty at each due date. Basis swaps are included in interest rate swaps in the preceding table. The Company utilizes basis swaps in non-qualifying hedging relationships.

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

Inflation swaps are used as an economic hedge to reduce inflation risk generated from inflation-indexed liabilities. Inflation swaps are included in interest rate swaps in the preceding table. The Company utilizes inflation swaps in non-qualifying hedging relationships.

Implied volatility swaps are used by the Company primarily as economic hedges of interest rate risk associated with the Company s investments in mortgage-backed securities. In an implied volatility swap, the Company exchanges fixed payments for floating payments that are linked to certain market volatility measures. If implied volatility rises, the floating payments that the Company receives will increase, and if implied volatility falls, the floating payments that the Company receives will decrease. Implied volatility swaps are included in interest rate swaps in the preceding table. The Company utilizes implied volatility swaps in non-qualifying hedging relationships.

The Company uses structured interest rate swaps to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and a cash instrument such as a U.S. Treasury, agency, or other fixed maturity security. Structured interest rate swaps are included in interest rate swaps in the preceding table. Structured interest rate swaps are not designated as hedging instruments.

The Company purchases interest rate caps and floors primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities (duration mismatches), as well as to protect its minimum rate guarantee liabilities against declines in interest rates below a specified level, respectively. In certain instances, the Company locks in the economic impact of existing purchased caps and floors by entering into offsetting written caps and floors. The Company utilizes interest rate caps and floors in non-qualifying hedging relationships.

In exchange-traded interest rate (Treasury and swap) futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of interest rate securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded interest rate (Treasury and swap) futures are used primarily to hedge mismatches between the duration of assets in a portfolio and the duration of liabilities supported by those assets, to hedge against changes in value of securities the Company owns or anticipates acquiring and to hedge against changes in interest rates on anticipated liability issuances by replicating Treasury or swap curve performance. The Company utilizes exchange-traded interest rate futures in non-qualifying hedging relationships.

Swaptions are used by the Company to hedge interest rate risk associated with the Company s long-term liabilities and invested assets. A swaption is an option to enter into a swap with a forward starting effective date. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. The Company pays a premium for purchased swaptions and receives a premium for written swaptions. Swaptions are included in interest rate options in the preceding table. The Company utilizes swaptions in non-qualifying hedging relationships.

The Company writes covered call options on its portfolio of U.S. Treasury securities as an income generation strategy. In a covered call transaction, the Company receives a premium at the inception of the contract in exchange for giving the derivative counterparty the right to purchase the referenced security from the Company at a predetermined price. The call option is covered because the Company owns the referenced security over the term of the option. Covered call options are included in interest rate options in the preceding table. The Company utilizes covered call options in non-qualifying hedging relationships.

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The Company enters into interest rate forwards to buy and sell securities. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. The Company also uses interest rate forwards to sell to be announced securities as economic hedges against the risk of changes in the fair value of mortgage loans held-for-sale and interest rate lock commitments. The Company utilizes interest rate forwards in cash flow and non-qualifying hedging relationships.

Interest rate lock commitments are short-term commitments to fund mortgage loan applications in process (the pipeline) for a fixed term for a fixed rate or spread. During the term of an interest rate lock commitment, the Company is exposed to the risk that interest rates will change from the rate quoted to the potential borrower. Interest rate lock commitments to fund mortgage loans that will be held-for-sale are considered derivative instruments. Interest rate lock commitments are included in interest rate forwards in the preceding table. Interest rate lock commitments are not designated as hedging instruments.

A synthetic GIC is a contract that simulates the performance of a traditional guaranteed interest contract through the use of financial instruments. Under a synthetic GIC, the policyholder owns the underlying assets. The Company guarantees a rate return on those assets for a premium. Synthetic GICs are not designated as hedging instruments.

Foreign currency derivatives, including foreign currency swaps, foreign currency forwards, currency options, and currency futures contracts, are used by the Company to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies. The Company also uses foreign currency forwards and options to hedge the foreign currency risk associated with certain of its net investments in foreign operations.

In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a fixed exchange rate, generally set at inception, calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the inception and termination of the currency swap by each party. The Company utilizes foreign currency swaps in fair value, cash flow and non-qualifying hedging relationships.

In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made in a different currency at the specified future date. The Company utilizes foreign currency forwards in fair value, net investment in foreign operations and non-qualifying hedging relationships.

In exchange-traded currency futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by referenced currencies, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded currency futures are used primarily to hedge currency mismatches between assets and liabilities. The Company utilizes exchange-traded currency futures in non-qualifying hedging relationships.

The Company enters into currency option contracts that give it the right, but not the obligation, to sell the foreign currency amount in exchange for a functional currency amount within a limited time at a contracted price. The contracts may also be net settled in cash, based on differentials in the foreign exchange rate and the strike price. The Company uses currency options to hedge against the foreign currency exposure inherent in certain of its variable annuity products. The Company also uses currency options as an economic hedge of foreign currency exposure related to the Company s international subsidiaries. The Company utilizes currency options in net investment in foreign operations and non-qualifying hedging relationships.

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

The Company uses certain of its foreign currency denominated funding agreements to hedge portions of its net investments in foreign operations against adverse movements in exchange rates. Such contracts are included in non-derivative hedging instruments.

Swap spreadlocks are used by the Company to hedge invested assets on an economic basis against the risk of changes in credit spreads. Swap spreadlocks are forward transactions between two parties whose underlying reference index is a forward starting interest rate swap where the Company agrees to pay a coupon based on a predetermined reference swap spread in exchange for receiving a coupon based on a floating rate. The Company has the option to cash settle with the counterparty in lieu of maintaining the swap after the effective date. The Company utilizes swap spreadlocks in non-qualifying hedging relationships.

Certain credit default swaps are used by the Company to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party, at specified intervals, to pay a premium to hedge credit risk. If a credit event, as defined by the contract, occurs, the contract may be cash settled or it may be settled gross by the delivery of par quantities of the referenced investment equal to the specified swap notional in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. The Company utilizes credit default swaps in non-qualifying hedging relationships.

Credit default swaps are also used to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and one or more cash instruments such as U.S. Treasury securities, agency securities or other fixed maturity securities. The Company also enters into certain credit default swaps held in relation to trading portfolios for the purpose of generating profits on short-term differences in price. These credit default swaps are not designated as hedging instruments.

The Company enters into forwards to lock in the price to be paid for forward purchases of certain securities. The price is agreed upon at the time of the contract and payment for the contract is made at a specified future date. When the primary purpose of entering into these transactions is to hedge against the risk of changes in purchase price due to changes in credit spreads, the Company designates these as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

In exchange-traded equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of equity securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded equity futures are used primarily to hedge liabilities embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded equity futures in non-qualifying hedging relationships.

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. To hedge against adverse changes in equity indices, the Company enters into contracts to sell the equity index within a limited time at a contracted price. The contracts will be net settled in cash based on differentials in the indices at the time of exercise and the strike price. Certain of these contracts may also contain settlement provisions linked to interest rates. In certain instances, the Company may enter into a combination of transactions to hedge adverse changes in equity indices within a pre-determined range through the purchase and sale of options. Equity index options are included in equity options in the preceding table. The Company utilizes equity index options in non-qualifying hedging relationships.

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Equity variance swaps are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on changes in equity volatility over a defined period. Equity variance swaps are included in variance swaps in the preceding table. The Company utilizes equity variance swaps in non-qualifying hedging relationships.

Total rate of return swaps (TRRs) are swaps whereby the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and the London Inter-Bank Offered Rate (LIBOR), calculated by reference to an agreed notional principal amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company uses TRRs to hedge its equity market guarantees in certain of its insurance products. TRRs can be used as hedges or to synthetically create investments. The Company utilizes TRRs in non-qualifying hedging relationships.

Hedging

The following table presents the gross notional amount and estimated fair value of derivatives designated as hedging instruments by type of hedge designation at:

	March 31, 2012			December 31, 2011		
	Notional	Estimated Fair Value		Notional	Estimated Fair Value	
Derivatives Designated as Hedging Instruments	**Amount**	**Assets**	**Liabilities**	**Amount**	**Assets**	**Liabilities**
			(In millions)			
Fair value hedges:						
Foreign currency swaps	$ 3,249	$ 540	$ 80	$ 3,220	$ 500	$ 98
Foreign currency forwards	1,380		69	1,830	2	10
Interest rate swaps	4,835	1,615	85	4,580	1,884	92
Subtotal	9,464	2,155	234	9,630	2,386	200
Cash flow hedges:						
Foreign currency swaps	6,529	244	306	6,370	352	306
Interest rate swaps	3,775	614		3,230	947	
Interest rate forwards	1,160	111		965	210	
Credit forwards				20	4	
Subtotal	11,464	969	306	10,585	1,513	306
Foreign operations hedges:						
Foreign currency forwards	2,405	34	26	1,689	53	12
Currency options	750	6	2			
Subtotal	3,155	40	28	1,689	53	12
Total qualifying hedges	$ 24,083	$ 3,164	$ 568	$ 21,904	$ 3,952	$ 518

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The following table presents the gross notional amount and estimated fair value of derivatives that were not designated or do not qualify as hedging instruments by derivative type at:

Derivatives Not Designated or Not Qualifying as Hedging Instruments	March 31, 2012 Notional Amount	March 31, 2012 Estimated Fair Value Assets	March 31, 2012 Estimated Fair Value Liabilities	December 31, 2011 Notional Amount	December 31, 2011 Estimated Fair Value Assets	December 31, 2011 Estimated Fair Value Liabilities
			(In millions)			
Interest rate swaps	$ 81,850	$ 4,366	$ 1,909	$ 71,923	$ 5,410	$ 2,107
Interest rate floors	23,866	1,043	143	23,866	1,246	165
Interest rate caps	43,665	92		49,665	102	
Interest rate futures	14,781	20	43	14,965	25	19
Interest rate options	16,051	516	79	16,988	896	6
Interest rate forwards	2,029	8	5	13,068	76	91
Synthetic GICs	4,484			4,454		
Foreign currency swaps	7,217	248	678	6,871	320	656
Foreign currency forwards	6,516	30	200	6,630	145	38
Currency futures	827	1		633		
Currency options	696	16		1,321	6	
Credit default swaps	12,599	173	51	13,136	326	113
Equity futures	6,498	26	8	7,053	26	10
Equity options	23,575	2,563	251	17,099	3,263	179
Variance swaps	19,108	178	181	18,801	397	75
Total rate of return swaps	2,117	3	91	1,644	10	34
Total non-designated or non-qualifying derivatives	$ 265,879	$ 9,283	$ 3,639	$ 268,117	$ 12,248	$ 3,493

Net Derivative Gains (Losses)

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
	(In millions)	
Derivatives and hedging gains (losses) (1)	$ (3,802)	$ (1,258)
Embedded derivatives	1,824	943
Total net derivative gains (losses)	$ (1,978)	$ (315)

(1) Includes foreign currency transaction gains (losses) on hedged items in cash flow and non-qualifying hedging relationships, which are not presented elsewhere in this note.

MetLife, Inc.

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

The following table presents earned income on derivatives for the:

	Three Months Ended March 31, 2012	2011
	(In millions)	
Qualifying hedges:		
Net investment income	$ 24	$ 22
Interest credited to policyholder account balances	45	61
Other expenses	(1)	(1)
Non-qualifying hedges:		
Net investment income	(1)	(1)
Other revenues	18	15
Net derivative gains (losses)	(11)	(27)
Policyholder benefits and claims	(62)	2
Total	$ 12	$ 71

Fair Value Hedges

The Company designates and accounts for the following as fair value hedges when they have met the requirements of fair value hedging: (i) interest rate swaps to convert fixed rate investments to floating rate investments; (ii) interest rate swaps to convert fixed rate liabilities to floating rate liabilities; (iii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated investments and liabilities; and (iv) foreign currency forwards to hedge the foreign currency fair value exposure of foreign currency denominated fixed rate investments.

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MetLife, Inc.

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

The Company recognizes gains and losses on derivatives and the related hedged items in fair value hedges within net derivative gains (losses). The following table represents the amount of such net derivative gains (losses):

Derivatives in Fair Value Hedging Relationships	Hedged Items in Fair Value Hedging Relationships	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items (In millions)	Ineffectiveness Recognized in Net Derivative Gains (Losses)
For the Three Months Ended March 31, 2012:				
Interest rate swaps:	Fixed maturity securities	$ 6	$ (6)	$
	Policyholder account balances (PABs) (1)	(300)	301	1
Foreign currency swaps:	Foreign-denominated fixed maturity securities	2	(2)	
	Foreign-denominated PABs (2)	57	(63)	(6)
Foreign currency forwards:	Foreign-denominated fixed maturity securities	(58)	56	(2)
Total		$ (293)	$ 286	$ (7)
For the Three Months Ended March 31, 2011:				
Interest rate swaps:	Fixed maturity securities	$ 11	$ (10)	$ 1
	PABs (1)	(114)	116	2
Foreign currency swaps:	Foreign-denominated fixed maturity securities	(1)	1	
	Foreign-denominated PABs (2)	77	(87)	(10)
Foreign currency forwards:	Foreign-denominated fixed maturity securities			
Total		$ (27)	$ 20	$ (7)

(1) Fixed rate liabilities.

(2) Fixed rate or floating rate liabilities.

For the Company s foreign currency forwards, the change in the fair value of the derivative related to the changes in the difference between the spot price and the forward price is excluded from the assessment of hedge effectiveness. For all other derivatives, all components of each derivative s gain or loss were included in the assessment of hedge effectiveness. For the three months ended March 31, 2012, an insignificant amount of the change in fair value of derivatives was excluded from the assessment of hedge effectiveness. For the three months ended March 31, 2011, no component of the change in fair value of derivatives was excluded from the assessment of hedge effectiveness.

Cash Flow Hedges

The Company designates and accounts for the following as cash flow hedges when they have met the requirements of cash flow hedging: (i) interest rate swaps to convert floating rate investments to fixed rate investments; (ii) interest rate swaps to convert floating rate liabilities to fixed rate liabilities; (iii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; (iv) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (v) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments; and (vi) interest rate swaps and interest rate forwards to hedge forecasted fixed-rate borrowings.

MetLife, Inc.

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

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date, within two months of that date, or were no longer probable of occurring. The net amounts reclassified into net derivative gains (losses) for the three months ended March 31, 2012 and 2011 related to such discontinued cash flow hedges were $3 million and ($13) million, respectively.

At both March 31, 2012 and December 31, 2011, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions did not exceed nine years.

The following table presents the components of accumulated other comprehensive income (loss), before income tax, related to cash flow hedges:

	Three Months Ended March 31,	
	2012	2011
	(In millions)	
Accumulated other comprehensive income (loss), balance at beginning of period	$ 1,514	$ (59)
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	(485)	(185)
Amounts reclassified to net derivative gains (losses)	(12)	4
Amounts reclassified to net investment income		1
Amounts reclassified to other expenses	2	2
Accumulated other comprehensive income (loss), balance at end of period	$ 1,019	$ (237)

At March 31, 2012, $10 million of deferred net gains (losses) on derivatives in accumulated other comprehensive income (loss) was expected to be reclassified to earnings within the next 12 months.

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MetLife, Inc.

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

The following table presents the effects of derivatives in cash flow hedging relationships on the interim condensed consolidated statements of operations and comprehensive income and the interim condensed consolidated statements of equity:

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) on Derivatives	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)			Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
	(Effective Portion)	(Effective Portion)			
		Net Derivative Gains (Losses)	Net Investment Income (In millions)	Other Expenses	Net Derivative Gains (Losses)
For the Three Months Ended March 31, 2012:					
Interest rate swaps	$ (293)	$ 1	$ 1	$ (2)	$ 4
Foreign currency swaps	(104)	11	(1)		(1)
Interest rate forwards	(88)				1
Credit forwards					
Total	$ (485)	$ 12	$	$ (2)	$ 4
For the Three Months Ended March 31, 2011:					
Interest rate swaps	$ (63)	$	$	$ (2)	$
Foreign currency swaps	(104)	(4)	(2)		(1)
Interest rate forwards	(15)		1		2
Credit forwards	(3)				
Total	$ (185)	$ (4)	$ (1)	$ (2)	$ 1

All components of each derivative s gain or loss were included in the assessment of hedge effectiveness.

Hedges of Net Investments in Foreign Operations

The Company uses foreign exchange contracts, which may include forwards and options, to hedge portions of its net investments in foreign operations against adverse movements in exchange rates. The Company measures ineffectiveness on these contracts based upon the change in forward rates. In addition, the Company may also use non-derivative financial instruments to hedge portions of its net investments in foreign operations against adverse movements in exchange rates. The Company measures ineffectiveness on non-derivative financial instruments based upon the change in spot rates.

When net investments in foreign operations are sold or substantially liquidated, the amounts in accumulated other comprehensive income (loss) are reclassified to the consolidated statements of operations, while a pro rata portion will be reclassified upon partial sale of the net investments in foreign operations.

MetLife, Inc.

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

The following table presents the effects of derivatives and non-derivative financial instruments in net investment hedging relationships in the interim condensed consolidated statements of operations and comprehensive income and the interim condensed consolidated statements of equity:

Derivatives and Non-Derivative Hedging Instruments in Net Investment Hedging Relationships (1), (2)	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) (Effective Portion) (In millions)
For the Three Months Ended March 31, 2012:	
Foreign currency forwards	$ (52)
Foreign currency options	1
Non-derivative hedging instruments	
Total	$ (51)
For the Three Months Ended March 31, 2011:	
Foreign currency forwards	$ (56)
Foreign currency options	
Non-derivative hedging instruments	6
Total	$ (50)

(1) There were no sales or substantial liquidations of net investments in foreign operations that would have required the reclassification of gains or losses from accumulated other comprehensive income (loss) into earnings during the periods presented.

(2) There was no ineffectiveness recognized for the Company s hedges of net investments in foreign operations. All components of each derivative and non-derivative hedging instrument s gain or loss were included in the assessment of hedge effectiveness.

At March 31, 2012 and December 31, 2011, the cumulative foreign currency translation gain (loss) recorded in accumulated other comprehensive income (loss) related to hedges of net investments in foreign operations was ($135) million and ($84) million, respectively.

Non-Qualifying Derivatives and Derivatives for Purposes Other Than Hedging

The Company enters into the following derivatives that do not qualify for hedge accounting or for purposes other than hedging: (i) interest rate swaps, implied volatility swaps, caps and floors and interest rate futures to economically hedge its exposure to interest rates; (ii) foreign currency forwards, swaps, option contracts and future contracts to economically hedge its exposure to adverse movements in exchange rates; (iii) credit default swaps to economically hedge exposure to adverse movements in credit; (iv) equity futures, equity index options, interest rate futures, TRRs and equity variance swaps to economically hedge liabilities embedded in certain variable annuity products; (v) swap spreadlocks to economically hedge invested assets against the risk of changes in credit spreads; (vi) interest rate forwards to buy and sell securities to economically hedge its exposure to interest rates; (vii) credit default swaps, TRRs and structured interest rate swaps to synthetically create investments; (viii) basis swaps to better match the cash flows of assets and related liabilities; (ix) credit default swaps held in relation to trading portfolios; (x) swaptions to hedge interest rate risk; (xi) inflation swaps to reduce risk generated from inflation-indexed liabilities; (xii) covered call options for income generation; (xiii) interest rate lock commitments; (xiv) synthetic GICs; and (xv) equity options to economically hedge certain invested assets against adverse changes in equity indices.

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MetLife, Inc.

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

The following table presents the amount and location of gains (losses) recognized in income for derivatives that were not designated or qualifying as hedging instruments:

	Net Derivative Gains (Losses)	Net Investment Income (1)	Policyholder Benefits and Claims (2)	Other Revenues (3)
	(In millions)			
For the Three Months Ended March 31, 2012:				
Interest rate swaps	$ (799)	$	$	$ (48)
Interest rate floors	(180)			
Interest rate caps	(11)			
Interest rate futures	(121)			
Equity futures	(646)	9	(248)	
Foreign currency swaps	(83)			
Foreign currency forwards	(240)			
Currency futures	(29)			
Currency options	10			
Equity options	(942)	(2)	(31)	
Interest rate options	(358)			
Interest rate forwards	10			(66)
Variance swaps	(336)		16	
Credit default swaps	(84)	(9)		
Total rate of return swaps	(14)			
Total	$ (3,823)	$ (2)	$ (263)	$ (114)
For the Three Months Ended March 31, 2011:				
Interest rate swaps	$ (270)	$ (1)	$	$ (48)
Interest rate floors	(125)			
Interest rate caps	(9)			
Interest rate futures	(2)	1		
Equity futures	54	(7)	(102)	
Foreign currency swaps	(121)			
Foreign currency forwards	(169)	(9)		
Currency futures	9			
Currency options	(32)			
Equity options	(419)	(7)		
Interest rate options	(27)			(9)
Interest rate forwards				(8)
Variance swaps	(77)	(3)		
Credit default swaps	(45)			
Total rate of return swaps	(2)			
Total	$ (1,235)	$ (26)	$ (102)	$ (65)

(1) Changes in estimated fair value related to economic hedges of equity method investments in joint ventures; changes in estimated fair value related to derivatives held in relation to trading portfolios; and changes in estimated fair value related to derivatives held within contractholder-directed unit-linked investments.

(2) Changes in estimated fair value related to economic hedges of variable annuity guarantees included in future policy benefits.

(3) Changes in estimated fair value related to derivatives held in connection with the Company s mortgage banking activities.

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MetLife, Inc.

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

Credit Derivatives

In connection with synthetically created investment transactions and credit default swaps held in relation to the trading portfolio, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the non-qualifying derivatives and derivatives for purposes other than hedging table. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company s maximum amount at risk, assuming the value of all referenced credit obligations is zero, was $7.8 billion and $7.7 billion at March 31, 2012 and December 31, 2011, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current fair value of the credit default swaps. At March 31, 2012, the Company would have received $57 million to terminate all of these contracts, and at December 31, 2011, the Company would have paid $41 million to terminate all of these contracts.

The following table presents the estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps at:

Rating Agency Designation of Referenced Credit Obligations (1)	March 31, 2012 Estimated Fair Value of Credit Default Swaps	March 31, 2012 Maximum Amount of Future Payments under Credit Default Swaps (2)	March 31, 2012 Weighted Average Years to Maturity (3)	December 31, 2011 Estimated Fair Value of Credit Default Swaps	December 31, 2011 Maximum Amount of Future Payments under Credit Default Swaps (2)	December 31, 2011 Weighted Average Years to Maturity (3)
	(In millions)			(In millions)		
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 9	$ 682	3.2	$ 5	$ 737	3.5
Credit default swaps referencing indices	37	2,813	2.8	(1)	2,813	3.0
Subtotal	46	3,495	2.8	4	3,550	3.1
Baa						
Single name credit default swaps (corporate)	1	1,219	3.9	(17)	1,234	4.0
Credit default swaps referencing indices	13	2,931	5.1	(26)	2,847	4.9
Subtotal	14	4,150	4.7	(43)	4,081	4.6