METLIFE INC
Form 10-Q
May 10, 2011

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, 2011
	OR
o	**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	**13-4075851**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
200 Park Avenue, New York, N.Y.	**10166-0188**
(Address of principal executive offices)	*(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 o

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 o

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

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

At May 2, 2011, 1,057,040,484 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 corporatio incorporated in 1999 (the Holding Company), its 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 futu 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) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access our credit facilities; (3) uncertainty about the effectiveness of the U.S. government s programs to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (4) impact of comprehensive financial services regulation reform on us; (5) exposure to financial and capital market risk; (6) 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; (7) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (8) investment losses and defaults, and changes to investment valuations; (9) impairments of goodwill and realized losses or market value impairments to illiquid assets; (10) defaults on our mortgage loans; (11) the impairment of other financial institutions that could adversely affect our investments or business; (12) our ability to address unforeseen liabilities, asset impairments, loss of key contractual relationships, or rating actions arising from acquisitions or dispositions, including our acquisition of American Life Insurance Company (American Life), a subsidiary of AM Holdings LLC (formerly known as ALICO Holdings LLC) (AM Holdings), and Delaware American Life Insurance Company (DelAm together with American Life, collectively, ALICO) (the Acquisition) and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (13) uncertainty with respect to the outcome of the closing agreement entered into with the United States Internal Revenue Service in connection with the Acquisition; (14) uncertainty with respect to any incremental tax benefits resulting from the planned elections for ALICO and certain of its subsidiaries under Section 338 of the U.S. Internal Revenue Code of 1986, as amended; (15) the dilutive impact on our stockholders resulting from the issuance of equity securities in connection with the Acquisition or otherwise; (16) economic, political, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (17) our primary reliance, as a holding company, on dividends from our 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 accounting standards, practices and/or policies; (26) changes in assumptions related to deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (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, impair our ability to attract and retain talented and experienced management and other employees, or increase the cost or administrative burdens of providing benefits to employees; (34) the effects of business disruption or economic contraction due to terrorism, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems and management continuity planning which could impair our ability to conduct business effectively; (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

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

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

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

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Part I Financial Information

Item 1. *Financial Statements*

MetLife, Inc.

Interim Condensed Consolidated Balance Sheets
March 31, 2011 (Unaudited) and December 31, 2010

(In millions, except share and per share data)

	March 31, 2011	December 31, 2010
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $327,052 and $317,617, respectively; includes $3,312 and $3,330, respectively, relating to variable interest entities)	$ 333,664	$ 324,797
Equity securities available-for-sale, at estimated fair value (cost: $3,513 and $3,621, respectively)	3,584	3,602
Trading and other securities, at estimated fair value (includes: $572 and $463, of actively traded securities, respectively; and $359 and $387, respectively, relating to variable interest entities)	19,365	18,589
Mortgage loans:		
Held-for-investment, principally at amortized cost (net of valuation allowances of $621 and $664, respectively; includes $6,771 and $6,840, respectively, at estimated fair value, relating to variable interest entities)	59,397	58,976
Held-for-sale, principally at estimated fair value	2,435	3,321
Mortgage loans, net	61,832	62,297
Policy loans	11,872	11,761
Real estate and real estate joint ventures (includes $15 and $10, respectively, relating to variable interest entities)	8,042	8,030
Other limited partnership interests (includes $311 and $298, respectively, relating to variable interest entities)	6,409	6,416
Short-term investments, principally at estimated fair value	8,822	9,384
Other invested assets, principally at estimated fair value (includes $103 and $104, respectively, relating to variable interest entities)	13,693	15,430
Total investments	467,283	460,306
Cash and cash equivalents, principally at estimated fair value (includes $231 and $69, respectively, relating to variable interest entities)	10,692	12,957
Accrued investment income (includes $32 and $34, respectively, relating to variable interest entities)	4,478	4,328
	20,315	19,799

Premiums, reinsurance and other receivables (includes $2 and $2, respectively, relating to variable interest entities)		
Deferred policy acquisition costs and value of business acquired	27,979	27,092
Goodwill	11,946	11,781
Other assets (includes $7 and $6, respectively, relating to variable interest entities)	9,321	8,174
Assets of subsidiaries held-for-sale	3,413	3,331
Separate account assets	195,914	183,138
Total assets	$ 751,341	$ 730,906
Liabilities and Equity		
Liabilities		
Future policy benefits	$ 172,987	$ 170,912
Policyholder account balances	214,641	210,757
Other policy-related balances	15,641	15,750
Policyholder dividends payable	820	830
Policyholder dividend obligation	793	876
Payables for collateral under securities loaned and other transactions	28,625	27,272
Bank deposits	9,313	10,316
Short-term debt	572	306
Long-term debt (includes $6,718 and $6,902, respectively, at estimated fair value, relating to variable interest entities)	27,604	27,586
Collateral financing arrangements	5,297	5,297
Junior subordinated debt securities	3,191	3,191
Current income tax payable	113	297
Deferred income tax liability	2,238	1,856
Other liabilities (includes $112 and $93, respectively, relating to variable interest entities)	20,037	20,366
Liabilities of subsidiaries held-for-sale	3,206	3,043
Separate account liabilities	195,914	183,138
Total liabilities	700,992	681,793
Contingencies, Commitments and Guarantees (Note 8)		
Redeemable noncontrolling interests in partially owned consolidated subsidiaries	128	117
Equity		
MetLife, Inc. s stockholders equity:		
Preferred stock, par value $0.01 per share; 200,000,000 shares authorized:		
Preferred stock, 84,000,000 shares issued and outstanding; $2,100 aggregate liquidation preference	1	1
Convertible preferred stock, 0 and 6,857,000 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively		
Common stock, par value $0.01 per share; 3,000,000,000 shares authorized; 1,059,276,399 and 989,031,704 shares issued at March 31, 2011 and December 31, 2010, respectively; 1,056,082,512 and 985,837,817 shares outstanding at March 31, 2011 and December 31, 2010, respectively	11	10
Additional paid-in capital	26,668	26,423
Retained earnings	22,193	21,363
Treasury stock, at cost; 3,193,887 shares at March 31, 2011 and December 31, 2010	(172)	(172)
Accumulated other comprehensive income (loss)	1,115	1,000

Total MetLife, Inc. s stockholders equity	49,816	48,625
Noncontrolling interests	405	371
Total equity	50,221	48,996
Total liabilities and equity	$ 751,341	$ 730,906

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Interim Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 2011 and 2010 (Unaudited)

(In millions, except per share data)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenues		
Premiums	$ 8,554	$ 6,788
Universal life and investment-type product policy fees	1,889	1,405
Net investment income	5,317	4,321
Other revenues	566	513
Net investment gains (losses):		
Other-than-temporary impairments on fixed maturity securities	(132)	(151)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	9	59
Other net investment gains (losses)	24	124
Total net investment gains (losses)	(99)	32
Net derivative gains (losses)	(315)	41
Total revenues	15,912	13,100
Expenses		
Policyholder benefits and claims	8,231	7,464
Interest credited to policyholder account balances	1,924	1,142
Policyholder dividends	372	377
Other expenses	3,902	2,932
Total expenses	14,429	11,915
Income (loss) from continuing operations before provision for income tax	1,483	1,185
Provision for income tax expense (benefit)	428	356
Income (loss) from continuing operations, net of income tax	1,055	829
Income (loss) from discontinued operations, net of income tax	(42)	5
Net income (loss)	1,013	834
Less: Net income (loss) attributable to noncontrolling interests	7	(1)
Net income (loss) attributable to MetLife, Inc.	1,006	835
Less: Preferred stock dividends	30	30
Preferred stock redemption premium	146	

Net income (loss) available to MetLife, Inc. s common shareholders	$	830	$	805
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc. s common shareholders per common share:				
Basic	$	0.82	$	0.97
Diluted	$	0.82	$	0.96
Net income (loss) available to MetLife, Inc. s common shareholders per common share:				
Basic	$	0.78	$	0.98
Diluted	$	0.78	$	0.97

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, 2011 (Unaudited)

(In millions)

	Preferred Stock	Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss): Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders' Equity	Noncontr Intere (1)
mber 31,	$ 1	$	$ 10	$ 26,423	$ 21,363	$ (172)	$ 3,356	$ (366)	$ (541)	$ (1,449)	$ 48,625	$ 37
onvertible				(2,805)							(2,805)	
redemption					(146)						(146)	
ssuance ares			1	2,949							2,950	
npensation				101							101	
eferred					(30)						(30)	
y of nterests												3
income s)					1,006						1,006	(
nsive												
s (losses) truments, x							(116)				(116)	
stment et of nd income							(240)	27			(213)	
y tments, net									425		425	
plans f income										19	19	

nsive											115	
income											1,121	(
h 31, 2011	$ 1	$	$ 11	$ 26,668	$ 22,193	$ (172)	$ 3,000	$ (339)	$ (116)	$ (1,430)	$ 49,816	$ 40

(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 Equity (Continued)
For the Three Months Ended March 31, 2010 (Unaudited)

(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss): Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc. s Stockholders Equity	Noncontrolli Interests
ecember 31,	$ 1	$ 8	$ 16,859	$ 19,501	$ (190)	$ (817)	$ (513)	$ (183)	$ (1,545)	$ 33,121	$ 377
effect of counting t of income tax				(12)		31	11			30	
anuary 1, 2010	1	8	16,859	19,489	(190)	(786)	(502)	(183)	(1,545)	33,151	377
compensation			12		18					30	
n preferred				(30)						(30)	
quity of ng interests											(14)
ive income											
(loss)				835						835	(1)
rehensive):											
gains (losses) e instruments, e tax						78				78	
nvestment), net of ts and income						1,696	(29)			1,667	(1)
ency djustments, net x								61		61	7
efit plans net of income									19	19	

rehensive s)										1,825	6
sive income										2,660	5
March 31, 2010	$ 1	$ 8	$ 16,871	$ 20,294	$ (172)	$ 988	$ (531)	$ (122)	$ (1,526)	$ 35,811	$ 368

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, 2011 and 2010 (Unaudited)

(In millions)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Net cash provided by operating activities	$ 3,501	$ 2,871
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	25,149	14,896
Equity securities	473	255
Mortgage loans	2,411	1,152
Real estate and real estate joint ventures	106	18
Other limited partnership interests	320	97
Purchases of:		
Fixed maturity securities	(32,954)	(22,518)
Equity securities	(271)	(134)
Mortgage loans	(2,678)	(1,156)
Real estate and real estate joint ventures	(159)	(176)
Other limited partnership interests	(211)	(166)
Cash received in connection with freestanding derivatives	1,070	465
Cash paid in connection with freestanding derivatives	(1,916)	(725)
Net change in policy loans	(87)	(85)
Net change in short-term investments	774	386
Net change in other invested assets	(68)	128
Other, net	(53)	(35)
Net cash used in investing activities	(8,094)	(7,598)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	25,042	17,321
Withdrawals	(23,363)	(14,194)
Net change in payables for collateral under securities loaned and other transactions	1,353	1,786
Net change in bank deposits	(1,027)	(218)
Net change in short-term debt	266	(594)
Long-term debt issued	280	163
Long-term debt repaid	(249)	(322)
Common stock issued, net of issuance costs	2,997	
Redemption of convertible preferred stock	(2,805)	
Preferred stock redemption premium	(146)	

Dividends on preferred stock		(30)		(30)
Other, net		(56)		(67)
Net cash provided by financing activities		2,262		3,845
Effect of change in foreign currency exchange rates on cash and cash equivalents balances		93		(28)
Change in cash and cash equivalents		(2,238)		(910)
Cash and cash equivalents, beginning of period		13,046		10,112
Cash and cash equivalents, end of period	$	10,808	$	9,202
Cash and cash equivalents, subsidiaries held-for-sale, beginning of period	$	89	$	88
Cash and cash equivalents, subsidiaries held-for-sale, end of period	$	116	$	85
Cash and cash equivalents, from continuing operations, beginning of period	$	12,957	$	10,024
Cash and cash equivalents, from continuing operations, end of period	$	10,692	$	9,117
Supplemental disclosures of cash flow information:				
Net cash paid during the period for:				
Interest	$	333	$	258
Income tax	$	415	$	(88)
Non-cash transactions during the period:				
Real estate and real estate joint ventures acquired in satisfaction of debt	$		$	8

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

Business

MetLife or the Company refers to MetLife, Inc., a Delaware corporation incorporated in 1999 (the Holding Company), its subsidiaries and affiliates. MetLife is a leading global provider of insurance, annuities and employee benefit programs throughout the United States (U.S.), Japan, Latin America, Asia Pacific, Europe and the Middle East. Through its subsidiaries and affiliates, MetLife offers life insurance, annuities, auto and homeowners insurance, mortgage and deposit products 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: Insurance Products, Retirement Products, Corporate Benefit Funding and Auto & Home (collectively, U.S. Business), and Japan and Other International Regions (collectively, International). See Note 13 for further business segment information.

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.

On November 1, 2010 (the Acquisition Date), MetLife, Inc. completed the acquisition of American Life Insurance Company (American Life) from AM Holdings LLC (formerly known as ALICO Holdings LLC) (AM Holdings), a subsidiary of American International Group, Inc. (AIG), and Delaware American Life Insurance Company (DelAm) from AIG, (American Life, together with DelAm, collectively, ALICO) (the Acquisition). The Acquisition was accounted for using the acquisition method of accounting. ALICO s fiscal year-end is November 30. Accordingly, the Company s interim condensed consolidated financial statements reflect the assets and liabilities of ALICO as of February 28, 2011 and the operating results of ALICO for the quarter ended February 28, 2011. The accounting policies of ALICO were conformed to those of MetLife upon the Acquisition. See Note 2.

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

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

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

Certain amounts in the prior year period s interim condensed consolidated financial statements have been reclassified to conform with the 2011 presentation. Such reclassifications include:

Reclassification from other net investment gains (losses) of $41 million to net derivative gains (losses) in the consolidated statements of operations for the three months ended March 31, 2010;

MetLife, Inc.

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

Realignment that affected assets, liabilities and results of operations on a segment basis with no impact to the consolidated results. See Note 13;

Reclassifications related to operating revenues and expenses that affected results of operations on a segment and consolidated basis. See Note 13; and

Reclassifications related to discontinued operations. See Note 14.

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, 2011, its consolidated results of operations for the three months ended March 31, 2011 and 2010, its consolidated cash flows for the three months ended March 31, 2011 and 2010, and its consolidated statements of equity for the three months ended March 31, 2011 and 2010, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2010 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, 2010, as amended by MetLife, Inc. s Form 10-K/A dated March 1, 2011 (as amended, the 2010 Annual Report), filed with the U.S. Securities and Exchange Commission (SEC), which includes all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2010 Annual Report.

Adoption of New Accounting Pronouncements

Effective January 1, 2011, the Company adopted new guidance that addresses when a business combination should be assumed to have occurred for the purpose of providing pro forma disclosure. Under the new guidance, if an entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. The guidance also expands the supplemental pro forma disclosures to include additional narratives. The adoption did not have an impact on the Company s consolidated financial statements.

Effective January 1, 2011, the Company adopted new guidance regarding goodwill impairment testing. This guidance modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity would be required to perform Step 2 of the test if qualitative factors indicate that it is more likely than not that goodwill impairment exists. The adoption did not have an impact on the Company s consolidated financial statements.

Effective January 1, 2011, the Company adopted new guidance regarding accounting for investment funds determined to be VIEs. Under this guidance, an insurance entity would not be required to consolidate a voting-interest investment fund when it holds the majority of the voting interests of the fund through its separate accounts. In addition, an insurance entity would not consider the interests held through separate accounts for the benefit of policyholders in the insurer s evaluation of its economics in a VIE, unless the separate account contractholder is a related party. The adoption did not have a material impact on the Company s consolidated financial statements.

Future Adoption of New Accounting Pronouncements

In April 2011, the Financial Accounting Standards Board (FASB) issued new guidance regarding effective control in repurchase agreements (Accounting Standards Update (ASU) 2011-03, *Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements)*, effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The amendments in this ASU remove from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

MetLife, Inc.

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

In April 2011, the FASB issued new guidance regarding accounting for troubled debt restructuring (ASU 2011-02, *Receivables (Topic 310): A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring*), effective for the first interim or annual period beginning on or after June 15, 2011 and should be applied retrospectively to the beginning of the annual period of adoption. This guidance clarifies whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for the purpose of determining when a restructuring constitutes a troubled debt restructuring. The Company is currently evaluating the impact this guidance would have on its consolidated financial statements and related disclosures.

In October 2010, the FASB issued new guidance regarding accounting for deferred acquisition costs (ASU 2010-26, *Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts*) effective for the first quarter of 2012. This guidance clarifies the costs that should be deferred by insurance entities when issuing and renewing insurance contracts. The guidance also specifies that only costs related directly to successful acquisition of new or renewal contracts can be capitalized. All other acquisition-related costs should be expensed as incurred. The Company is currently evaluating the impact this guidance would have on its consolidated financial statements and related disclosures.

2. Acquisitions and Dispositions

2010 Acquisition of ALICO

Description of Transaction

On the Acquisition Date, MetLife, Inc. acquired all of the issued and outstanding capital stock of American Life from AM Holdings, a subsidiary of AIG, and DelAm from AIG for a total purchase price of $16.4 billion. The Acquisition has significantly broadened the Company s diversification by product, distribution and geography, will meaningfully accelerate MetLife s global growth strategy, and creates the opportunity to build an international franchise leveraging the key strengths of ALICO.

On March 8, 2011, AM Holdings sold, in public offering transactions, all the shares of common stock and common equity units it received as consideration from MetLife in connection with the Acquisition. The Company did not receive any of the proceeds from the sale of either the shares of common stock held by AM Holdings or the common equity units owned by AM Holdings. On March 8, 2011, MetLife, Inc. issued 68,570,000 shares of common stock for gross proceeds of $3.0 billion, which were used to repurchase and cancel 6,857,000 shares of convertible preferred stock received by AM Holdings from MetLife in connection with the Acquisition. See Note 10 herein and Note 2 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report.

Goodwill

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired and liabilities assumed that could not be individually identified. The goodwill recorded as part of the Acquisition includes the expected synergies and other benefits that management believes will result from combining the operations of ALICO with the operations of MetLife, including further diversification in geographic mix and product offerings and an increase in distribution strength. Of the $7.0 billion in goodwill resulting from the Acquisition, $5.2 billion was allocated to reporting units in the Japan segment and $1.8 billion was allocated to reporting units in the Other International Regions segment.

Contingent Consideration

American Life has guaranteed that the fair value of a fund of assets backing certain United Kingdom 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 AIG will pay the difference to American Life and conversely, if the shortfall at July 1, 2012 is less than £106 million American Life will pay the difference to AIG. The Company believes that the fair value of the fund will equal or exceed the guaranteed amount by July 1, 2012. The contingent consideration liability was $127 million at March 31, 2011. The increase in the contingent

MetLife, Inc.

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

consideration liability amount during the three months ended March 31, 2011 was recorded in net derivative gains (losses) in the interim condensed consolidated statement of operations.

Current and Deferred Income Tax

The future tax effects of temporary differences between financial reporting and tax bases of assets and liabilities are measured at the balance sheet dates and are recorded as deferred income tax assets and liabilities, with certain exceptions such as certain temporary differences relating to goodwill under purchase accounting.

For federal income tax purposes, MetLife, Inc. and AM Holdings are expected to make elections under Section 338 of the U.S. Internal Revenue Code of 1986, as amended (the Section 338 Elections) with respect to American Life and certain of its subsidiaries. In addition, MetLife, Inc. and AIG are expected to make a Section 338 Election with respect to DelAm. Under such elections, the U.S. tax basis of the assets deemed acquired and liabilities assumed of ALICO were adjusted as of the Acquisition Date to reflect the consequences of the Section 338 Elections.

At March 31, 2011, ALICO s current and deferred income tax liabilities are provisional and not yet finalized. Current income taxes may be adjusted pending the resolution of the amount of taxes resulting from the Section 338 Elections and the filing of income tax returns. Deferred income taxes may be adjusted as a result of changes in estimates and assumptions relating to the reversal of U.S. temporary differences prior to the completion of the anticipated restructuring of American Life s foreign branches, the filing of income tax returns and as additional information becomes available during the measurement period. We expect to finalize these amounts as soon as possible but no later than one year from the Acquisition Date.

Costs Related to Acquisition

Transaction and Integration-Related Expenses. The Company incurred $2 million and $27 million of transaction costs for the three months ended March 31, 2011 and 2010, respectively. Transaction costs represent costs directly related to effecting the Acquisition and primarily include banking and legal expenses. Such costs have been expensed as incurred and are included in other expenses. These expenses have been reported within Banking, Corporate & Other.

Integration-related expenses incurred were $68 million and $2 million for the three months ended March 31, 2011 and 2010, respectively, and are included in other expenses. Integration costs represent incremental costs directly related to integrating ALICO, including expenses for consulting, rebranding and the integration of information systems. As the integration of ALICO is an enterprise-wide initiative, these expenses have been reported within Banking, Corporate & Other.

Restructuring Costs and Other Charges. As part of the integration of ALICO s operations, management has initiated restructuring plans focused on increasing productivity and improving the efficiency of the Company s operations. For the three months ended March 31, 2011, the Company recognized a severance-related restructuring charge of $17 million associated with the termination of certain employees in connection with this initiative which was reflected within other expenses. Total severance-related restructuring charges incurred since inception and through March 31, 2011 were $27 million. The Company made cash payments of $14 million related to these severance costs during the three months ended March 31, 2011. The balance at March 31, 2011 related to severance-related restructuring costs was $13 million. These expenses have been reported within Banking, Corporate & Other.

Estimated restructuring costs may change as management continues to execute its restructuring plans. Management anticipates further restructuring charges including severance, contract termination costs and other associated costs through the year ended December 31, 2011. However, such restructuring plans are not sufficiently developed to enable the Company to make an estimate of such restructuring charges at March 31, 2011.

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2011 Disposition

On April 1, 2011, the Company sold its 50% interest in Mitsui Sumitomo MetLife Insurance Co., Ltd. (MSI MetLife), a Japan domiciled life insurance company, to its joint venture partner, MS&AD Insurance Group Holdings, Inc., for $267 million (¥22.5 billion) in cash consideration. During the three months ended March 31, 2011, the Company recorded an additional loss of $52 million, net of income tax, in net investment gains (losses) within the interim condensed consolidated statement of operations. The Company s operating earnings relating to its investment in MSI MetLife were included in the Other International Regions segment.

2011 Pending Disposition

During the first quarter of 2011, the Company entered into a definitive agreement with a third party to sell its wholly-owned subsidiary, MetLife Taiwan Insurance Company Limited (MetLife Taiwan) for $180 million in cash consideration. The transaction is expected to close no later than December 31, 2011. As a part of the sale agreement, the Company received a deposit of $10 million from the third party which is included in other liabilities in the interim condensed consolidated balance sheet at March 31, 2011. The deposit, which is refundable in certain cases, will be applied against the final purchase price. As a result of recording MetLife Taiwan s net assets at the lower of cost or fair value as assets and liabilities held-for-sale, the Company recognized a net investment loss in discontinued operations of $67 million, net of income tax, for the three months ended March 31, 2011. Income from the operations of MetLife Taiwan of $6 million and $3 million, net of income tax, for the three months ended March 31, 2011 and 2010, respectively, were also recorded in discontinued operations.

3. Investments

Fixed Maturity and Equity Securities Available-for-Sale

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

	March 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	$ 90,810	$ 4,277	$ 1,538	$	$ 93,549	28.0%
Foreign corporate securities (1)	66,414	3,289	1,007	(1)	68,697	20.6
Foreign government securities	44,288	1,584	683		45,189	13.6
Residential mortgage-backed securities (RMBS)	44,627	1,542	703	459	45,007	13.5
U.S. Treasury and agency securities	35,158	1,179	858		35,479	10.6

Commercial mortgage-backed securities (CMBS) (1)	19,135	838	196	(8)	19,785	5.9
Asset-backed securities (ABS)	15,308	306	524	100	14,990	4.5
State and political subdivision securities	11,306	192	537		10,961	3.3
Other fixed maturity securities	6	1			7	
Total fixed maturity securities (2),(3)	$ 327,052	$ 13,208	$ 6,046	$ 550	$ 333,664	100.0%
Equity Securities:						
Common stock	$ 1,939	$ 193	$ 20	$	$ 2,112	58.9%
Non-redeemable preferred stock (2)	1,574	90	192		1,472	41.1
Total equity securities	$ 3,513	$ 283	$ 212	$	$ 3,584	100.0%

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

	December 31, 2010					
	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	$ 88,905	$ 4,469	$ 1,602	$	$ 91,772	28.3%
Foreign corporate securities	65,487	3,326	925		67,888	20.9
Foreign government securities	40,871	1,733	602		42,002	12.9
RMBS	44,468	1,652	917	470	44,733	13.8
U.S. Treasury and agency securities	32,469	1,394	559		33,304	10.2
CMBS	20,213	740	266	12	20,675	6.4
ABS	14,722	274	590	119	14,287	4.4
State and political subdivision securities	10,476	171	518		10,129	3.1
Other fixed maturity securities	6	1			7	
Total fixed maturity securities (2),(3)	$ 317,617	$ 13,760	$ 5,979	$ 601	$ 324,797	100.0%
Equity Securities:						
Common stock	$ 2,059	$ 146	$ 12	$	$ 2,193	60.9%
Non-redeemable preferred stock (2)	1,562	76	229		1,409	39.1
Total equity securities	$ 3,621	$ 222	$ 241	$	$ 3,602	100.0%

(1) OTTI losses as presented above represents the noncredit portion of OTTI losses that is included in accumulated other comprehensive income (loss). OTTI losses include both the initial recognition of noncredit losses, and the effects of subsequent increases and decreases in estimated fair value for those fixed maturity securities that were previously noncredit loss impaired. The noncredit loss component of OTTI losses for foreign corporate securities and CMBS were in an unrealized gain (loss) position of $1 million and $8 million, respectively, at March 31, 2011, due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also Net Unrealized Investment Gains (Losses) .

(2) Upon acquisition, the Company classifies perpetual securities that have attributes of both debt and equity as fixed maturity securities if the security has an interest rate step-up feature which, when combined with other qualitative factors, indicates that the security has more debt-like characteristics; while those with more equity-like characteristics, are classified as equity securities within non-redeemable preferred stock. Many of such securities have been issued by non-U.S. financial institutions that are accorded Tier 1 and Upper Tier 2 capital treatment by their respective regulatory bodies and are commonly referred to as perpetual hybrid securities. The following table presents the perpetual hybrid securities held by the Company at:

Consolidated Balance Sheets	Classification Sector Table	Primary Issuers	March 31, 2011 Estimated Fair Value	December 31, 2010 Estimated Fair Value
			(In millions)	
Equity securities	Non-redeemable preferred stock	Non-U.S. financial institutions	$ 1,105	$ 1,043
Equity securities	Non-redeemable preferred stock	U.S. financial institutions	$ 226	$ 236
Fixed maturity securities	Foreign corporate securities	Non-U.S. financial institutions	$ 1,782	$ 2,008
Fixed maturity securities	U.S. corporate securities	U.S. financial institutions	$ 75	$ 83

(3) The Company s holdings in redeemable preferred stock with stated maturity dates, commonly referred to as capital securities , were primarily issued by U.S. financial institutions and have cumulative interest deferral features. The Company held $2.2 billion and $2.7 billion at estimated fair value of such securities at March 31, 2011 and December 31, 2010, respectively, which are included in the U.S. and foreign corporate securities sectors within fixed maturity securities.

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The below investment grade and non-income producing amounts presented below are based on rating agency designations and equivalent designations of the National Association of Insurance Commissioners (NAIC), with the exception of certain structured securities described below held by the Company s insurance subsidiaries that file NAIC statutory financial statements. Non-agency RMBS, including RMBS backed by sub-prime mortgage loans reported within ABS, CMBS and all other ABS held by the Company s insurance subsidiaries that file NAIC statutory financial statements are presented based on final ratings from the revised NAIC rating methodologies which became effective prior to January 1, 2011 (which may not correspond to rating agency designations). All NAIC designation (e.g., NAIC 1 6) amounts and percentages presented herein are based on the revised NAIC methodologies. All rating agency designation (e.g., Aaa/AAA) amounts and percentages presented herein are based on rating agency designations without adjustment for the revised NAIC methodologies described above. Rating agency designations are based on availability of applicable ratings from rating agencies on the NAIC acceptable rating organization list, including Moody s Investors Service (Moody s), Standard & Poor s Ratings Services (S&P) and Fitch Ratings (Fitch).

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

	March 31, 2011	December 31, 2010
	(In millions)	
Below investment grade or non-rated fixed maturity securities:		
Estimated fair value	$ 25,139	$ 24,870
Net unrealized gains (losses)	$ (218)	$ (696)
Non-income producing fixed maturity securities:		
Estimated fair value	$ 148	$ 130
Net unrealized gains (losses)	$ (20)	$ (23)

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

The Company was not exposed to any concentrations of credit risk of any single issuer greater than 10% of the Company s equity, other than the government securities summarized in the table below. The estimated fair value of the Company s holdings in sovereign fixed maturity securities of Portugal, Ireland, Italy, Greece and Spain, commonly referred to as Europe s perimeter region, was $1.4 billion and $1.6 billion prior to considering net purchased credit default swap protection at March 31, 2011 and December 31, 2010, respectively. The estimated fair value of these Europe perimeter region sovereign fixed maturity securities was 2.9% and 3.2% of the Company s equity at March 31, 2011 and December 31, 2010, respectively and 0.3% of total cash and invested assets at both March 31, 2011 and December 31, 2010.

Concentrations of Credit Risk (Government and Agency Securities). The following section contains a summary of the concentrations of credit risk related to government and agency fixed maturity and fixed-income securities holdings, which were greater than 10% of the Company s equity at:

	March 31, 2011	December 31, 2010

	Carrying Value (1) (In millions)	
Government and agency fixed maturity securities:		
United States	$ 35,479	$ 33,304
Japan	$ 16,596	$ 15,591
Mexico	$ 5,306	$ 5,050
U.S. Treasury and agency fixed-income securities included in:		
Short-term investments	$ 4,026	$ 4,048
Cash equivalents	$ 4,300	$ 5,762

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

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

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

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
Corporate fixed maturity securities by sector:				
Foreign corporate fixed maturity securities (1)	$ 68,697	42.3%	$ 67,888	42.5%
U.S. corporate fixed maturity securities by industry:				
Industrial	22,437	13.8	22,070	13.8
Consumer	22,344	13.8	21,482	13.5
Finance	20,317	12.5	20,785	13.0
Utility	17,668	10.9	16,902	10.6
Communications	7,607	4.7	7,335	4.6
Other	3,176	2.0	3,198	2.0
Total	$ 162,246	100.0%	$ 159,660	100.0%

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

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total Investments	Estimated Fair Value	% of Total Investments
	(In millions)			
Concentrations within corporate fixed maturity securities:				
Largest exposure to a single issuer	$ 2,189	0.5%	$ 2,291	0.5%
Holdings in ten issuers with the largest exposures	$ 13,463	2.9%	$ 14,247	3.1%

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

Concentrations of Credit Risk (Fixed Maturity Securities) RMBS. The table below presents information on the Company s RMBS holdings at:

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
By security type:				
Pass-through securities	$ 23,275	51.7%	$ 22,430	50.1%
Collateralized mortgage obligations	21,732	48.3	22,303	49.9
Total RMBS	$ 45,007	100.0%	$ 44,733	100.0%
By risk profile:				
Agency	$ 34,856	77.5%	$ 34,254	76.6%
Prime	5,900	13.1	6,258	14.0
Alternative residential mortgage loans	4,251	9.4	4,221	9.4
Total RMBS	$ 45,007	100.0%	$ 44,733	100.0%
Rated Aaa/AAA	$ 36,550	81.2%	$ 36,085	80.7%
Rated NAIC 1	$ 39,482	87.7%	$ 38,984	87.1%

See Note 3 Investments Concentrations of Credit Risk (Fixed Maturity Securities) RMBS of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for a description of the security types and risk profile.

The following tables present information on the Company s investment in alternative residential mortgage loans (Alt-A) RMBS at:

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
Vintage Year:				
2004 & Prior	$ 91	2.1%	$ 93	2.2%

2005	1,519	35.7	1,483	35.1
2006	1,019	24.0	1,013	24.0
2007	943	22.2	922	21.8
2008	6	0.1	7	0.2
2009 (1)	641	15.1	671	15.9
2010 (1)	32	0.8	32	0.8
Total	$ 4,251	100.0%	$ 4,221	100.0%

(1) All of the Company s Alt-A RMBS holdings in the 2009 and 2010 vintage years are resecuritization of real estate mortgage investment conduit (Re-REMIC) Alt-A RMBS that were purchased in 2009 and 2010 and are comprised of original issue vintage year 2005 through 2007 Alt-A RMBS. All of the Company s Re-REMIC Alt-A RMBS holdings are NAIC 1 rated.

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	March 31, 2011		December 31, 2010	
	Amount	% of Total	Amount	% of Total
	(In millions)			
Net unrealized gains (losses)	$ (577)		$ (670)	
Rated Aa/AA or better		14.7%		15.9%
Rated NAIC 1		41.2%		39.5%
Distribution of holdings at estimated fair value by collateral type:				
Fixed rate mortgage loans collateral		90.8%		90.7%
Hybrid adjustable rate mortgage loans collateral		9.2		9.3
Total Alt-A RMBS		100.0%		100.0%

Concentrations of Credit Risk (Fixed Maturity Securities) CMBS. The following tables present the Company s holdings of CMBS by rating agency designation and by vintage year at:

March 31, 2011

	Aaa		Aa		A		Baa		Below Investment Grade		Tot
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
	(In millions)										
	$ 6,851	$ 7,032	$ 229	$ 231	$ 155	$ 154	$ 74	$ 72	$ 21	$ 19	$ 7,330
	3,452	3,579	508	517	106	104	103	103	91	73	4,260
	2,904	3,091	400	430	315	336	201	207	46	42	3,866
	1,454	1,536	164	168	88	94	166	178	175	192	2,047
	676	689	414	385	173	166	51	53	96	106	1,410
			28	35							28
	2	2									2
	3	3	56	55							59
	133	133									133
	$ 15,475	$ 16,065	$ 1,799	$ 1,821	$ 837	$ 854	$ 595	$ 613	$ 429	$ 432	$ 19,135
ibution		81.2%		9.2%		4.3%		3.1%		2.2%	

	December 31, 2010										
	Aaa		Aa		A		Baa		Below Investment Grade		T
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
	(In millions)										
	$ 7,411	$ 7,640	$ 282	$ 282	$ 228	$ 227	$ 74	$ 71	$ 28	$ 24	$ 8,023
	3,489	3,620	277	273	216	209	181	175	91	68	4,254
	3,113	3,292	322	324	286	280	263	255	73	66	4,057
	1,463	1,545	159	160	168	168	385	398	166	156	2,341
	840	791	344	298	96	95	119	108	122	133	1,521
	2	2									2
	3	3									3
	8	8			4	4					12
	$ 16,329	$ 16,901	$ 1,384	$ 1,337	$ 998	$ 983	$ 1,022	$ 1,007	$ 480	$ 447	$ 20,213
ution		81.7%		6.4%		4.8%		4.9%		2.2%	

The tables above reflect rating agency designations assigned by nationally recognized rating agencies including Moody s, S&P, Fitch and Realpoint, LLC.

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

The NAIC rating distribution of the Company s holdings of CMBS was as follows at:

	March 31, 2011	December 31, 2010
NAIC 1	93.9%	93.7%
NAIC 2	3.3%	3.2%
NAIC 3	1.4%	1.8%
NAIC 4	1.1%	1.0%
NAIC 5	0.3%	0.3%
NAIC 6	%	%

Concentrations of Credit Risk (Fixed Maturity Securities) ABS. The Company s ABS are diversified both by collateral type and by issuer. The following table presents information about ABS held by the Company at:

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)			
By collateral type:				
Credit card loans	$ 5,879	39.2%	$ 6,027	42.2%
Student loans	2,648	17.7	2,416	16.9
Collateralized debt obligations	1,949	13.0	1,798	12.6
RMBS backed by sub-prime mortgage loans	1,113	7.4	1,119	7.8
Automobile loans	776	5.2	605	4.2
Other loans	2,625	17.5	2,322	16.3
Total	$ 14,990	100.0%	$ 14,287	100.0%
Rated Aaa/AAA	$ 10,486	70.0%	$ 10,411	72.9%
Rated NAIC 1	$ 13,805	92.1%	$ 13,133	91.9%

The Company had ABS supported by sub-prime mortgage loans with estimated fair values of $1,113 million and $1,119 million and unrealized losses of $274 million and $317 million at March 31, 2011 and December 31, 2010, respectively. Approximately 28% of this portfolio was rated Aa or better, of which 75% was in vintage year 2005 and prior at March 31, 2011. Approximately 54% of this portfolio was rated Aa or better, of which 88% was in vintage year 2005 and prior at December 31, 2010. These older vintages from 2005 and prior benefit from better underwriting, improved enhancement levels and higher residential property price appreciation. Approximately 63% and 66% of this portfolio was rated NAIC 2 or better at March 31, 2011 and December 31, 2010, respectively.

Concentrations of Credit Risk (Equity Securities). The Company was not exposed to any concentrations of credit risk in its equity securities holdings of any single issuer greater than 10% of the Company s equity or 1% of total investments at March 31, 2011 and December 31, 2010.

MetLife, Inc.

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

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, 2011		December 31, 2010	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
Due in one year or less	$ 10,343	$ 10,487	$ 8,580	$ 8,702
Due after one year through five years	66,913	68,596	65,143	66,796
Due after five years through ten years	79,908	82,766	76,508	79,571
Due after ten years	90,818	92,033	87,983	90,033
Subtotal	247,982	253,882	238,214	245,102
RMBS, CMBS and ABS	79,070	79,782	79,403	79,695
Total fixed maturity securities	$ 327,052	$ 333,664	$ 317,617	$ 324,797

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.

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 2010 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.

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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, 2011	December 31, 2010
	(In millions)	
Fixed maturity securities	$ 7,189	$ 7,817
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(550)	(601)
Total fixed maturity securities	6,639	7,216
Equity securities	99	(3)
Derivatives	(237)	(59)
Other	4	42
Subtotal	6,505	7,196
Amounts allocated from:		
Insurance liability loss recognition	(569)	(672)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	31	38
DAC and VOBA	(1,187)	(1,205)
Policyholder dividend obligation	(793)	(876)
Subtotal	(2,518)	(2,715)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	180	197
Deferred income tax benefit (expense)	(1,510)	(1,692)
Net unrealized investment gains (losses)	2,657	2,986
Net unrealized investment gains (losses) attributable to noncontrolling interests	4	4
Net unrealized investment gains (losses) attributable to MetLife, Inc.	$ 2,661	$ 2,990

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

	March 31, 2011	December 31, 2010

	(In millions)			
Balance, beginning of period	$	(601)	$	(859)
Noncredit OTTI losses recognized (1)		(9)		(212)
Transferred to retained earnings (2)				16
Securities sold with previous noncredit OTTI loss		37		137
Subsequent increases in estimated fair value		23		317
Balance, end of period	$	(550)	$	(601)

(1) Noncredit OTTI losses recognized, net of deferred policy acquisition costs (DAC), were ($13) million and ($202) million for the periods ended March 31, 2011 and December 31, 2010, respectively.

(2) Amounts transferred to retained earnings were in connection with the adoption of guidance related to the consolidation of VIEs as described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report.

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

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

	Three Months Ended March 31, 2011 (In millions)
Balance, beginning of period	$ 2,990
Fixed maturity securities on which noncredit OTTI losses have been recognized	51
Unrealized investment gains (losses) during the period	(742)
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	103
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(7)
DAC and VOBA	18
Policyholder dividend obligation	83
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(17)
Deferred income tax benefit (expense)	182
Net unrealized investment gains (losses)	2,661
Net unrealized investment gains (losses) attributable to noncontrolling interests	
Balance, end of period	$ 2,661
Change in net unrealized investment gains (losses)	$ (329)
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	
Change in net unrealized investment gains (losses) attributable to MetLife, Inc.	$ (329)

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

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

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

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

	March 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	$ 22,680	$ 580	$ 7,608	$ 958	$ 30,288	$ 1,538
Foreign corporate securities	23,018	635	3,320	371	26,338	1,006
Foreign government securities	26,529	670	172	13	26,701	683
RMBS	9,396	257	5,873	905	15,269	1,162
U.S. Treasury and agency securities	14,313	827	110	31	14,423	858
CMBS	3,187	52	1,061	136	4,248	188
ABS	2,999	35	2,767	589	5,766	624
State and political subdivision securities	5,036	251	968	286	6,004	537
Other fixed maturity securities	1				1	
Total fixed maturity securities	$ 107,159	$ 3,307	$ 21,879	$ 3,289	$ 129,038	$ 6,596
Equity Securities:						
Common stock	$ 97	$ 20	$	$	$ 97	$ 20
Non-redeemable preferred stock	173	11	828	181	1,001	192
Total equity securities	$ 270	$ 31	$ 828	$ 181	$ 1,098	$ 212
Total number of securities in an unrealized loss position	5,882		1,533			

	December 31, 2010					
	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	$ 22,954	$ 447	$ 8,319	$ 1,155	$ 31,273	$ 1,602
Foreign corporate securities	22,415	410	3,976	515	26,391	925
Foreign government securities	26,659	585	189	17	26,848	602
RMBS	7,588	212	6,700	1,175	14,288	1,387
U.S. Treasury and agency securities	13,401	530	118	29	13,519	559
CMBS	3,787	29	1,363	249	5,150	278
ABS	2,713	42	3,026	667	5,739	709
State and political subdivision securities	5,061	246	988	272	6,049	518
Other fixed maturity securities	1				1	
Total fixed maturity securities	$ 104,579	$ 2,501	$ 24,679	$ 4,079	$ 129,258	$ 6,580
Equity Securities:						
Common stock	$ 89	$ 12	$ 1	$	$ 90	$ 12
Non-redeemable preferred stock	191	9	824	220	1,015	229
Total equity securities	$ 280	$ 21	$ 825	$ 220	$ 1,105	$ 241
Total number of securities in an unrealized loss position	5,609		1,704			

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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

The following tables present the cost or amortized cost, gross unrealized losses, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss), gross unrealized losses as a percentage of cost or amortized cost and number of securities for fixed maturity and equity securities where the estimated fair value had declined and remained below cost or amortized cost by less than 20%, or 20% or more at:

	March 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	$ 106,912	$ 1,821	$ 2,990	$ 446	5,432	123
Six months or greater but less than nine months	2,300	186	156	63	291	13
Nine months or greater but less than twelve months	740	159	20	53	59	11
Twelve months or greater	19,740	3,776	1,640	1,228	1,171	227
Total	$ 129,692	$ 5,942	$ 4,806	$ 1,790		
Percentage of amortized cost			4%	30%		
Equity Securities:						
Less than six months	$ 245	$ 43	$ 12	$ 18	96	21
Six months or greater but less than nine months	3	1		1	4	5
Nine months or greater but less than twelve months	28		4		2	
Twelve months or greater	604	386	58	119	39	15
Total	$ 880	$ 430	$ 74	$ 138		
Percentage of cost			8%	32%		

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

	December 31, 2010					
	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	$ 105,301	$ 1,403	$ 2,348	$ 368	5,320	121
Six months or greater but less than nine months	1,125	376	29	102	104	29
Nine months or greater but less than twelve months	371	89	28	27	50	9
Twelve months or greater	21,627	5,546	1,863	1,815	1,245	311
Total	$ 128,424	$ 7,414	$ 4,268	$ 2,312		
Percentage of amortized cost			3%	31%		
Equity Securities:						
Less than six months	$ 247	$ 94	$ 10	$ 22	106	33
Six months or greater but less than nine months	29	65	5	16	3	2
Nine months or greater but less than twelve months	6	47		16	3	2
Twelve months or greater	518	340	56	116	35	14
Total	$ 800	$ 546	$ 71	$ 170		
Percentage of cost			9%	31%		

Equity securities with gross unrealized losses of 20% or more for twelve months or greater increased from $116 million at December 31, 2010 to $119 million at March 31, 2011. As shown in the section Evaluating Temporarily Impaired Available-for-Sale Securities below, $119 million of the equity securities with gross unrealized losses of 20% or more for twelve months or greater at March 31, 2011 were non-redeemable preferred stock, of which $118 million were financial services industry investment grade non-redeemable preferred stock, of which 80% were rated A or better.

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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 Company s gross unrealized losses related to its fixed maturity and equity securities, including the portion of OTTI losses on fixed maturity securities recognized in accumulated other comprehensive income (loss) of $6.8 billion at both March 31, 2011 and December 31, 2010, were concentrated, calculated as a percentage of gross unrealized losses and OTTI losses, by sector and industry as follows:

	March 31, 2011	December 31, 2010
Sector:		
U.S. corporate securities	23%	23%
RMBS	17	20
Foreign corporate securities	15	14
U.S. Treasury and agency securities	13	8
Foreign government securities	10	9
ABS	9	10
State and political subdivision securities	8	8
CMBS	3	4
Other	2	4
Total	100%	100%
Industry:		
Mortgage-backed	20%	24%
Finance	17	21
U.S. Treasury and agency securities	13	8
Foreign government securities	10	9
Asset-backed	9	10
State and political subdivision securities	8	8
Utility	6	5
Consumer	6	4
Communications	2	2
Industrial	1	2
Other	8	7
Total	100%	100%

Evaluating Temporarily Impaired Available-for-Sale Securities

The following table presents the Company s 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, 2011		December 31, 2010	
	Fixed Maturity Securities	Equity Securities	Fixed Maturity Securities	Equity Securities
	(In millions, except number of securities)			
Number of securities	97	6	107	6
Total gross unrealized losses	$ 1,885	$ 93	$ 2,014	$ 103
Percentage of total gross unrealized losses	29%	44%	31%	43%

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 $139 million during the three months ended March 31, 2011. The decline in, or improvement in, gross unrealized losses for the three months ended March 31, 2011, was primarily attributable to the narrowing of credit spreads. These securities were included in the Company s OTTI review process. Based upon the Company s current evaluation of these securities and other available-for-sale securities in an unrealized loss position in accordance with its impairment policy, and the Company s current intentions and assessments (as applicable to the type of security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired.

In the Company s impairment review process, the duration and severity of an unrealized loss position for equity securities 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, 2011:

	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)							
Less than six months	$ 18	$ 5	28%	$ 5	100%	$ 5	100%	100%
Six months or greater but less than twelve months	1		%		%		%	%
Twelve months or greater	119	119	100%	118	99%	118	100%	80%
All equity securities with gross unrealized	$ 138	$ 124	90%	$ 123	99%	$ 123	100%	80%

losses of 20% or more

In connection with the equity securities impairment review process, the Company evaluated its holdings in non-redeemable preferred stock, particularly those companies in the financial services industry. The Company considered several factors including whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of non-redeemable preferred stock with a severe or an extended unrealized loss. The Company also considered whether any issuers of non-redeemable preferred stock with an unrealized loss held by the Company, regardless of credit rating, have deferred any dividend payments. No such dividend payments 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).

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

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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,	
	2011	2010
	(In millions)	
Total gains (losses) on fixed maturity securities:		
Total OTTI losses recognized	$ (132)	$ (151)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	9	59
Net OTTI losses on fixed maturity securities recognized in earnings	(123)	(92)
Fixed maturity securities net gains (losses) on sales and disposals	(40)	26
Total gains (losses) on fixed maturity securities	(163)	(66)
Other net investment gains (losses):		
Equity securities	36	27
Mortgage loans	47	(28)
Real estate and real estate joint ventures	1	(22)
Other limited partnership interests	3	(1)
Other investment portfolio gains (losses)	4	58
Subtotal investment portfolio gains (losses)	(72)	(32)
Fair value option (FVO) consolidated securitization entities changes in estimated fair value included in net investment gains (losses):		
Commercial mortgage loans	18	481
Securities	(40)	(4)
Long-term debt related to commercial mortgage loans		(479)
Long-term debt related to securities	47	12
Other gains (losses) (1)	(52)	54
Subtotal FVO consolidated securitization entities and other gains (losses)	(27)	64
Total net investment gains (losses)	$ (99)	$ 32

(1) Other gains (losses) for the three months ended March 31, 2011 includes a loss of $80 million related to the sale of the Company s investment in MSI MetLife. See Note 2.

See Variable Interest Entities for discussion of consolidated securitization entities (CSEs) included in the table above.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were $35 million and $150 million for the three months ended March 31, 2011 and 2010, respectively.

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

MetLife, Inc.

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

	Three Months Ended March 31,					
	2011	2010	2011	2010	2011	2010
	Fixed Maturity Securities		Equity Securities (In millions)		Total	
Proceeds	$ 16,532	$ 8,372	$ 316	$ 145	$ 16,848	$ 8,517
Gross investment gains	$ 193	$ 164	$ 48	$ 31	$ 241	$ 195
Gross investment losses	(233)	(138)	(6)	(3)	(239)	(141)
Total OTTI losses recognized in earnings:						
Credit-related	(43)	(86)			(43)	(86)
Other (1)	(80)	(6)	(6)	(1)	(86)	(7)
Total OTTI losses recognized in earnings	(123)	(92)	(6)	(1)	(129)	(93)
Net investment gains (losses)	$ (163)	$ (66)	$ 36	$ 27	$ (127)	$ (39)

(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,	
	2011	2010
	(In millions)	
Sector:		
U.S. and foreign corporate securities by industry:		
Communications	$ 13	$ 3
Consumer	2	22

Utility	1	
Finance	1	8
Total U.S. and foreign corporate securities	17	33
Foreign government securities	76	
RMBS	18	30
ABS	9	19
CMBS	3	10
Total	$ 123	$ 92

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MetLife, Inc.

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

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

	Three Months Ended March 31, 2011	2010
	(In millions)	
Sector:		
Common stock	$ 6	$ 1
Industry:		
Other industries	$ 6	$ 1

Credit Loss Rollforward Rollforward of the Cumulative Credit Loss Component of OTTI Loss Recognized in Earnings on Fixed Maturity Securities Still Held for Which a Portion of the OTTI Loss Was Recognized in Other Comprehensive Income (Loss)

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

	Three Months Ended March 31, 2011	2010
	(In millions)	
Balance, beginning of period	$ 443	$ 581
Additions:		
Initial impairments credit loss OTTI recognized on securities not previously impaired	8	19
Additional impairments credit loss OTTI recognized on securities previously impaired	16	31
Reductions:		
Due to sales (maturities, pay downs or prepayments) during the period of securities previously credit loss OTTI impaired	(29)	(104)
Due to securities de-recognized in connection with the adoption of new guidance related to the consolidation of VIEs		(100)
Due to securities impaired to net present value of expected future cash flows	(44)	
Due to increases in cash flows accretion of previous credit loss OTTI	(5)	(3)
Balance, end of period	$ 389	$ 424

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MetLife, Inc.

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

Net Investment Income

The components of net investment income were as follows:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(In millions)	
Investment income:		
Fixed maturity securities	$ 3,683	$ 3,053
Equity securities	30	25
Trading and other securities Actively Traded Securities and FVO general account securities (1)	28	15
Mortgage loans	759	673
Policy loans	160	176
Real estate and real estate joint ventures	156	46
Other limited partnership interests	243	265
Cash, cash equivalents and short-term investments	46	18
International joint ventures (2)	(19)	17
Other	(32)	86
Subtotal	5,054	4,374
Less: Investment expenses	252	226
Subtotal, net	4,802	4,148
Trading and other securities FVO contractholder-directed unit-linked investments (1)	419	64
FVO consolidated securitization entities:		
Commercial mortgage loans	95	105
Securities	1	4
Subtotal	515	173
Net investment income	$ 5,317	$ 4,321

(1) Changes in estimated fair value subsequent to purchase included in net investment income:

Trading and other securities Actively Traded Securities and FVO general account securities	$ 21	$ 7

Trading and other securities FVO contractholder-directed unit-linked investments	$ 316	$ 57

(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 ($23) million and ($32) million for the three months ended March 31, 2011 and 2010, respectively.

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

Securities Lending

The Company participates in securities lending programs whereby blocks of securities, which are included in fixed maturity securities and short-term investments, are loaned to third parties, primarily brokerage firms and commercial banks. The Company generally obtains collateral, generally cash, in an amount equal to 102% of the estimated fair value of the securities loaned, which is obtained at the inception of a loan and maintained at a level greater than or equal to 100% for the duration of the loan. Securities loaned under such transactions may be sold or

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

repledged by the transferee. The Company is liable to return to its counterparties the cash collateral under its control. These transactions are treated as financing arrangements and the associated liability is recorded at the amount of the cash received.

Elements of the securities lending programs are presented below at:

		March 31, 2011		December 31, 2010
		(In millions)		
Securities on loan:				
Amortized cost	$	25,689	$	23,715
Estimated fair value	$	25,893	$	24,230
Aging of cash collateral liability:				
Open (1)	$	3,672	$	2,752
Less than thirty days		9,736		12,301
Thirty days or greater but less than sixty days		6,496		4,399
Sixty days or greater but less than ninety days		4,215		2,291
Ninety days or greater		2,346		2,904
Total cash collateral liability	$	26,465	$	24,647
Security collateral on deposit from counterparties	$	11	$	
Reinvestment portfolio estimated fair value	$	26,188	$	24,177

(1) Open meaning that the related loaned security could be returned to the Company on the next business day requiring the Company to immediately return the cash collateral.

The estimated fair value of the securities on loan related to the cash collateral on open at March 31, 2011 was $3.6 billion, of which $3.1 billion were U.S. Treasury and agency securities which, if put to the Company, can be immediately sold to satisfy the cash requirements. The remainder of the securities on loan was primarily U.S. Treasury and agency securities, and very liquid RMBS. The U.S. Treasury securities on loan are primarily holdings of on-the-run U.S. Treasury securities, the most liquid U.S. Treasury securities available. If these high quality securities that are on loan are put back to the Company, the proceeds from immediately selling these securities can be used to satisfy the related cash requirements. The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including RMBS, U.S. corporate securities, U.S. Treasury and agency securities, ABS, foreign corporate securities and CMBS). If the on loan securities or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities are put back to the Company.

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 consolidated financial statements.

MetLife, Inc.

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

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, equity, trading and other securities and at carrying value for mortgage loans.

	March 31, 2011	December 31, 2010
	(In millions)	
Invested assets on deposit:		
Regulatory agencies	$ 2,085	$ 2,110
Invested assets held in trust:		
Collateral financing arrangements	5,550	5,340
Reinsurance arrangements	2,206	3,090
Invested assets pledged as collateral:		
Funding agreements and advances Federal Home Loan Bank (FHLB) of New York	20,878	21,975
Funding agreements FHLB of Boston	600	211
Funding agreements FHLB of Des Moines	859	
Funding agreements Federal Agricultural Mortgage Corporation	3,160	3,159
Federal Reserve Bank of New York	1,633	1,822
Collateral financing arrangements	50	112
Derivative transactions	1,296	1,726
Short sale agreements	575	465
Total invested assets on deposit, held in trust and pledged as collateral	$ 38,892	$ 40,010

See Note 3 Investments Invested Assets on Deposit, Held in Trust and Pledged as Collateral of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for a description of the types of invested assets on deposit, held in trust and pledged as collateral and selected other information about the related program or counterparty. The Company has pledged fixed maturity securities in support of its funding agreements with the FHLB of Des Moines. See Note 8 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for a description of the nature of these arrangements.

See also Securities Lending for the amount of the Company s cash received from and due back to counterparties pursuant to the Company s securities lending program. See Variable Interest Entities for assets of certain CSEs that can only be used to settle liabilities of such entities.

MetLife, Inc.

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

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 FVO has been elected:

	March 31, 2011	December 31, 2010
	(In millions)	
Actively Traded Securities	$ 572	$ 463
FVO general account securities	173	131
FVO contractholder-directed unit-linked investments	18,459	17,794
FVO securities held by consolidated securitization entities	161	201
Total trading and other securities at estimated fair value	$ 19,365	$ 18,589
Actively Traded Securities at estimated fair value	$ 572	$ 463
Short sale agreement liabilities at estimated fair value	(47)	(46)
Net long/short position at estimated fair value	$ 525	$ 417
Investments pledged to secure short sale agreement liabilities	$ 575	$ 465

See Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for discussion of FVO contractholder-directed unit-linked investments and Variable Interest Entities for discussion of 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 net investment income and net investment gains (losses), as applicable.

Mortgage Loans

Mortgage loans are summarized as follows at:

	March 31, 2011		December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)			
Mortgage loans held-for-investment:				
Commercial	$ 38,087	61.6%	$ 37,818	60.7%
Agricultural	12,761	20.6	12,751	20.4
Residential	2,399	3.9	2,231	3.7

Subtotal	53,247	86.1	52,800	84.8
Valuation allowances	(621)	(1.0)	(664)	(1.1)
Subtotal mortgage loans held-for-investment, net	52,626	85.1	52,136	83.7
Commercial mortgage loans held by consolidated securitization entities FVO	6,771	11.0	6,840	11.0
Total mortgage loans held-for-investment, net	59,397	96.1	58,976	94.7
Mortgage loans held-for-sale:				
Residential FVO	1,571	2.5	2,510	4.0
Agricultural and residential mortgage loans lower of amortized cost or estimated fair value	864	1.4	811	1.3
Total mortgage loans held-for-sale	2,435	3.9	3,321	5.3
Total mortgage loans, net	$ 61,832	100.0%	$ 62,297	100.0%

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

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

Concentration of Credit Risk The Company diversifies its mortgage loan portfolio by both geographic region and property type to reduce the risk of concentration. The Company s commercial and agricultural mortgage loans are collateralized by properties primarily located in the U.S., at 90%, with the remaining 10% collateralized by properties located outside the U.S., calculated as a percent of total mortgage loans held-for-investment (excluding commercial mortgage loans held by CSEs) at March 31, 2011. The carrying value of the Company s commercial and agricultural mortgage loans located in California, New York and Texas were 20%, 9% and 7%, respectively, of total mortgage loans held-for-investment (excluding commercial mortgage loans held by CSEs) at March 31, 2011. Additionally, the Company manages risk when originating commercial and agricultural mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate.

Certain of the Company s real estate joint ventures have mortgage loans with the Company. The carrying values of such mortgage loans were $343 million and $283 million at March 31, 2011 and December 31, 2010, respectively.

The following tables present the recorded investment in mortgage loans held-for-investment, by portfolio segment, by method of evaluation of credit loss, and the related valuation allowances, by type of credit loss, at:

	Commercial	Agricultural	Residential	Total
		(In millions)		
March 31, 2011:				
Mortgage loans:				
Evaluated individually for credit losses	$ 160	$ 105	$ 18	$ 283
Evaluated collectively for credit losses	37,927	12,656	2,381	52,964
Total mortgage loans	38,087	12,761	2,399	53,247
Valuation allowances:				
Specific credit losses	41	39	1	81
Non-specifically identified credit losses	491	37	12	540
Total valuation allowances	532	76	13	621
Mortgage loans, net of valuation allowance	$ 37,555	$ 12,685	$ 2,386	$ 52,626
December 31, 2010:				
Mortgage loans:				
Evaluated individually for credit losses	$ 120	$ 146	$ 13	$ 279
Evaluated collectively for credit losses	37,698	12,605	2,218	52,521
Total mortgage loans	37,818	12,751	2,231	52,800

Valuation allowances:				
Specific credit losses	36	52		88
Non-specifically identified credit losses	526	36	14	576
Total valuation allowances	562	88	14	664
Mortgage loans, net of valuation allowance	$ 37,256	$ 12,663	$ 2,217	$ 52,136

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

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

	Mortgage Loan Valuation Allowances			
	Commercial	Agricultural	Residential	Total
	(In millions)			
Balance at January 1, 2010	$ 589	$ 115	$ 17	$ 721
Provision (release)	35	6		41
Charge-offs, net of recoveries		(11)		(11)
Balance at March 31, 2010	$ 624	$ 110	$ 17	$ 751
Balance at January 1, 2011	$ 562	$ 88	$ 14	$ 664
Provision (release)	(30)	(9)		(39)
Charge-offs, net of recoveries		(3)	(1)	(4)
Balance at March 31, 2011	$ 532	$ 76	$ 13	$ 621

Commercial Mortgage Loans by Credit Quality Indicators with Estimated Fair Value: Presented below for the commercial mortgage loans held-for-investment is the recorded investment, prior to valuation allowances, by the indicated loan-to-value ratio categories and debt service coverage ratio categories and estimated fair value of such mortgage loans by the indicated loan-to-value ratio categories at:

	Recorded Investment						
	Debt Service Coverage Ratios					Estimated	
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total	Fair Value	% of Total
	(In millions)					(In millions)	
March 31, 2011:							
Loan-to-value ratios:							
Less than 65%	$ 17,994	$ 182	$ 338	$ 18,514	48.6%	$ 19,604	49.9%
65% to 75%	9,700	554	598	10,852	28.5	11,276	28.7
76% to 80%	2,763	321	109	3,193	8.4	3,268	8.3
Greater than 80%	3,858	984	686	5,528	14.5	5,124	13.1
Total	$ 34,315	$ 2,041	$ 1,731	$ 38,087	100.0%	$ 39,272	100.0%

December 31, 2010:

Loan-to-value ratios:							
Less than 65%	$ 16,663	$ 125	$ 483	$ 17,271	45.7%	$ 18,183	46.9%
65% to 75%	9,022	765	513	10,300	27.2	10,685	27.6
76% to 80%	3,033	304	135	3,472	9.2	3,535	9.1
Greater than 80%	4,155	1,813	807	6,775	17.9	6,374	16.4
Total	$ 32,873	$ 3,007	$ 1,938	$ 37,818	100.0%	$ 38,777	100.0%

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Agricultural Mortgage Loans by Credit Quality Indicator: The recorded investment in agricultural mortgage loans held-for-investment, prior to valuation allowances, by credit quality indicator, is as shown below. The estimated fair value of agricultural mortgage loans held-for-investment was $12.9 billion at both March 31, 2011 and December 31, 2010.

	Agricultural			
	March 31, 2011		December 31, 2010	
	Recorded Investment (In millions)	% of Total	Recorded Investment (In millions)	% of Total
Loan-to-value ratios:				
Less than 65%	$ 11,318	88.7%	$ 11,483	90.1%
65% to 75%	933	7.3	885	6.9
76% to 80%	79	0.6	48	0.4
Greater than 80%	431	3.4	335	2.6
Total	$ 12,761	100.0%	$ 12,751	100.0%

Residential Mortgage Loans by Credit Quality Indicator: The recorded investment in residential mortgage loans held-for-investment, prior to valuation allowances, by credit quality indicator, is as shown below. The estimated fair value of residential mortgage loans held-for-investment was $2.4 billion and $2.3 billion at March 31, 2011 and December 31, 2010, respectively.

	Residential			
	March 31, 2011		December 31, 2010	
	Recorded Investment (In millions)	% of Total	Recorded Investment (In millions)	% of Total
Performance indicators:				
Performing	$ 2,360	98.4%	$ 2,149	96.3%
Nonperforming	39	1.6	82	3.7
Total	$ 2,399	100.0%	$ 2,231	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, 2011 and December 31, 2010. The Company defines delinquent mortgage loans consistent with industry practice, when interest and principal payments are past due as follows: commercial mortgage loans 60 days or more past due;

agricultural mortgage loans 90 days or more past due; and residential mortgage loans 60 days or more past due. The recorded investment in mortgage loans held-for-investment, prior to valuation allowances, past due according to these aging categories, past due 90 days or more and still accruing interest and in nonaccrual status, by portfolio segment, were as follows at:

	Past Due		Greater than 90 Days Past Due Still Accruing Interest		Nonaccrual Status	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	(In millions)					
Commercial	$ 1	$ 58	$ 1	$ 1	$	$ 7
Agricultural	159	159	38	13	150	177
Residential	36	79	17	11	17	25
Total	$ 196	$ 296	$ 56	$ 25	$ 167	$ 209

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

Impaired Mortgage Loans. The unpaid principal balance, recorded investment, valuation allowances and carrying value, net of valuation allowances, for impaired mortgage loans held-for-investment, by portfolio segment, were as follows 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, 2011:								
Commercial	$ 160	$ 160	$ 41	$ 119	$ 215	$ 204	$ 375	$ 323
Agricultural	105	105	39	66	181	177	286	243
Residential	18	18	1	17	20	20	38	37
Total	$ 283	$ 283	$ 81	$ 202	$ 416	$ 401	$ 699	$ 603
December 31, 2010:								
Commercial	$ 120	$ 120	$ 36	$ 84	$ 99	$ 87	$ 219	$ 171
Agricultural	146	146	52	94	123	119	269	213
Residential	3	3		3	16	16	19	19
Total	$ 269	$ 269	$ 88	$ 181	$ 238	$ 222	$ 507	$ 403

Unpaid principal balance is generally prior to any charge-off.

The average investment in impaired mortgage loans held-for-investment, and the related interest income, by portfolio segment was:

	Impaired Mortgage Loans		
	Average Investment	Interest Income Recognized	
		Cash Basis	Accrual Basis
	(In millions)		
For the Three Months Ended March 31, 2011:			
Commercial	$ 242	$ 3	$ 1

Agricultural		278		2		
Residential		19				
Total	$	539	$	5	$	1
For the Three Months Ended March 31, 2010:						
Commercial	$	93	$	2	$	1
Agricultural		280		1		
Residential		5				
Total	$	378	$	3	$	1

Cash Equivalents

Cash equivalents, which include investments with an original or remaining maturity of three months or less at the time of purchase, were $7.3 billion and $9.6 billion at March 31, 2011 and December 31, 2010, respectively.

Purchased Credit Impaired Investments

Investments acquired with evidence of credit quality deterioration since origination and for which it is probable at the acquisition date that the Company will be unable to collect all contractually required payments are classified as purchased credit impaired investments. For each investment, the excess of the cash flows expected to be collected as of the acquisition date over its acquisition date fair value is referred to as the accretable yield and is recognized as net

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investment income on an effective yield basis. If subsequently, based on current information and events, it is probable that there is a significant increase in cash flows previously expected to be collected or if actual cash flows are significantly greater than cash flows previously expected to be collected, the accretable yield is adjusted prospectively. The excess of the contractually required payments (including interest) as of the acquisition date over the cash flows expected to be collected as of the acquisition date is referred to as the nonaccretable difference, and this amount is not expected to be realized as net investment income. Decreases in cash flows expected to be collected can result in OTTI or the recognition of mortgage loan valuation allowances.

The table below presents the purchased credit impaired investments, by invested asset class, held at:

	March 31, 2011		December 31, 2010	
	Fixed Maturity Securities	Mortgage Loans	Fixed Maturity Securities	Mortgage Loans
	(In millions)			
Outstanding principal and interest balance (1)	$ 1,783	$ 513	$ 1,548	$ 504
Carrying value (2)	$ 1,235	$ 204	$ 1,050	$ 195

(1) Represents the contractually required payments which is the sum of contractual principal, whether or not currently due, and accrued interest.

(2) Estimated fair value plus accrued interest for fixed maturity securities and amortized cost, plus accrued interest, less any valuation allowances for mortgage loans.

The following table presents information about purchased credit impaired investments, as of their respective acquisition dates, for:

	Three Months Ended March 31,			
	2011		2010	
	Fixed Maturity Securities	Mortgage Loans	Fixed Maturity Securities	Mortgage Loans
	(In millions)			
Contractually required payments (including interest)	$ 399	$	$ 177	$
Cash flows expected to be collected (1)	$ 368	$	$ 171	$
Fair value of investments acquired	$ 236	$	$ 100	$

(1) Represents undiscounted principal and interest cash flow expectations at the date of acquisition.

The following table presents activity for the accretable yield on purchased credit impaired investments for:

	Three Months Ended March 31,			
	2011		2010	
	Fixed Maturity Securities	Mortgage Loans	Fixed Maturity Securities	Mortgage Loans
	(In millions)			
Accretable yield, beginning of period	$ 541	$ 170	$	$
Investments purchased	132		71	
Accretion recognized in net investment income	(17)	(12)	(1)	
Disposals	(51)			
Reclassification (to) from nonaccretable difference	103	18		
Accretable yield, end of period	$ 708	$ 176	$ 70	$

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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 in the Company s financial statements at March 31, 2011 and December 31, 2010. 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, 2011		December 31, 2010	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Consolidated securitization entities (1)	$ 7,023	$ 6,774	$ 7,114	$ 6,892
MRSC collateral financing arrangement (2)	3,464		3,333	
Other limited partnership interests	333	38	319	85
Trading and other securities	198		186	
Other invested assets	108	1	108	1
Real estate joint ventures	17	17	20	17
Total	$ 11,143	$ 6,830	$ 11,080	$ 6,995

(1) The Company consolidated 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 or any of its subsidiaries or affiliates liable for any principal or interest shortfalls should any arise. The Company s exposure is limited to that of its remaining investment in the former QSPEs of $222 million and $201 million at estimated fair value at March 31, 2011 and December 31, 2010, respectively. The long-term debt referred to below bears interest at primarily fixed rates ranging from 2.25% to 5.57%, payable primarily on a monthly basis and is expected to be repaid over the next 7 years. Interest expense related to these obligations, included in other expenses, was $92 million and $106 million for the three months ended March 31, 2011 and 2010, respectively. The assets and liabilities of these CSEs were as follows at:

	March 31, 2011		December 31, 2010	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			

Mortgage loans held-for-investment (commercial mortgage loans)	$ 6,771	$	$ 6,840	$
Trading and other securities	161		201	
Cash and cash equivalents	59		39	
Accrued investment income	32		34	
Long-term debt		6,684		6,820
Other liabilities		90		72
Total	$ 7,023	$ 6,774	$ 7,114	$ 6,892

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

(2) See Note 12 of the Notes to the Consolidated Financial Statements included in the 2010 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 at:

	March 31, 2011	December 31, 2010
	(In millions)	
Fixed maturity securities available-for-sale:		
ABS	$ 1,470	$ 1,333
U.S. corporate securities	657	893
RMBS	489	547
CMBS	450	383
Foreign corporate securities	201	139
U.S. Treasury and agency securities	15	
State and political subdivision securities	30	30
Foreign government securities		5
Cash and cash equivalents	152	3
Total	$ 3,464	$ 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, 2011		December 31, 2010	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities available-for-sale:				
RMBS (2)	$ 45,007	$ 45,007	$ 44,733	$ 44,733
CMBS (2)	19,785	19,785	20,675	20,675
ABS (2)	14,990	14,990	14,287	14,287
Foreign corporate securities	3,158	3,158	2,950	2,950
U.S. corporate securities	2,658	2,658	2,435	2,435
Other limited partnership interests	4,394	6,370	4,383	6,479
Trading and other securities	793	793	789	789
Other invested assets	542	759	576	773
Mortgage loans	422	422	350	350

Real estate joint ventures	58	106	40	108
Equity securities available-for-sale:				
Non-redeemable preferred stock	34	34		
Total	$ 91,841	$ 94,082	$ 91,218	$ 93,579

(1) The maximum exposure to loss relating to the fixed maturity, equity and trading and other securities is equal to the carrying amounts or carrying amounts of retained interests. The maximum exposure to loss relating to the other limited partnership interests and real estate joint ventures 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 or investee. The maximum exposure to loss relating to the mortgage loans is equal to the carrying amounts plus any unfunded commitments of the Company. 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

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

maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by amounts guaranteed by third parties of $234 million and $231 million at March 31, 2011 and December 31, 2010, respectively.

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

As described in Note 8, 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, 2011 or 2010.

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 market. The Company uses a variety of derivatives, including swaps, forwards, futures and option contracts, to manage various risks relating to its ongoing business. To a lesser extent, the Company uses credit derivatives, such as credit default 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 contracts that have embedded derivatives.

Freestanding derivatives are carried on 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 over-the-counter derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be 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 (including the counterparties to the contract), volatility, liquidity and changes in estimates and assumptions used in the pricing models.

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 economic hedges of equity method investments in joint ventures, or for all derivatives held in relation to the trading portfolios; (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 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

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

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 within interest income or interest expense to match the location of the hedged item. However, accruals that are not scheduled to settle until maturity are included in the estimated fair value of derivatives in the consolidated balance sheets.

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 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 within interest income or interest expense to match the location of the hedged item. However, accruals that are not scheduled to settle until maturity are included in the estimated fair value of derivatives in the consolidated balance sheets.

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 fair value of derivatives recorded in other comprehensive income (loss) related to discontinued cash flow hedges are released into the consolidated statement of operations 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).

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

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 is also a party to financial instruments that contain terms which are deemed to be 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 (GMIBs). 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, 2011			December 31, 2010		
			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	$ 60,526	$ 2,287	$ 1,557	$ 54,803	$ 2,654	$ 1,516
	Interest rate floors	23,866	492	54	23,866	630	66
	Interest rate caps	36,726	232		35,412	176	1
	Interest rate futures	10,697	8	5	9,385	43	17
	Interest rate options	8,391	121	28	8,761	144	23
	Interest rate forwards	7,742	22	142	10,374	106	135
	Synthetic GICs	4,365			4,397		
Foreign currency	Foreign currency swaps	17,194	1,341	1,334	17,626	1,616	1,282
	Foreign currency forwards	10,830	61	173	10,443	119	91
	Currency futures	476			493	2	
	Currency options	2,346	33	5	5,426	50	
	Non-derivative hedging instruments (2)				169		185
Credit	Credit default swaps	12,013	146	116	10,957	173	104
	Credit forwards	120	1	6	90	2	3
Equity market	Equity futures	5,761	3	37	8,794	21	9
	Equity options	14,920	1,447	352	33,688	1,843	1,197
	Variance swaps	17,635	150	155	18,022	198	118
	Total rate of return swaps	1,694		3	1,547		
	Total	$ 235,302	$ 6,344	$ 3,967	$ 254,253	$ 7,777	$ 4,747

(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.

(2) The estimated fair value of non-derivative hedging instruments represents the amortized cost of the instruments, as adjusted for foreign currency transaction gains or losses. Non-derivative hedging instruments are reported within policyholder account balances 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

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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.

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 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. Treasuries 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.

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

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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 swaps 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, net investment in foreign operations 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 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 non-qualifying hedging relationships.

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 in the preceding table.

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 and to diversify its credit risk exposure in certain portfolios. 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, generally the contract will require the swap to be settled gross by the delivery of par

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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 a cash instrument such as a U.S. Treasury or Agency security. 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.

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 Offer 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.

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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, 2011			December 31, 2010		
		Estimated Fair Value			Estimated Fair Value	
Derivatives Designated as Hedging Instruments	**Notional Amount**	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
	(In millions)					
Fair value hedges:						
Foreign currency swaps	$ 3,658	$ 871	$ 73	$ 4,524	$ 907	$ 145
Interest rate swaps	5,292	765	179	5,108	823	169
Subtotal	8,950	1,636	252	9,632	1,730	314
Cash flow hedges:						
Foreign currency swaps	6,062	164	382	5,556	213	347
Interest rate swaps	5,017	63	140	3,562	102	116
Interest rate forwards	1,140		120	1,140		107
Credit forwards	120	1	6	90	2	3
Subtotal	12,339	228	648	10,348	317	573
Foreign operations hedges:						
Foreign currency forwards	1,832	2	37	1,935	9	26
Non-derivative hedging instruments				169		185
Subtotal	1,832	2	37	2,104	9	211
Total qualifying hedges	$ 23,121	$ 1,866	$ 937	$ 22,084	$ 2,056	$ 1,098

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:

	March 31, 2011			December 31, 2010		
		Estimated Fair Value			Estimated Fair Value	
Derivatives Not Designated or Not Qualifying as Hedging Instruments	**Notional Amount**	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
	(In millions)					

Interest rate swaps	$ 50,217	$ 1,459	$ 1,238	$ 46,133	$ 1,729	$ 1,231
Interest rate floors	23,866	492	54	23,866	630	66
Interest rate caps	36,726	232		35,412	176	1
Interest rate futures	10,697	8	5	9,385	43	17
Interest rate options	8,391	121	28	8,761	144	23
Interest rate forwards	6,602	22	22	9,234	106	28
Synthetic GICs	4,365			4,397		
Foreign currency swaps	7,474	306	879	7,546	496	790
Foreign currency forwards	8,998	59	136	8,508	110	65
Currency futures	476			493	2	
Currency options	2,346	33	5	5,426	50	
Credit default swaps	12,013	146	116	10,957	173	104
Equity futures	5,761	3	37	8,794	21	9
Equity options	14,920	1,447	352	33,688	1,843	1,197
Variance swaps	17,635	150	155	18,022	198	118
Total rate of return swaps	1,694		3	1,547		
Total non-designated or non-qualifying derivatives	$ 212,181	$ 4,478	$ 3,030	$ 232,169	$ 5,721	$ 3,649

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

Net Derivative Gains (Losses)

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(In millions)	
Derivatives and hedging gains (losses) (1)	$ (1,258)	$ (481)
Embedded derivatives	943	522
Total net derivative gains (losses)	$ (315)	$ 41

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

The following table presents the settlement payments recorded in income for the:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(In millions)	
Qualifying hedges:		
Net investment income	$ 22	$ 23
Interest credited to policyholder account balances	61	61
Other expenses	(1)	(2)
Non-qualifying hedges:		
Net investment income	(1)	
Net derivative gains (losses)	(27)	30
Other revenues	15	29
Policyholder benefits and claims	2	
Total	$ 71	$ 141

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; and (iii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated investments and liabilities.

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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) recognized for the three months ended March 31, 2011 and 2010:

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, 2011:				
Interest rate swaps:	Fixed maturity securities	$ 11	$ (10)	$ 1
	Policyholder account balances (1)	(114)	116	2
Foreign currency swaps:	Foreign-denominated fixed maturity securities	(1)	1	
	Foreign-denominated policyholder account balances (2)	77	(87)	(10)
Total		$ (27)	$ 20	$ (7)
For the Three Months Ended March 31, 2010:				
Interest rate swaps:	Fixed maturity securities	$ (5)	$ 6	$ 1
	Policyholder account balances (1)	33	(33)	
Foreign currency swaps:	Foreign-denominated fixed maturity securities	11	(11)	
	Foreign-denominated policyholder account balances (2)	(159)	149	(10)
Total		$ (120)	$ 111	$ (9)

(1) Fixed rate liabilities

(2) Fixed rate or floating rate liabilities

All components of each derivative s gain or loss were included in 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.

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date or within two months of that date. The net amounts reclassified into net derivative gains (losses) for the three months ended March 31, 2011 related to such discontinued cash flow hedges were gains (losses) of ($13) million. The net amounts reclassified into net derivative gains (losses) for the three months ended March 31, 2010 related to such discontinued cash flow hedges were insignificant. At March 31, 2011 and March 31, 2010, 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 ten years and five years, respectively.

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

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, 2011	2010
	(In millions)	
Accumulated other comprehensive income (loss), balance at beginning of period	$ (59)	$ (76)
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	(185)	51
Amounts reclassified to net derivative gains (losses)	4	68
Amounts reclassified to net investment income	1	1
Amounts reclassified to other expenses	2	
Accumulated other comprehensive income (loss), balance at end of period	$ (237)	$ 44

At March 31, 2011, ($29) 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.

The following table presents the effects of derivatives in cash flow hedging relationships on the interim condensed consolidated statements of operations and the interim condensed consolidated statements of equity for the three months ended March 31, 2011 and 2010:

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) on Derivatives (Effective Portion)	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss) (Effective Portion)	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)

		Net Derivative Gains (Losses)	Net Investment Income	Other Expenses	Net Derivative Gains (Losses)	Net Investment Income
				(In millions)		
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	$
For the Three Months Ended March 31, 2010:						
Interest rate swaps	$ 1	$	$	$	$ 2	$
Foreign currency swaps	47	(68)	(2)		1	
Interest rate forwards			1			
Credit forwards	3					
Total	$ 51	$ (68)	$ (1)	$	$ 3	$

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 foreign currency swaps, 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

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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.

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 the interim condensed consolidated statements of equity for the three months ended March 31, 2011 and 2010:

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)**	**Amount and Location of Gains (Losses) Reclassified From Accumulated Other Comprehensive Income (Loss) into Income (Loss) (Effective Portion) Net Investment Gains (Losses)**
	(In millions)	
For the Three Months Ended March 31, 2011:		
Foreign currency forwards	$ (56)	$
Non-derivative hedging instruments	6	
Total	$ (50)	$
For the Three Months Ended March 31, 2010:		
Foreign currency forwards	$ (10)	$
Non-derivative hedging instruments		
Total	$ (10)	$

(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.

At March 31, 2011 and December 31, 2010, the cumulative foreign currency translation gain (loss) recorded in accumulated other comprehensive income (loss) related to hedges of net investments in foreign operations was ($273) million and ($223) 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 and TRRs 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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The following tables present 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)	Other Expenses (4)
			(In millions)		
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)	$
For the Three Months Ended March 31, 2010:					
Interest rate swaps	$ 81	$ (1)	$ 3	$ 57	$
Interest rate floors	(7)				
Interest rate caps	(113)				
Interest rate futures	(20)	(5)			
Equity futures	(82)	(11)	(88)		
Foreign currency swaps	58				
Foreign currency forwards	59	8			
Currency options	3	(1)			(4)
Equity options	(382)	(22)			
Interest rate options				(2)	
Interest rate forwards	8			(33)	
Variance swaps	(120)	(3)			

Credit default swaps		3								
Total rate of return swaps		12								
Total	$	(500)	$	(35)	$	(85)	$	22	$	(4)

(1) Changes in estimated fair value related to economic hedges of equity method investments in joint ventures, and changes in estimated fair value related to derivatives held in relation to trading portfolios.

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

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

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

(4) Changes in estimated fair value related to economic hedges of foreign currency exposure associated with the Company s international subsidiaries.

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, generally the contract will require the Company to pay 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 $6,099 million and $5,089 million at March 31, 2011 and December 31, 2010, 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, 2011 and December 31, 2010, the Company would have received $71 million and $62 million, respectively, 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 March 31, 2011 and December 31, 2010:

	March 31, 2011			December 31, 2010		
Rating Agency Designation of Referenced Credit Obligations (1)	**Estimated Fair Value of Credit Default Swaps**	**Maximum Amount of Future Payments under Credit Default Swaps (2)**	**Weighted Average Years to Maturity (3)**	**Estimated Fair Value of Credit Default Swaps**	**Maximum Amount of Future Payments under Credit Default Swaps (2)**	**Weighted Average Years to Maturity (3)**
	(In millions)					
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 7	$ 575	3.8	$ 5	$ 470	3.8
Credit default swaps referencing indices	48	3,128	3.6	45	2,928	3.7
Subtotal	55	3,703	3.6	50	3,398	3.7
Baa						
Single name credit default swaps (corporate)	5	860	4.3	5	735	4.3

Credit default swaps referencing indices	11	1,496	4.8	7	931	5.0
Subtotal	16	2,356	4.6	12	1,666	4.7
Ba						
Single name credit default swaps (corporate)		40	4.5		25	4.4
Credit default swaps referencing indices						
Subtotal		40	4.5		25	4.4
Total	$ 71	$ 6,099	4.0	$ 62	$ 5,089	4.1

(1) The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody s, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

(2) Assumes the value of the referenced credit obligations is zero.

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(3) The weighted average years to maturity of the credit default swaps is calculated based on weighted average notional amounts.

The Company has also entered into credit default swaps to purchase credit protection on certain of the referenced credit obligations in the table above. As a result, the maximum amounts of potential future recoveries available to offset the $6,099 million and $5,089 million from the table above were $120 million at both March 31, 2011 and December 31, 2010.

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. Generally, the current credit exposure of the Company s derivative contracts is limited to the net positive estimated fair value of derivative contracts at the reporting date after taking into consideration the existence of netting agreements and any collateral received pursuant to credit support annexes.

The Company manages its credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master agreements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Because exchange-traded futures and options are effected through regulated exchanges, and positions are marked to market on a daily basis, the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivative instruments. See Note 5 for a description of the impact of credit risk on the valuation of derivative instruments.

The Company enters into various collateral arrangements, which require both the pledging and accepting of collateral in connection with its derivative instruments. At March 31, 2011 and December 31, 2010, the Company was obligated to return cash collateral under its control of $2,105 million and $2,625 million, respectively. This unrestricted cash collateral is included in cash and cash equivalents or in short-term investments and the obligation to return it is included in payables for collateral under securities loaned and other transactions in the consolidated balance sheets. At March 31, 2011 and December 31, 2010, the Company had also accepted collateral consisting of various securities with a fair market value of $1,113 million and $984 million, respectively, which were held in separate custodial accounts. The Company is permitted by contract to sell or repledge this collateral, but at March 31, 2011, none of the collateral had been sold or repledged.

The Company s collateral arrangements for its over-the-counter derivatives generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the fair value of that counterparty s derivatives reaches a pre-determined threshold. Certain of these arrangements also include credit-contingent provisions that provide for a reduction of these thresholds (on a sliding scale that converges toward zero) in the event of downgrades in the credit ratings of the Company and/or the counterparty. In addition, certain of the Company s netting agreements for derivative instruments contain provisions that require the Company to maintain a specific investment grade credit rating from at least one of the major credit rating agencies. If the Company s credit ratings were to fall below that specific investment grade credit rating, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments that are in a net liability position after considering the effect of netting agreements.

The following table presents the estimated fair value of the Company s over-the-counter derivatives that are in a net liability position after considering the effect of netting agreements, together with the estimated fair value and balance sheet location of the collateral pledged. The table also presents the incremental collateral that the Company would be required to provide if there was a one notch downgrade in the Company s credit rating at the reporting date or if the Company s credit rating sustained a downgrade to a level that triggered full overnight collateralization or

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termination of the derivative position at the reporting date. Derivatives that are not subject to collateral agreements are not included in the scope of this table.

	Estimated Fair Value (1) of Derivatives in Net Liability Position	Estimated Fair Value of Collateral Provided: Fixed Maturity Securities (2)	Cash (3)	Fair Value of Incremental Collateral Provided Upon: One Notch Downgrade in the Company s Credit Rating	Downgrade in the Company s Credit Rating to a Level that Triggers Full Overnight Collateralization or Termination of the Derivative Position
	(In millions)				
March 31, 2011:					
Derivatives subject to credit-contingent provisions	$ 954	$ 690	$	$ 114	$ 291
Derivatives not subject to credit-contingent provisions	3		20		
Total	$ 957	$ 690	$ 20	$ 114	$ 291
December 31, 2010:					
Derivatives subject to credit-contingent provisions	$ 1,167	$ 1,024	$	$ 99	$ 231
Derivatives not subject to credit-contingent provisions	22		43		
Total	$ 1,189	$ 1,024	$ 43	$ 99	$ 231

(1) After taking into consideration the existence of netting agreements.

(2) Included in fixed maturity securities in the consolidated balance sheets. The counterparties are permitted by contract to sell or repledge this collateral.

(3) Included in premiums, reinsurance and other receivables in the consolidated balance sheets.

Without considering the effect of netting agreements, the estimated fair value of the Company s over-the-counter derivatives with credit-contingent provisions that were in a gross liability position at March 31, 2011 was $1,646 million. At March 31, 2011, the Company provided securities collateral of $690 million in connection with these derivatives. In the unlikely event that both: (i) the Company s credit rating was downgraded to a level that triggers full overnight collateralization or termination of all derivative positions; and (ii) the Company s netting agreements were deemed to be legally unenforceable, then the additional collateral that the Company would be required to provide to its counterparties in connection with its derivatives in a gross liability position at March 31, 2011 would be $956 million. This amount does not consider gross derivative assets of $692 million for which the Company has the contractual right of offset.

The Company also has exchange-traded futures and options, which require the pledging of collateral. At both March 31, 2011 and December 31, 2010, the Company pledged securities collateral for exchange-traded futures and options of $40 million, which is included in fixed maturity securities. The counterparties are permitted by contract to sell or repledge this collateral. At March 31, 2011 and December 31, 2010, the Company provided cash collateral for exchange-traded futures and options of $546 million and $662 million, respectively, which is included in premiums, reinsurance and other receivables.

Embedded Derivatives

The Company has certain embedded derivatives that are required to be separated from their host contracts and accounted for as derivatives. These host contracts principally include: variable annuities with guaranteed minimum

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benefits, including guaranteed minimum withdrawal benefits (GMWBs), guaranteed minimum accumulation benefits (GMABs) and certain GMIBs; ceded reinsurance contracts of guaranteed minimum benefits related to GMABs and certain GMIBs; funding agreements with equity or bond indexed crediting rates; and options embedded in debt or equity securities.

The following table presents the estimated fair value of the Company s embedded derivatives at:

	March 31, 2011	December 31, 2010
	(In millions)	
Net embedded derivatives within asset host contracts:		
Ceded guaranteed minimum benefits	$ 162	$ 185
Options embedded in debt or equity securities	(75)	(57)
Net embedded derivatives within asset host contracts	$ 87	$ 128
Net embedded derivatives within liability host contracts:		
Direct guaranteed minimum benefits	$ 1,636	$ 2,556
Other	75	78
Net embedded derivatives within liability host contracts	$ 1,711	$ 2,634

The following table presents changes in estimated fair value related to embedded derivatives:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Net derivative gains (losses) (1)	$ 943	$ 522
Policyholder benefits and claims	$ (18)	$ (21)

(1) The valuation of guaranteed minimum benefits includes an adjustment for nonperformance risk. Included in net derivative gains (losses), in connection with this adjustment, were gains (losses) of ($74) million and ($86) million for the three months ended March 31, 2011 and 2010, respectively.

5. Fair Value

Considerable judgment is often required in interpreting market data to develop estimates of fair value and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

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Assets and Liabilities Measured at Fair Value

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Company has elected the FVO, were determined as described below. These estimated fair values and their corresponding placement in the fair value hierarchy are summarized as follows:

	March 31, 2011 Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Assets:				
Fixed maturity securities:				
U.S. corporate securities	$	$ 86,688	$ 6,861	$ 93,549
Foreign corporate securities		63,163	5,534	68,697
Foreign government securities	87	41,916	3,186	45,189
RMBS		44,736	271	45,007
U.S. Treasury and agency securities	16,581	18,822	76	35,479
CMBS		18,994	791	19,785
ABS		10,484	4,506	14,990
State and political subdivision securities		10,915	46	10,961
Other fixed maturity securities		3	4	7
Total fixed maturity securities	16,668	295,721	21,275	333,664
Equity securities:				
Common stock	632	1,121	359	2,112
Non-redeemable preferred stock		526	946	1,472
Total equity securities	632	1,647	1,305	3,584
Trading and other securities:				

Actively Traded Securities				532		40		572
FVO general account securities				111		62		173
FVO contractholder-directed unit-linked investments		7,085		10,808		566		18,459
FVO securities held by consolidated securitization entities				161				161
Total trading and other securities		7,085		11,612		668		19,365
Short-term investments (1)		3,089		4,160		742		7,991
Mortgage loans:								
Mortgage loans held by consolidated securitization entities				6,771				6,771
Mortgage loans held-for-sale (2)				1,546		25		1,571
Total mortgage loans				8,317		25		8,342
Other invested assets:								
MSRs						1,029		1,029
Investment funds		297		107				404
Derivative assets: (3)								
Interest rate contracts		14		3,111		37		3,162
Foreign currency contracts				1,396		39		1,435
Credit contracts				94		53		147
Equity market contracts		3		1,427		170		1,600
Total derivative assets		17		6,028		299		6,344
Net embedded derivatives within asset host contracts (4)						162		162
Separate account assets (5)		27,771		166,139		2,004		195,914
Total assets	$	55,559	$	493,731	$	27,509	$	576,799
Liabilities:								
Derivative liabilities: (3)								
Interest rate contracts	$	25	$	1,635	$	126	$	1,786
Foreign currency contracts				1,512				1,512
Credit contracts				112		10		122
Equity market contracts		37		324		186		547
Total derivative liabilities		62		3,583		322		3,967
Net embedded derivatives within liability host contracts (4)				11		1,700		1,711
Long-term debt of consolidated securitization entities				6,546		138		6,684
Trading liabilities (6)		47						47
Total liabilities	$	109	$	10,140	$	2,160	$	12,409

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	December 31, 2010 Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Assets:				
Fixed maturity securities:				
U.S. corporate securities	$	$ 84,623	$ 7,149	$ 91,772
Foreign corporate securities		62,162	5,726	67,888
Foreign government securities	149	38,719	3,134	42,002
RMBS	274	43,037	1,422	44,733
U.S. Treasury and agency securities	14,602	18,623	79	33,304
CMBS		19,664	1,011	20,675
ABS		10,142	4,145	14,287
State and political subdivision securities		10,083	46	10,129
Other fixed maturity securities		3	4	7
Total fixed maturity securities	15,025	287,056	22,716	324,797
Equity securities:				
Common stock	831	1,094	268	2,193
Non-redeemable preferred stock		504	905	1,409
Total equity securities	831	1,598	1,173	3,602
Trading and other securities:				
Actively Traded Securities		453	10	463
FVO general account securities		54	77	131
FVO contractholder-directed unit-linked investments	6,270	10,789	735	17,794
FVO securities held by consolidated securitization entities		201		201
Total trading and other securities	6,270	11,497	822	18,589

Short-term investments (1)		3,026		4,681		858		8,565
Mortgage loans:								
Mortgage loans held by consolidated securitization entities				6,840				6,840
Mortgage loans held-for-sale (2)				2,486		24		2,510
Total mortgage loans				9,326		24		9,350
Other invested assets:								
MSRs						950		950
Investment funds		373		121				494
Derivative assets: (3)								
Interest rate contracts		131		3,583		39		3,753
Foreign currency contracts		2		1,711		74		1,787
Credit contracts				125		50		175
Equity market contracts		23		1,757		282		2,062
Total derivative assets		156		7,176		445		7,777
Net embedded derivatives within asset host contracts(4)						185		185
Separate account assets (5)		25,566		155,589		1,983		183,138
Total assets	$	51,247	$	477,044	$	29,156	$	557,447
Liabilities:								
Derivative liabilities: (3)								
Interest rate contracts	$	35	$	1,598	$	125	$	1,758
Foreign currency contracts				1,372		1		1,373
Credit contracts				101		6		107
Equity market contracts		10		1,174		140		1,324
Total derivative liabilities		45		4,245		272		4,562
Net embedded derivatives within liability host contracts (4)				11		2,623		2,634
Long-term debt of consolidated securitization entities				6,636		184		6,820
Trading liabilities (6)		46						46
Total liabilities	$	91	$	10,892	$	3,079	$	14,062

(1) Short-term investments as presented in the tables above differ from the amounts presented in the consolidated balance sheets because certain short-term investments are not measured at estimated fair value (e.g., time deposits, etc.), and therefore are excluded from the tables presented above.

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

(2) Mortgage loans held-for-sale as presented in the tables above differ from the amount presented in the consolidated balance sheets as these tables only include residential mortgage loans held-for-sale measured at estimated fair value on a recurring basis.

(3) Derivative liabilities are presented within other liabilities in the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation in the consolidated balance sheets, but are presented net for purposes of the rollforward in the Fair Value Measurements Using Significant Unobservable Inputs (Level 3) tables which follow. At March 31, 2011 and December 31, 2010, certain non-derivative hedging instruments of $0 and $185 million, respectively, which are carried at amortized cost, are included with the liabilities total in Note 4 but excluded from derivative liabilities in the tables above as they are not derivative instruments.

(4) Net embedded derivatives within asset host contracts are presented within premiums, reinsurance and other receivables in the consolidated balance sheets. Net embedded derivatives within liability host contracts are presented primarily within policyholder account balances in the consolidated balance sheets. At March 31, 2011, fixed maturity securities and equity securities also included embedded derivatives of $7 million and ($82) million, respectively. At December 31, 2010, fixed maturity securities and equity securities included embedded derivatives of $5 million and ($62) million, respectively.

(5) Separate account assets are measured at estimated fair value. Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders whose liability is reflected within separate account liabilities. Separate account liabilities are set equal to the estimated fair value of separate account assets.

(6) Trading liabilities are presented within other liabilities in the consolidated balance sheets.

See Variable Interest Entities in Note 3 for discussion of CSEs included in the tables above.

The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

Fixed Maturity Securities, Equity Securities, Trading and Other Securities and Short-term Investments

When available, the estimated fair value of the Company s fixed maturity securities, equity securities, trading and other securities and short-term investments are based on quoted prices in active markets that are readily and regularly obtainable. Generally, these are the most liquid of the Company s securities holdings and valuation of these securities does not involve management judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies. The market standard valuation methodologies utilized include: discounted cash flow methodologies, matrix pricing or other similar techniques. The inputs in applying these market standard valuation methodologies include, but are not limited to: interest rates, credit standing of the issuer or counterparty, industry sector of the issuer, coupon rate, call provisions, sinking fund requirements, maturity and management s assumptions regarding estimated duration, liquidity and estimated future cash flows. Accordingly, the estimated fair values are based on available market information and management s judgments about financial instruments.

The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Such observable inputs include benchmarking prices for similar assets in active markets, quoted prices in markets that are not active and observable yields and spreads in the market.

When observable inputs are not available, the market standard valuation methodologies for determining the estimated fair value of certain types of securities that trade infrequently, and therefore have little or no price transparency, rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data. These unobservable inputs can be based in large part on management judgment or estimation and cannot be supported by reference to market activity.

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

Even though unobservable, these inputs are assumed to be consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

The estimated fair value of FVO securities held by CSEs is determined on a basis consistent with the methodologies described herein for fixed maturity securities and equity securities. The Company consolidates certain securitization entities that hold securities that have been accounted for under the FVO and classified within trading and other securities.

The use of different methodologies, assumptions and inputs may have a material effect on the estimated fair values of the Company s securities holdings.

Mortgage Loans

Mortgage loans presented in the tables above consist of commercial mortgage loans held by CSEs and residential mortgage loans held-for-sale for which the Company has elected the FVO and which are carried at estimated fair value. The Company consolidates certain securitization entities that hold commercial mortgage loans. See Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

Mortgage Servicing Rights (MSRs)

Although MSRs are not financial instruments, the Company has included them in the preceding table as a result of its election to carry MSRs at estimated fair value. See Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

Investment Funds

The estimated fair value of these investment funds is determined on a basis consistent with the methodologies described herein for trading and other securities.

Derivatives

The estimated fair value of derivatives is 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 over-the-counter derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be 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 (including the counterparties to the contract), volatility, liquidity and changes in estimates and assumptions used in the pricing models.

The significant inputs to the pricing models for most over-the-counter derivatives are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Significant inputs that are observable generally include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility. However, certain over-the-counter derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data. Significant inputs that are unobservable generally include: independent broker quotes, credit correlation assumptions, references to emerging market currencies and inputs that are outside the observable portion of the interest rate curve, credit curve, volatility or other relevant market measure. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and are assumed to be consistent with what other market participants would use when pricing such instruments.

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The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all over-the-counter derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its derivative positions using the standard swap curve which includes a spread to the risk free rate. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with the standard swap curve. As the Company and its significant derivative counterparties consistently execute trades at such pricing levels, additional credit risk adjustments are not currently required in the valuation process. The Company s ability to consistently execute at such pricing levels is in part due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. The evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Most inputs for over-the-counter derivatives are mid market inputs but, in certain cases, bid level inputs are used when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company s derivatives and could materially affect net income.

Net Embedded Derivatives Within Asset and Liability Host Contracts

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees and equity or bond indexed crediting rates within certain funding agreements. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The Company issues certain variable annuity products with guaranteed minimum benefit guarantees. GMWBs, GMABs and certain GMIBs are embedded derivatives, which are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within policyholder account balances in the consolidated balance sheets.

The fair value of these guarantees is estimated using the present value of future benefits minus the present value of future fees using actuarial and capital market assumptions related to the projected cash flows over the expected lives of the contracts. A risk neutral valuation methodology is used under which the cash flows from the guarantees are projected under multiple capital market scenarios using observable risk free rates, currency exchange rates and observable and estimated implied volatilities.

The valuation of these guarantee liabilities includes adjustments for nonperformance risk and for a risk margin related to non-capital market inputs. Both of these adjustments are captured as components of the spread which, when combined with the risk free rate, is used to discount the cash flows of the liability for purposes of determining its fair value.

The nonperformance adjustment is determined by taking into consideration publicly available information relating to spreads in the secondary market for the Holding Company s debt, including related credit default swaps. These observable spreads are then adjusted, as necessary, to reflect the priority of these liabilities and the claims paying ability of the issuing insurance subsidiaries compared to the Holding Company.

Risk margins are established to capture the non-capital market risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties of such actuarial assumptions as annuitization, premium persistency, partial withdrawal and surrenders. The establishment of risk margins requires the use of significant management judgment, including assumptions of the amount and cost of capital needed to cover the guarantees. These guarantees may be more costly than expected in volatile or declining equity markets. Market conditions including, but not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates; changes in nonperformance risk; and variations in actuarial assumptions regarding policyholder behavior, mortality and risk margins related to non-capital market inputs may result in significant fluctuations in the estimated fair value of the guarantees that could materially affect net income.

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The Company ceded the risk associated with certain of the GMIBs and GMABs previously described. These reinsurance contracts contain embedded derivatives which are included in premiums, reinsurance and other receivables in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses) or policyholder benefits and claims depending on the statement of operations classification of the direct risk. The value of the embedded derivatives on the ceded risk is determined using a methodology consistent with that described previously for the guarantees directly written by the Company.

As part of its regular review of critical accounting estimates, the Company periodically assesses inputs for estimating nonperformance risk (commonly referred to as own credit) in fair value measurements. During the second quarter of 2010, the Company completed a study that aggregated and evaluated data, including historical recovery rates of insurance companies, as well as policyholder behavior observed over the past two years as the recent financial crisis evolved. As a result, at the end of the second quarter of 2010, the Company refined the way in which its insurance subsidiaries incorporate expected recovery rates into the nonperformance risk adjustment for purposes of estimating the fair value of investment-type contracts and embedded derivatives within insurance contracts.

The estimated fair value of the embedded derivatives within funds withheld related to certain ceded reinsurance is determined based on the change in estimated fair value of the underlying assets held by the Company in a reference portfolio backing the funds withheld liability. The estimated fair value of the underlying assets is determined as previously described in Fixed Maturity Securities, Equity Securities, Trading and Other Securities and Short-term Investments. The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities in the consolidated balance sheets with changes in estimated fair value recorded in net derivative gains (losses). Changes in the credit spreads on the underlying assets, interest rates and market volatility may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

The estimated fair value of the embedded equity and bond indexed derivatives contained in certain funding agreements is determined using market standard swap valuation models and observable market inputs, including an adjustment for nonperformance risk. The estimated fair value of these embedded derivatives are included, along with their funding agreements host, within policyholder account balances with changes in estimated fair value recorded in net derivative gains (losses). Changes in equity and bond indices, interest rates and the Company s credit standing may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

Separate Account Assets

Separate account assets are carried at estimated fair value and reported as a summarized total on the consolidated balance sheets. The estimated fair value of separate account assets is based on the estimated fair value of the underlying assets owned by the separate account. Assets within the Company s separate accounts include: mutual funds, fixed maturity securities, equity securities, mortgage loans, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents. See Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

Long-term Debt of CSEs

The Company has elected the FVO for the long-term debt of CSEs, which are carried at estimated fair value. See Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

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

Trading Liabilities

Trading liabilities are recorded at estimated fair value with subsequent changes in estimated fair value recognized in net investment income. The estimated fair value of trading liabilities is determined on a basis consistent with the methodologies described in Fixed Maturity Securities, Equity Securities, Trading and Other Securities and Short-term Investments.

Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities

A description of the significant valuation techniques and inputs to the determination of estimated fair value for the more significant asset and liability classes measured at fair value on a recurring basis is as follows:

The Company determines the estimated fair value of its investments using primarily the market approach and the income approach. The use of quoted prices for identical assets and matrix pricing or other similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach. The Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs in selecting whether the market or income approach is used.

While certain investments have been classified as Level 1 from the use of unadjusted quoted prices for identical investments supported by high volumes of trading activity and narrow bid/ask spreads, most investments have been classified as Level 2 because the significant inputs used to measure the fair value on a recurring basis of the same or similar investment are market observable or can be corroborated using market observable information for the full term of the investment. Level 3 investments include those where estimated fair values are based on significant unobservable inputs that are supported by little or no market activity and may reflect our own assumptions about what factors market participants would use in pricing these investments.

Level 1 Measurements:

Fixed Maturity Securities, Equity Securities, Trading and Other Securities and Short-term Investments

These securities are comprised of U.S. Treasury and agency securities, foreign government securities, RMBS principally to-be-announced securities, exchange traded common stock, exchange traded registered mutual fund interests included in trading and other securities and short-term money market securities, including U.S. Treasury bills. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available. Contractholder-directed unit-linked investments reported within trading and other securities include certain registered mutual fund interests priced using daily net asset value (NAV) provided by the fund managers.

Derivative Assets and Derivative Liabilities

These assets and liabilities are comprised of exchange-traded derivatives, as well as interest rate forwards to sell certain to-be-announced securities. Valuation of these assets and liabilities is based on unadjusted quoted prices in active markets that are readily and regularly available.

Separate Account Assets

These assets are comprised of (i) securities that are similar in nature to the fixed maturity securities, equity securities and short-term investments referred to above; and (ii) certain exchange-traded derivatives, including financial futures and owned options. Valuation of these assets is based on unadjusted quoted prices in active markets that are readily and regularly available.

MetLife, Inc.

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

Level 2 Measurements:

Fixed Maturity Securities, Equity Securities, Trading and Other Securities and Short-term Investments

This level includes fixed maturity securities and equity securities priced principally by independent pricing services using observable inputs. Trading and other securities and short-term investments within this level are of a similar nature and class to the Level 2 securities described below. Contractholder-directed unit-linked investments reported within trading and other securities include certain mutual fund interests without readily determinable fair values given prices are not published publicly. Valuation of these mutual funds is based upon quoted prices or reported NAV provided by the fund managers, which were based on observable inputs.

U.S. corporate and foreign corporate securities. These securities are principally valued using the market and income approaches. Valuation is based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads off benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities. Investment grade privately placed securities are valued using discounted cash flow methodologies using standard market observable inputs, and inputs derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer. This level also includes certain below investment grade privately placed fixed maturity securities priced by independent pricing services that use observable inputs.

Structured securities comprised of RMBS, CMBS and ABS. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, deal performance and vintage of loans.

U.S. Treasury and agency securities. These securities are principally valued using the market approach. Valuation is based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques using standard market observable inputs such as benchmark U.S. Treasury yield curve, the spread off the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

Foreign government and state and political subdivision securities. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark U.S. Treasury or other yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar securities, including those within the same sub-sector or with a similar maturity or credit rating.

Common and non-redeemable preferred stock. These securities are principally valued using the market approach where market quotes are available but are not considered actively traded. Valuation is based principally on observable inputs including quoted prices in markets that are not considered active.

Mortgage Loans Held by CSEs

These commercial mortgage loans are principally valued using the market approach. The principal market for these commercial loan portfolios is the securitization market. The Company uses the quoted securitization market price of the obligations of the CSEs to determine the estimated fair value of these commercial loan portfolios. These market prices are determined principally by independent pricing services using observable inputs.

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

Mortgage Loans Held-For-Sale

Residential mortgage loans held-for-sale are principally valued using the market approach. Valuation is based primarily on readily available observable pricing for similar loans or securities backed by similar loans. The unobservable adjustments to such prices are insignificant.

Derivative Assets and Derivative Liabilities

This level includes all types of derivative instruments utilized by the Company with the exception of exchange-traded derivatives and interest rate forwards to sell certain to-be-announced securities included within Level 1 and those derivative instruments with unobservable inputs as described in Level 3. These derivatives are principally valued using an income approach.

Interest rate contracts.

Non-option-based Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves and repurchase rates.

Option-based Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves and interest rate volatility.

Foreign currency contracts.

Non-option-based Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves, currency spot rates and cross currency basis curves.

Option-based Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves, currency spot rates, cross currency basis curves and currency volatility.

Credit contracts.

Non-option-based Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, credit curves and recovery rates.

Equity market contracts.

Non-option-based Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, spot equity index levels and dividend yield curves.

Option-based Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, spot equity index levels, dividend yield curves and equity volatility.

Embedded Derivatives Contained in Certain Funding Agreements

These derivatives are principally valued using an income approach. Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve and the spot equity and bond index level.

Separate Account Assets

These assets are comprised of investments that are similar in nature to the fixed maturity securities, equity securities, short-term investments and derivative assets referred to above. Also included are certain mutual funds and hedge funds without readily determinable fair values given prices are not published publicly. Valuation of the mutual funds and hedge funds is based upon quoted prices or reported NAV provided by the fund managers.

MetLife, Inc.

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

Long-term Debt of CSEs

The estimated fair value of the long-term debt of the Company s CSEs is based on quoted prices when traded as assets in active markets or, if not available, based on market standard valuation methodologies, consistent with the Company s methods and assumptions used to estimate the fair value of comparable fixed maturity securities.

Level 3 Measurements:

In general, investments classified within Level 3 use many of the same valuation techniques and inputs as described in Level 2 Measurements. However, if key inputs are unobservable, or if the investments are less liquid and there is very limited trading activity, the investments are generally classified as Level 3. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or a lack of transparency in the process to develop the valuation estimates generally causing these investments to be classified in Level 3.

Fixed Maturity Securities, Equity Securities, Trading and Other Securities and Short-term Investments

This level includes fixed maturity securities and equity securities priced principally by independent broker quotations or market standard valuation methodologies using inputs that are not market observable or cannot be derived principally from or corroborated by observable market data. Trading and other securities and short-term investments within this level are of a similar nature and class to the Level 3 securities described below; accordingly, the valuation techniques and significant market standard observable inputs used in their valuation are also similar to those described below.

U.S. corporate and foreign corporate securities. These securities, including financial services industry hybrid securities classified within fixed maturity securities, are principally valued using the market and income approaches. Valuations are based primarily on matrix pricing or other similar techniques that utilize unobservable inputs or cannot be derived principally from, or corroborated by, observable market data, including illiquidity premiums and spread adjustments to reflect industry trends or specific credit-related issues. Valuations may be based on independent non-binding broker quotations. Generally, below investment grade privately placed or distressed securities included in this level are valued using discounted cash flow methodologies which rely upon significant, unobservable inputs and inputs that cannot be derived principally from, or corroborated by, observable market data.

Structured securities comprised of RMBS, CMBS and ABS. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques that utilize inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, or are based on independent non-binding broker quotations. Below investment grade securities and ABS supported by sub-prime mortgage loans included in this level are valued based on inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2, and certain of these securities are valued based on independent non-binding broker quotations.

Foreign government and state and political subdivision securities. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques, however these securities are less liquid and certain of the inputs are based on very limited trading activity.

Common and non-redeemable preferred stock. These securities, including privately held securities and financial services industry hybrid securities classified within equity securities, are principally valued using the market and income approaches. Valuations are based primarily on matrix pricing or other similar techniques using inputs such as comparable credit rating and issuance structure. Equity securities valuations determined with discounted cash flow methodologies use inputs such as earnings multiples based on comparable public companies, and industry-specific non-earnings based multiples. Certain of these securities are valued based on independent non-binding broker quotations.

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

Mortgage Loans

Mortgage loans include residential mortgage loans held-for-sale for which pricing for similar loans or securities backed by similar loans is not observable and the estimated fair value is determined using unobservable independent broker quotations or valuation models.

MSRs

MSRs, which are valued using an income approach, are carried at estimated fair value and have multiple significant unobservable inputs including assumptions regarding estimates of discount rates, loan prepayments and servicing costs. Sales of MSRs tend to occur in private transactions where the precise terms and conditions of the sales are typically not readily available and observable market valuations are limited. As such, the Company relies primarily on a discounted cash flow model to estimate the fair value of the MSRs. The model requires inputs such as type of loan (fixed vs. variable and agency vs. other), age of loan, loan interest rates and current market interest rates that are generally observable. The model also requires the use of unobservable inputs including assumptions regarding estimates of discount rates, loan prepayments and servicing costs.

Derivative Assets and Derivative Liabilities

These derivatives are principally valued using an income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option based derivatives utilize option pricing models. These valuation methodologies generally use the same inputs as described in the corresponding sections above for Level 2 measurements of derivatives. However, these derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data.

Interest rate contracts.

Non-option-based Significant unobservable inputs may include pull through rates on interest rate lock commitments and the extrapolation beyond observable limits of the swap yield curve and LIBOR basis curves.

Option-based Significant unobservable inputs may include the extrapolation beyond observable limits of the swap yield curve, LIBOR basis curves and interest rate volatility.

Foreign currency contracts.

Non-option-based Significant unobservable inputs may include the extrapolation beyond observable limits of the swap yield curve, LIBOR basis curves and cross currency basis curves. Certain of these derivatives are valued based on independent non-binding broker quotations.

Option-based Significant unobservable inputs may include currency correlation and the extrapolation beyond observable limits of the swap yield curve, LIBOR basis curves, cross currency basis curves and currency volatility.

Credit contracts.

Non-option-based   Significant unobservable inputs may include credit correlation, repurchase rates, and the extrapolation beyond observable limits of the swap yield curve and credit curves. Certain of these derivatives are valued based on independent non-binding broker quotations.

Equity market contracts.

Non-option-based   Significant unobservable inputs may include the extrapolation beyond observable limits of dividend yield curves.

MetLife, Inc.

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

Option-based Significant unobservable inputs may include the extrapolation beyond observable limits of dividend yield curves and equity volatility. Certain of these derivatives are valued based on independent non-binding broker quotations.

Guaranteed Minimum Benefit Guarantees

These embedded derivatives are principally valued using an income approach. Valuations are based on option pricing techniques, which utilize significant inputs that may include swap yield curve, currency exchange rates and implied volatilities. These embedded derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant unobservable inputs generally include: the extrapolation beyond observable limits of the swap yield curve and implied volatilities, actuarial assumptions for policyholder behavior and mortality and the potential variability in policyholder behavior and mortality, nonperformance risk and cost of capital for purposes of calculating the risk margin.

Reinsurance Ceded on Certain Guaranteed Minimum Benefit Guarantees

These embedded derivatives are principally valued using an income approach. The valuation techniques and significant market standard unobservable inputs used in their valuation are similar to those previously described for Guaranteed Minimum Benefit Guarantees and also include counterparty credit spreads.

Embedded Derivatives Within Funds Withheld Related to Certain Ceded Reinsurance

These embedded derivatives are principally valued using an income approach. Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve and the fair value of assets within the reference portfolio. These embedded derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant unobservable inputs generally include: the fair value of certain assets within the reference portfolio which are not observable in the market and cannot be derived principally from, or corroborated by, observable market data.

Separate Account Assets

These assets are comprised of investments that are similar in nature to the fixed maturity securities, equity securities and derivative assets referred to above. Separate account assets within this level also include mortgage loans and other limited partnership interests. The estimated fair value of mortgage loans is determined by discounting expected future cash flows, using current interest rates for similar loans with similar credit risk. Other limited partnership interests are valued giving consideration to the value of the underlying holdings of the partnerships and by applying a premium or discount, if appropriate, for factors such as liquidity, bid/ask spreads, the performance record of the fund manager or other relevant variables which may impact the exit value of the particular partnership interest.

Long-term Debt of CSEs

The estimated fair value of the long-term debt of the Company s CSEs are priced principally through independent broker quotations or market standard valuation methodologies using inputs that are not market observable or cannot be derived from or corroborated by observable market data.

Transfers between Levels 1 and 2:

During the three months ended March 31, 2011 and 2010, transfers between Levels 1 and 2 were not significant.

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MetLife, Inc.

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

Transfers into or out of Level 3:

Overall, transfers into and/or out of Level 3 are attributable to a change in the observability of inputs. Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable. Transfers into and/or out of any level are assumed to occur at the beginning of the period. Significant transfers into and/or out of Level 3 assets and liabilities for the three months ended March 31, 2011 and 2010 are summarized below.

Transfers into Level 3 resulted primarily from current market conditions characterized by a lack of trading activity, decreased liquidity and credit ratings downgrades (e.g., from investment grade to below investment grade) which have resulted in decreased transparency of valuations and an increased use of broker quotations and unobservable inputs to determine estimated fair value.

During the three months ended March 31, 2011, transfers into Level 3 for fixed maturity securities of $196 million and separate account assets of $20 million were principally comprised of certain CMBS and U.S. corporate securities. During the three months ended March 31, 2010, transfers into Level 3 for fixed maturity securities of $276 million and separate account assets of $21 million were principally comprised of certain CMBS and U.S. and foreign corporate securities.

Transfers out of Level 3 resulted primarily from increased transparency of both new issuances that subsequent to issuance and establishment of trading activity, became priced by independent pricing services and existing issuances that, over time, the Company was able to obtain pricing from, or corroborate pricing received from, independent pricing services with observable inputs or increases in market activity and upgraded credit ratings. With respect to derivatives, transfers out of Level 3 resulted primarily from increased transparency related to the observable portion of the swap yield curve or the observable portion of the equity volatility surface.

During the three months ended March 31, 2011, transfers out of Level 3 for fixed maturity securities of $2,643 million and separate account assets of $196 million were principally comprised of certain RMBS, U.S. and foreign corporate securities and foreign government securities. During the three months ended March 31, 2011, transfers out of Level 3 for derivatives of $108 million were principally comprised of interest rate swaps, foreign currency forwards, and equity options. During the three months ended March 31, 2010, transfers out of Level 3 for fixed maturity securities of $883 million and separate account assets of $156 million were principally comprised of certain U.S. and foreign corporate securities, ABS and RMBS.

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MetLife, Inc.

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

The following tables summarize the change of all assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3), including realized and unrealized gains (losses) of all assets and (liabilities) and realized and unrealized gains (losses) of all assets and (liabilities) still held at the end of the respective time periods:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Fixed Maturity Securities:								
	U.S. Corporate Securities	Foreign Corporate Securities	Foreign Government Securities	RMBS	U.S. Treasury and Agency Securities	CMBS	ABS	State and Political Subdivision Securities	Other Fixed Maturity Securities
	(In millions)								
Three Months Ended March 31, 2011:									
Balance, beginning of period	$ 7,149	$ 5,726	$ 3,134	$ 1,422	$ 79	$ 1,011	$ 4,145	$ 46	$ 4
Total realized/unrealized gains (losses) included in:									
Earnings: (1),(2)									
Net investment income	3	6	6			(6)	14		
Net investment gains (losses)		13	(14)			45	(14)		
Other comprehensive income (loss)	48	74	86	3		99	112		
Purchases (3)	588	621	469	126	1	142	495	4	
Sales (3)	(317)	(646)	(213)	(33)	(3)	(497)	(206)		
Transfers into Level 3 (4)	88	3	13			92			
Transfers out of Level 3 (4)	(698)	(263)	(295)	(1,247)	(1)	(95)	(40)	(4)	
Balance, end of period	$ 6,861	$ 5,534	$ 3,186	$ 271	$ 76	$ 791	$ 4,506	$ 46	$ 4
Changes in unrealized gains									

(losses) relating to assets still held at March 31, 2011 included in earnings:									
Net investment income	$ 3	$ 6	$ 7	$	$	$ (7)	$ 14	$	$
Net investment gains (losses)	$ (2)	$	$ (15)	$	$	$ 45	$ (9)	$	$

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)								
	Equity Securities:		Trading and Other Securities:						
	Common Stock	Non-Redeemable Preferred Stock	Actively Traded Securities	FVO General Account Securities	FVO Contractholder Directed Unit-linked Investments	Short-term Investments	Mortgage Loans Held-for-Sale	MSRs (5),(6)	Separate Account Assets (7)
	(In millions)								
Three Months Ended March 31, 2011:									
Balance, beginning of period	$ 268	$ 905	$ 10	$ 77	$ 735	$ 858	$ 24	$ 950	$ 1,983
Total realized/unrealized gains (losses) included in:									
Earnings: (1),(2)									
Net investment income			1	5	30	2			
Net investment gains (losses)	3					(1)			50
Other revenues							(2)	58	
Other comprehensive income (loss)	18	37				7			
Purchases (3)	41	1	22		62	371			375
Sales (3)	(35)	(8)		(20)	(248)	(492)			(227)
Issuances (3)								54	
Settlements (3)								(33)	(1)
Transfers into Level 3 (4)	71	11	7		129	5	5		20
Transfers out of Level 3 (4)	(7)				(142)	(8)	(2)		(196)
Balance, end of period	$ 359	$ 946	$ 40	$ 62	$ 566	$ 742	$ 25	$ 1,029	$ 2,004
Changes in unrealized gains (losses) relating to									

assets still held at March 31, 2011 included in earnings:									
Net investment income	$	$	$ 1	$ 8	$ (10)	$	$	$	$
Net investment gains (losses)	$ 1	$	$	$	$	$	$	$	$
Other revenues	$	$	$	$	$	$	$ (2)	$ 57	$

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MetLife, Inc.

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Net Derivatives: (8)					
	Interest Rate Contracts	Foreign Currency Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (9)	Long-term Debt of Consolidated Securitization Entities
				(In millions)		
Three Months Ended March 31, 2011:						
Balance, beginning of period	$ (86)	$ 73	$ 44	$ 142	$ (2,438)	$ (184)
Total realized/unrealized gains (losses) included in:						
Earnings: (1),(2)						
Net investment income				(3)		
Net investment gains (losses)						46
Net derivative gains (losses)	8	(8)	6	(92)	975	
Other revenues	9					
Policyholder benefits and claims					(18)	
Other expenses						
Other comprehensive income (loss)	(13)		(3)	(1)	48	
Purchases (3)				18		
Sales (3)						
Issuances (3)			(4)			
Settlements (3)				(5)	(105)	
Transfers into Level 3 (4)						
Transfers out of Level 3 (4)	(7)	(26)		(75)		
Balance, end of period	$ (89)	$ 39	$ 43	$ (16)	$ (1,538)	$ (138)
Changes in unrealized gains (losses) relating to assets and liabilities still held at March 31, 2011 included in earnings:						
Net investment gains (losses)	$	$	$	$	$	$ 46
Net derivative gains (losses)	$ 7	$ (8)	$ 6	$ (92)	$ 968	$
Other revenues	$ 14	$	$	$	$	$
	$	$	$	$	$ (18)	$

Policyholder benefits and claims						
Other expenses	$	$	$	$	$	$

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Fixed Maturity Securities:								
	U.S. Corporate Securities	Foreign Corporate Securities	Foreign Government Securities	RMBS	U.S. Treasury and Agency Securities	CMBS	ABS	State and Political Subdivision Securities	Other Fixed Maturity Securities
	(In millions)								
Three Months Ended March 31, 2010:									
Balance, beginning of period	$ 6,694	$ 5,244	$ 378	$ 1,840	$ 37	$ 139	$ 2,703	$ 69	$ 6
Total realized/unrealized gains (losses) included in:									
Earnings: (1),(2)									
Net investment income	5	1	(3)	14			10		
Net investment gains (losses)	5	5	(1)			(5)	(19)		
Other comprehensive income (loss)	216	216	3	17	1	15	143	7	
Purchases, sales, issuances and settlements (3)	(547)	36	(42)	192	(2)	3	178	25	
Transfers into Level 3 (4)	84	58		24		100	10		
Transfers out of Level 3 (4)	(118)	(230)	(136)	(160)		(27)	(212)		
Balance, end of period	$ 6,339	$ 5,330	$ 199	$ 1,927	$ 36	$ 225	$ 2,813	$ 101	$ 6
Changes in unrealized gains (losses) relating to assets still held at March 31, 2010 included in earnings:									
Net investment income	$ 4	$ 1	$ (3)	$ 14	$	$	$ 10	$	$

Net investment gains (losses)	$ (14)	$ (8)	$	$ 76	$	$ (5)	$ (19)	$	$	

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)								
	Equity Securities:		Trading and Other Securities:						
	Common Stock	Non-Redeemable Preferred Stock	Actively Traded Securities	FVO General Account Securities	FVO Contractholder-Directed Unit-linked Investments	Short-term Investments	Mortgage Loans Held-for-Sale	MSRs (5),(6)	Separate Account Assets (7)
	(In millions)								
Three Months Ended March 31, 2010:									
Balance, beginning of period	$ 136	$ 1,102	$ 32	$ 51	$	$ 18	$ 25	$ 878	$ 1,797
Total realized/unrealized gains (losses) included in:									
Earnings: (1),(2)									
Net investment income				(1)					
Net investment gains (losses)		1							40
Other revenues								(55)	
Other comprehensive income (loss)	4	18							
Purchases, sales, issuances and settlements (3)	21	(113)	(24)			28		36	
Transfers into Level 3 (4)						48	6		21
Transfers out of Level 3 (4)	(2)	(3)		(18)		(2)	(3)		(156)
Balance, end of period	$ 159	$ 1,005	$ 8	$ 32	$	$ 92	$ 28	$ 859	$ 1,702
Changes in unrealized gains (losses) relating to assets still held at March 31, 2010 included in earnings:									
Net investment income	$	$	$	$ (1)	$	$	$	$	$

Net investment gain (losses)	$ (1)	$	$	$	$	$	$	$	$
Other revenues	$	$	$	$	$	$	$	$ (54)	$

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Net Derivatives: (8)					
	Interest Rate Contracts	Foreign Currency Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (9)	Long-term Debt of Consolidated Securitization Entities (10)
				(In millions)		
Three Months Ended March 31, 2010:						
Balance, beginning of period	$ 7	$ 108	$ 42	$ 199	$ (1,455)	$
Total realized/unrealized gains (losses) included in:						
Earnings: (1),(2)						
Net investment income				(4)		
Net investment gains (losses)						12
Net derivative gains (losses)	13	(17)		(121)	540	
Other revenues	14					
Policyholder benefits and claims					(21)	
Other expenses		(4)				
Other comprehensive income (loss)		(1)	3	1	10	
Purchases, sales, issuances and settlements (3)		(12)	2	5	(68)	(232)
Transfers into Level 3 (4)						
Transfers out of Level 3 (4)						
Balance, end of period	$ 34	$ 74	$ 47	$ 80	$ (994)	$ (220)
Changes in unrealized gains (losses) relating to assets and liabilities still held at March 31, 2010 included in earnings:						
Net investment income	$	$	$	$ 4	$	$
Net investment gains (losses)	$	$	$	$	$	$ 12
Net derivative gains (losses)	$ 13	$ (16)	$	$ (115)	$ 536	$
Other revenues	$ 19	$	$	$	$	$
Policyholder benefits and claims	$	$	$	$	$ (21)	$
Other expenses	$	$ (3)	$	$	$	$

(1)

Amortization of premium/discount is included within net investment income. Impairments charged to earnings on securities and certain mortgage loans are included within net investment gains (losses) while changes in estimated fair value of certain mortgage loans and MSRs are recorded in other revenues. Lapses associated with embedded derivatives are included within the earnings caption of total gains (losses).

(2) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

(3) The amount reported within purchases, sales, issuances and settlements is the purchase or issuance price and the sales or settlement proceeds based upon the actual date purchased or issued and sold or settled, respectively. Items purchased/issued and sold/settled in the same period are excluded from the rollforward. For the three months ended March 31, 2011, fees attributed to embedded derivatives are

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

included within settlements. For the three months ended March 31, 2010, fees attributed to embedded derivatives are included within purchases, sales, issuances and settlements.

(4) Total gains and losses (in earnings and other comprehensive income (loss)) are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and out of Level 3 in the same period are excluded from the rollforward.

(5) The additions for purchases, originations and issuances and the reductions for loan payments, sales and settlements, affecting MSRs were $54 million and ($33) million, respectively, for the three months ended March 31, 2011 and $59 million and ($23) million, respectively, for the three months ended March 31, 2010.

(6) The changes in estimated fair value due to changes in valuation model inputs or assumptions and other changes in estimated fair value affecting MSRs were $58 million and ($55) million for the three months ended March 31, 2011 and 2010, respectively.

(7) Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders within separate account liabilities. Therefore, such changes in estimated fair value are not recorded in net income. For the purpose of this disclosure, these changes are presented within net investment gains (losses).

(8) Freestanding derivative assets and liabilities are presented net for purposes of the rollforward.

(9) Embedded derivative assets and liabilities are presented net for purposes of the rollforward.

(10) The long-term debt of the CSEs at January 1, 2010 is reported within the purchases, sales, issuances and settlements caption of the rollforward.

FVO Mortgage Loans Held-For-Sale

The following table presents residential mortgage loans held-for-sale carried under the FVO at:

	March 31, 2011	December 31, 2010
	(In millions)	
Unpaid principal balance	$ 1,524	$ 2,473
Excess of estimated fair value over unpaid principal balance	47	37
Carrying value at estimated fair value	$ 1,571	$ 2,510
Loans in non-accrual status	$ 2	$ 2
Loans more than 90 days past due	$ 3	$ 3
Loans in non-accrual status or more than 90 days past due, or both difference between aggregate estimated fair value and unpaid principal	$ (1)	$ (1)

balance

Residential mortgage loans held-for-sale accounted for under the FVO are initially measured at estimated fair value. Interest income on residential mortgage loans held-for-sale is recorded based on the stated rate of the loan and is recorded in net investment income. Gains and losses from initial measurement, subsequent changes in estimated fair value and gains or losses on sales are recognized in other revenues. Such changes in estimated fair value for these loans were due to the following:

	Three Months Ended March 31,	
	2011	**2010**
	(In millions)	
Instrument-specific credit risk based on changes in credit spreads for non-agency loans and adjustments in individual loan quality	$ (1)	$
Other changes in estimated fair value	63	110
Total gains (losses) recognized in other revenues	$ 62	$ 110

MetLife, Inc.

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

FVO Consolidated Securitization Entities

The Company has elected the FVO for the following assets and liabilities held by CSEs: commercial mortgage loans, securities and long-term debt. Information on the estimated fair value of the securities classified as trading and other securities is presented in Note 3. The following table presents these commercial mortgage loans carried under the FVO at:

	March 31, 2011	December 31, 2010
	(In millions)	
Unpaid principal balance	$ 6,550	$ 6,636
Excess of estimated fair value over unpaid principal balance	221	204
Carrying value at estimated fair value	$ 6,771	$ 6,840

The following table presents the long-term debt carried under the FVO related to both the commercial mortgage loans and securities classified as trading and other securities at:

	March 31, 2011	December 31, 2010
	(In millions)	
Contractual principal balance	$ 6,487	$ 6,619
Excess of estimated fair value over contractual principal balance	197	201
Carrying value at estimated fair value	$ 6,684	$ 6,820

Interest income on both commercial mortgage loans and securities classified as trading and other securities held by CSEs is recorded in net investment income. Interest expense on long-term debt of CSEs is recorded in other expenses. Gains and losses from initial measurement, subsequent changes in estimated fair value and gains or losses on sales of both the commercial mortgage loans and long-term debt are recognized in net investment gains (losses), which is summarized in Note 3.

Non-Recurring Fair Value Measurements

Certain investments are measured at estimated fair value on a non-recurring basis and are not included in the tables presented above. The amounts below relate to certain investments measured at estimated fair value during the period and still held at the reporting dates.

	Three Months Ended March 31,					
	2011			2010		
	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Net Investment Gains (Losses)	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Net Investment Gains (Losses)
	(In millions)					
Mortgage loans: (1)						
Held-for-investment	$ 176	$ 184	$ 8	$ 165	$ 141	$ (24)
Held-for-sale	43	43		13	13	
Mortgage loans, net	$ 219	$ 227	$ 8	$ 178	$ 154	$ (24)
Real estate joint ventures (2)	$	$	$	$ 26	$ 5	$ (21)

(1) *Mortgage loans* The impaired mortgage loans presented above were written down to their estimated fair values at the date the impairments were recognized and are reported as losses above. Subsequent improvements in estimated fair value on previously impaired loans recorded through a reduction in the previously established valuation allowance are reported as gains above. Estimated fair values for impaired mortgage loans are based on observable market prices or, if the loans are in foreclosure or are otherwise determined to be collateral dependent, on the estimated fair value of the underlying collateral, or the present value of the expected future cash flows. Impairments to estimated fair value and decreases in previous impairments from subsequent

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

improvements in estimated fair value represent non-recurring fair value measurements that have been categorized as Level 3 due to the lack of price transparency inherent in the limited markets for such mortgage loans.

(2) *Real estate joint ventures* The impaired investments presented above were accounted for using the cost method. Impairments on these cost method investments were recognized at estimated fair value determined from information provided in the financial statements of the underlying entities in the period in which the impairment was incurred. These impairments to estimated fair value represent non-recurring fair value measurements that have been classified as Level 3 due to the limited activity and price transparency inherent in the market for such investments. This category includes several real estate funds that typically invest primarily in commercial real estate. The estimated fair values of these investments have been determined using the NAV of the Company s ownership interest in the partners capital. Distributions from these investments will be generated from investment gains, from operating income from the underlying investments of the funds and from liquidation of the underlying assets of the funds. It is estimated that the underlying assets of the funds will be liquidated over the next 2 to 10 years. There were no unfunded commitments for these investments at March 31, 2011. Unfunded commitments for these investments were $13 million at March 31, 2010.

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

Fair Value of Financial Instruments

Amounts related to the Company s financial instruments that were not measured at fair value on a recurring basis, were as follows:

	March 31, 2011			December 31, 2010		
	Notional Amount	Carrying Value	Estimated Fair Value	Notional Amount	Carrying Value	Estimated Fair Value
	(In millions)					
Assets:						
Mortgage loans: (1)						
Held-for-investment		$ 52,626	$ 54,616		$ 52,136	$ 53,927
Held-for-sale		864	864		811	811
Mortgage loans, net		$ 53,490	$ 55,480		$ 52,947	$ 54,738
Policy loans		$ 11,872	$ 13,247		$ 11,761	$ 13,253
Real estate joint ventures (2)		$ 458	$ 489		$ 451	$ 482
Other limited partnership interests (2)		$ 1,486	$ 1,658		$ 1,539	$ 1,619
Short-term investments (3)		$ 831	$ 831		$ 819	$ 819
Other invested assets (2)		$ 1,509	$ 1,509		$ 1,490	$ 1,490
Cash and cash equivalents		$ 10,692	$ 10,692		$ 12,957	$ 12,957
Accrued investment income		$ 4,478	$ 4,478		$ 4,328	$ 4,328
Premiums, reinsurance and other receivables (2)		$ 3,150	$ 3,367		$ 3,752	$ 4,048
Other assets (2)		$ 1,614	$ 1,613		$ 466	$ 453
Assets of subsidiaries held-for-sale (2)		$ 3,156	$ 3,156		$ 3,068	$ 3,068
Liabilities:						
Policyholder account balances (2)		$ 149,747	$ 155,257		$ 146,822	$ 152,745
Payables for collateral under securities loaned and other transactions		$ 28,625	$ 28,625		$ 27,272	$ 27,272
Bank deposits		$ 9,313	$ 9,364		$ 10,316	$ 10,371
Short-term debt		$ 572	$ 572		$ 306	$ 306
Long-term debt (2),(4)		$ 20,880	$ 22,046		$ 20,734	$ 21,892
Collateral financing arrangements		$ 5,297	$ 4,889		$ 5,297	$ 4,757
Junior subordinated debt securities		$ 3,191	$ 3,529		$ 3,191	$ 3,461
Other liabilities (2)		$ 3,560	$ 3,560		$ 2,777	$ 2,777
Separate account liabilities (2)		$ 46,796	$ 46,796		$ 42,160	$ 42,160
		$ 117	$ 117		$ 105	$ 105

Liabilities of subsidiaries held-for-sale (2)						
Commitments: (5)						
Mortgage loan commitments	$ 4,051	$	$ (2)	$ 3,754	$	$ (17)
Commitments to fund bank credit facilities, bridge loans and private corporate bond investments	$ 2,196	$	$ 2	$ 2,437	$	$

(1) Mortgage loans held-for-investment as presented in the table above differs from the amounts presented in the consolidated balance sheets because this table does not include commercial mortgage loans held by CSEs. Mortgage loans held-for-sale as presented in the table above differs from the amounts presented in the consolidated balance sheets because this table does not include residential mortgage loans held-for-sale that are accounted for under the FVO.

(2) Carrying values presented herein differ from those presented in the consolidated balance sheets because certain items within the respective financial statement caption are not considered financial instruments. Financial statement captions excluded from the table above are not considered financial instruments.

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

(3) Short-term investments as presented in the table above differs from the amounts presented in the consolidated balance sheets because this table does not include short-term investments that meet the definition of a security, which are measured at estimated fair value on a recurring basis.

(4) Long-term debt as presented in the table above does not include long-term debt of CSEs, which are accounted for under the FVO.

(5) Commitments are off-balance sheet obligations. Negative estimated fair values represent off-balance sheet liabilities.

The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

The assets and liabilities measured at estimated fair value on a recurring basis include: fixed maturity securities, equity securities, trading and other securities, certain short-term investments, mortgage loans held by CSEs, mortgage loans held-for-sale accounted for under the FVO, MSRs, derivative assets and liabilities, net embedded derivatives within asset and liability host contracts, separate account assets, long-term debt of CSEs and trading liabilities. These assets and liabilities are described in the section Recurring Fair Value Measurements and, therefore, are excluded from the table above. The estimated fair value for these financial instruments approximates carrying value.

Mortgage Loans

These mortgage loans are principally comprised of commercial and agricultural mortgage loans, which are originated for investment purposes and are primarily carried at amortized cost. Residential mortgage and consumer loans are generally purchased from third parties for investment purposes and are principally carried at amortized cost, while those originated for sale and not carried under the FVO are carried at the lower of cost or estimated fair value. The estimated fair values of these mortgage loans are determined as follows:

Mortgage loans held-for-investment. For commercial and agricultural mortgage loans held-for-investment and carried at amortized cost, estimated fair value was primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk. For residential mortgage loans held-for-investment and carried at amortized cost, estimated fair value is primarily determined from observable pricing for similar loans.

Mortgage loans held-for-sale. Certain mortgage loans previously classified as held-for-investment have been designated as held-for-sale. For these mortgage loans, estimated fair value is determined using independent broker quotations or, when the mortgage loan is in foreclosure or otherwise determined to be collateral dependent, the fair value of the underlying collateral is estimated using internal models. For residential mortgage loans originated for sale, the estimated fair value is determined principally from observable market pricing or from internal models.

Policy Loans

For policy loans with fixed interest rates, estimated fair values are determined using a discounted cash flow model applied to groups of similar policy loans determined by the nature of the underlying insurance liabilities. Cash flow estimates are developed applying a weighted-average interest rate to the outstanding principal balance of the respective group of policy loans and an estimated average maturity determined through experience studies of the past performance of policyholder repayment behavior for similar loans. These cash flows are discounted using current risk-free interest rates with no adjustment for borrower credit risk as these loans are fully collateralized by the cash surrender value of the underlying insurance policy. The estimated fair value for policy loans with variable interest rates approximates carrying value due to the absence of borrower credit risk and the short time period between interest rate resets, which presents minimal risk of a material change in estimated fair value due to changes in market interest rates.

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

Real Estate Joint Ventures and Other Limited Partnership Interests

Real estate joint ventures and other limited partnership interests included in the preceding table consists of those investments accounted for using the cost method. The remaining carrying value recognized in the consolidated balance sheets represents investments in real estate carried at cost less accumulated depreciation, or real estate joint ventures and other limited partnership interests accounted for using the equity method, which do not meet the definition of financial instruments for which fair value is required to be disclosed.

The estimated fair values for real estate joint ventures and other limited partnership interests accounted for under the cost method are generally based on the Company s share of the NAV as provided in the financial statements of the investees. In certain circumstances, management may adjust the NAV by a premium or discount when it has sufficient evidence to support applying such adjustments.

Short-term Investments

Certain short-term investments do not qualify as securities and are recognized at amortized cost in the consolidated balance sheets. For these instruments, the Company believes that there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. In light of recent market conditions, short-term investments have been monitored to ensure there is sufficient demand and maintenance of issuer credit quality and the Company has determined additional adjustment is not required.

Other Invested Assets

Other invested assets within the preceding table are principally comprised of an investment in a funding agreement, funds withheld, various interest-bearing assets held in foreign subsidiaries and certain amounts due under contractual indemnifications.

The estimated fair value of the investment in funding agreements is estimated by discounting the expected future cash flows using current market rates and the credit risk of the note issuer. For funds withheld and the various interest-bearing assets held in foreign subsidiaries, the Company evaluates the specific facts and circumstances of each instrument to determine the appropriate estimated fair values. These estimated fair values were not materially different from the recognized carrying values.

Cash and Cash Equivalents

Due to the short-term maturities of cash and cash equivalents, the Company believes there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value generally approximates carrying value. In light of recent market conditions, cash and cash equivalent instruments have been monitored to ensure there is sufficient demand and maintenance of issuer credit quality, or sufficient solvency in the case of depository institutions, and the Company has determined additional adjustment is not required.

Accrued Investment Income

Due to the short term until settlement of accrued investment income, the Company believes there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. In light of recent market conditions, the Company has monitored the credit quality of the issuers and has determined additional adjustment is not required.

Premiums, Reinsurance and Other Receivables

Premiums, reinsurance and other receivables in the preceding table are principally comprised of certain amounts recoverable under reinsurance contracts, amounts on deposit with financial institutions to facilitate daily settlements related to certain derivative positions and amounts receivable for securities sold but not yet settled.

Premiums receivable and those amounts recoverable under reinsurance treaties determined to transfer sufficient risk are not financial instruments subject to disclosure and thus have been excluded from the

MetLife, Inc.

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

amounts presented in the preceding table. Amounts recoverable under ceded reinsurance contracts, which the Company has determined do not transfer sufficient risk such that they are accounted for using the deposit method of accounting, have been included in the preceding table. The estimated fair value is determined as the present value of expected future cash flows under the related contracts, which were discounted using an interest rate determined to reflect the appropriate credit standing of the assuming counterparty.

The amounts on deposit for derivative settlements essentially represent the equivalent of demand deposit balances and amounts due for securities sold are generally received over short periods such that the estimated fair value approximates carrying value. In light of recent market conditions, the Company has monitored the solvency position of the financial institutions and has determined additional adjustments are not required.

Other Assets

Other assets in the preceding table is primarily composed of a receivable for funds due but not yet settled and a receivable for cash paid to an unaffiliated financial institution under the MetLife Reinsurance Company of Charleston (MRC) collateral financing arrangement as described in Note 12 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report. The receivable for funds due but not yet settled is short-term in nature and therefore carrying value approximates fair value. The estimated fair value of the receivable for the cash paid to the unaffiliated financial institution under the MRC collateral financing arrangement is determined by discounting the expected future cash flows using a discount rate that reflects the credit rating of the unaffiliated financial institution. The amounts not included in the preceding table are not considered financial instruments subject to disclosure.

Policyholder Account Balances

Policyholder account balances in the table above include investment contracts. Embedded derivatives on investment contracts and certain variable annuity guarantees accounted for as embedded derivatives are included in this caption in the consolidated financial statements but excluded from this caption in the table above as they are separately presented in Recurring Fair Value Measurements. The remaining difference between the amounts reflected as policyholder account balances in the preceding table and those recognized in the consolidated balance sheets represents those amounts due under contracts that satisfy the definition of insurance contracts and are not considered financial instruments.

The investment contracts primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts. The fair values for these investment contracts are estimated by discounting best estimate future cash flows using current market risk-free interest rates and adding a spread to reflect the nonperformance risk in the liability.

Payables for Collateral Under Securities Loaned and Other Transactions

The estimated fair value for payables for collateral under securities loaned and other transactions approximates carrying value. The related agreements to loan securities are short-term in nature such that the Company believes there is limited risk of a material change in market interest rates. Additionally, because borrowers are cross-collateralized by the borrowed securities, the Company believes no additional consideration for changes in nonperformance risk are necessary.

Bank Deposits

Due to the frequency of interest rate resets on customer bank deposits held in money market accounts, the Company believes that there is minimal risk of a material change in interest rates such that the estimated fair value approximates carrying value. For time deposits, estimated fair values are estimated by discounting the expected cash flows to maturity using a discount rate based on an average market rate for certificates of deposit being offered by a representative group of large financial institutions at the date of the valuation.

MetLife, Inc.

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

Short-term and Long-term Debt, Collateral Financing Arrangements and Junior Subordinated Debt Securities

The estimated fair value for short-term debt approximates carrying value due to the short-term nature of these obligations. The estimated fair values of long-term debt, collateral financing arrangements and junior subordinated debt securities are generally determined by discounting expected future cash flows using market rates currently available for debt with similar remaining maturities and reflecting the credit risk of the Company, including inputs when available, from actively traded debt of the Company or other companies with similar types of borrowing arrangements. Risk-adjusted discount rates applied to the expected future cash flows can vary significantly based upon the specific terms of each individual arrangement, including, but not limited to: subordinated rights; contractual interest rates in relation to current market rates; the structuring of the arrangement; and the nature and observability of the applicable valuation inputs. Use of different risk-adjusted discount rates could result in different estimated fair values.

The carrying value of long-term debt presented in the table above differs from the amounts presented in the consolidated balance sheets as it does not include capital leases which are not required to be disclosed at estimated fair value.

Other Liabilities

Other liabilities included in the table above reflects those other liabilities that satisfy the definition of financial instruments subject to disclosure. These items consist primarily of interest and dividends payable; amounts due for securities purchased but not yet settled; and funds withheld amounts payable which were contractually withheld by the Company in accordance with the terms of the reinsurance agreements. The Company evaluates the specific terms, facts and circumstances of each instrument to determine the appropriate estimated fair values, which were not materially different from the carrying values.

Separate Account Liabilities

Separate account liabilities included in the preceding table represents those balances due to policyholders under contracts that are classified as investment contracts. The remaining amounts presented in the consolidated balance sheets represent those contracts classified as insurance contracts, which do not satisfy the definition of financial instruments.

Separate account liabilities classified as investment contracts primarily represent variable annuities with no significant mortality risk to the Company such that the death benefit is equal to the account balance; funding agreements related to group life contracts; and certain contracts that provide for benefit funding.

Separate account liabilities are recognized in the consolidated balance sheets at an equivalent value of the related separate account assets. Separate account assets, which equal net deposits, net investment income and realized and unrealized investment gains and losses, are fully offset by corresponding amounts credited to the contractholders liability which is reflected in separate account liabilities. Since separate account liabilities are fully funded by cash flows from the separate account assets which are recognized at estimated fair value as described in the section Recurring Fair Value Measurements, the Company believes the value of those assets approximates the estimated fair value of the related separate account liabilities.

Mortgage Loan Commitments and Commitments to Fund Bank Credit Facilities, Bridge Loans and Private Corporate Bond Investments

The estimated fair values for mortgage loan commitments that will be held for investment and commitments to fund bank credit facilities, bridge loans and private corporate bonds that will be held for investment reflected in the above table represents the difference between the discounted expected future cash flows using interest rates that incorporate current credit risk for similar instruments on the reporting date and the principal amounts of the commitments.

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

Assets and Liabilities of Subsidiaries Held-For-Sale

The carrying values of the assets and liabilities of subsidiaries held-for-sale reflect those assets and liabilities which were previously determined to be financial instruments and which were reflected in other financial statement captions in the comparable table above in previous periods but have been reclassified to these captions to reflect the discontinued nature of the operations. The estimated fair value of the assets and liabilities of subsidiaries held-for-sale have been determined on a basis consistent with the assets and liabilities as described herein.

6. Closed Block

On April 7, 2000 (the Demutualization Date), Metropolitan Life Insurance Company (MLIC) converted from a mutual life insurance company to a stock life insurance company and became a wholly-owned subsidiary of MetLife, Inc. The conversion was pursuant to an order by the New York Superintendent of Insurance approving MLIC s plan of reorganization, as amended (the Plan). On the Demutualization Date, MLIC established a closed block for the benefit of holders of certain individual life insurance policies of MLIC.

Experience within the closed block, in particular mortality and investment yields, as well as realized and unrealized gains and losses, directly impact the policyholder dividend obligation. Amortization of the closed block DAC, which resides outside of the closed block, is based upon cumulative actual and expected earnings within the closed block. Accordingly, the Company s net income continues to be sensitive to the actual performance of the closed block.

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Information regarding the closed block liabilities and assets designated to the closed block was as follows:

	March 31, 2011	December 31, 2010
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$ 43,308	$ 43,456
Other policy-related balances	306	316
Policyholder dividends payable	596	579
Policyholder dividend obligation	793	876
Current income tax payable	8	178
Other liabilities	708	627
Total closed block liabilities	45,719	46,032
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $26,966 and $27,067, respectively)	28,581	28,768
Equity securities available-for-sale, at estimated fair value (cost: $111 and $110, respectively)	107	102
Mortgage loans	6,172	6,253
Policy loans	4,620	4,629
Real estate and real estate joint ventures held-for-investment	340	328
Short-term investments		1
Other invested assets	615	729
Total investments	40,435	40,810
Cash and cash equivalents	317	236
Accrued investment income	536	518
Premiums, reinsurance and other receivables	102	95
Deferred income tax assets	465	474
Total assets designated to the closed block		