MetLife Institutional Funding II

as Issuer of Notes secured by funding agreements issued by

MetLife Insurance Company of Connecticut

(Incorporated under Connecticut Law)

$7,000,000,000 Global Medium Term Note Issuance Program

MetLife Institutional Funding II, a special purpose statutory trust organized in series under the laws of the State of Delaware (the "**Issuer**"), may from time to time, pursuant to this program (the "**Program**"), subject to compliance with all relevant laws, regulations and directives, issue notes (the "**Notes**") denominated in U.S. Dollars or in such other currencies as may be set forth in one or more applicable final terms (each such final terms, a "**Final Terms**") to be read in conjunction with this Offering Circular (including the Annexes attached hereto, the "**Offering Circular**"). Notes will be offered in separate series (each, a "**Series**" or "**Series of Notes**"), which may comprise one or more tranches (each, a "**Tranche**" or "**Tranche of Notes**"). The specific terms of each Series and Tranche will be set forth in the relevant Final Terms. Each Series will be secured by (i) one or more funding agreements (each, a "**Funding Agreement**" and, collectively, the "**Funding Agreements**") issued by MetLife Insurance Company of Connecticut, a Connecticut stock life insurance company, in respect of the Tranches of Notes comprising such Series and (ii) one or more support and expenses agreements (each, a "**Support and Expenses Agreement**" and, collectively, the "**Support and Expenses Agreements**") entered into between MetLife Insurance Company of Connecticut and the Issuer in respect of the Tranches of Notes comprising such Series. The payments under the Funding Agreement entered into in connection with a Tranche of Notes will be structured to meet in full the Issuer's scheduled payment obligations under the relevant Tranche of Notes. Payment of the principal of, and interest on, the Notes will be made solely from payments received by the Issuer under the applicable Funding Agreement(s). The Holders (as hereinafter defined) of Notes will have no direct rights against MetLife Insurance Company of Connecticut under any Funding Agreement or any Support and Expenses Agreement.

The Issuer is not an affiliate of MetLife Insurance Company of Connecticut. The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, MetLife Insurance Company of Connecticut, its parent company MetLife, Inc., or any of their respective subsidiaries or affiliates. The obligations of MetLife Insurance Company of Connecticut under the Funding Agreements and the Support and Expenses Agreements will not be obligations of, and will not be guaranteed by, MetLife, Inc. or any other person.

The Offering Circular has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and EU Law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange for the Notes issued during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and trading on its Regulated Market (as defined below). Such approval relates only to the Notes which are to be admitted to trading on a regulated market (a "**Regulated Market**") for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") or which are to be offered to the public in any Member State of the European Economic Area. For purposes of the Prospectus Directive, this Offering Circular comprises a Base Prospectus.

The Issuer will prepare, or procure the preparation of, a supplement to this Offering Circular relating to every significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular, which is capable of affecting the assessment of the Notes and which arises or is noted between the time that this Offering Circular has been approved by the Central Bank of Ireland and the final closing of the offer of the Notes to the public or, as the case may be, the time when trading on a Regulated Market begins. The information contained in any such supplement will automatically update and, where applicable, supersede any information contained in this Offering Circular or any prior supplements hereto.

For a discussion of certain factors that should be considered in connection with an investment in the Notes, see (i) "Risk Factors" beginning on page 13 of this Offering Circular, (ii) "Risk Factors" in Part I, Item 1A of MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, attached hereto in excerpted form as Annex A, (iii) "Risk Factors" in Part II, Item 1A of MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, attached hereto as Annex C, and (iv) those risks detailed in subsequent information filed with the Central Bank of Ireland pursuant to Article 16(1) of the Prospectus Directive.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE OR FOREIGN SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD EXCEPT TO (1) PERSONS REASONABLY BELIEVED BY THE DEALER(S) (AS HEREINAFTER DEFINED) TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A) OR (2) PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S.

All transfers of the Notes in the United States, whether in the initial distribution or in secondary trading, will be limited to transferees who are Qualified Institutional Buyers. The Notes are not transferable except as described in this Offering Circular and in the relevant Terms and Conditions (as hereinafter defined) of the Notes.

This Offering Circular replaces in its entirety the offering circular dated September 8, 2011, as supplemented, in relation to the Program.

Arranger for the Program

Deutsche Bank Securities

U.S. Dealers

BofA Merrill Lynch
Barclays
Credit Suisse
Deutsche Bank Securities
Goldman, Sachs & Co.
HSBC
J.P. Morgan
Mizuho Securities
Morgan Stanley
nabSecurities, LLC
RBC Capital Markets
RBS
TD Securities
UBS Investment Bank
US Bancorp
Wells Fargo Securities

Non-U.S. Dealers

BofA Merrill Lynch
Barclays
CIBC
Credit Suisse
Deutsche Bank
Goldman Sachs International
HSBC
J.P. Morgan
Mizuho Securities
Morgan Stanley
National Australia Bank Limited
RBC Capital Markets
The Royal Bank of Scotland
Scotiabank
TD Securities
UBS Investment Bank
Wells Fargo Securities

Offering Circular dated September 7, 2012

Each of the Issuer and MetLife Insurance Company of Connecticut accepts responsibility for the information contained in this Offering Circular and, to the best of the knowledge and belief of the Issuer and MetLife Insurance Company of Connecticut (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notes may be issued in registered form ("**Registered Notes**") or in bearer form ("**Bearer Notes**").

Notes offered and sold in reliance on Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), to "qualified institutional buyers" within the meaning of Rule 144A (each, a "**Qualified Institutional Buyer**") may only be issued as Registered Notes ("**Rule 144A Notes**"). Subject to the provisions of the applicable Final Terms, Rule 144A Notes of any Tranche will initially be represented by one or more permanent Registered Notes in global form (each, a "**Rule 144A Permanent Global Registered Note**") without Coupons, Talons or Receipts (each as hereinafter defined) which will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, The Depository Trust Company ("**DTC**"), and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**"). References to Euroclear and/or Clearstream Luxembourg in this Offering Circular shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative clearing system (including SIS SEGAINTERSETTLE AG, the Swiss Securities Services Corporation ("**SIS**")) approved by the Issuer and the Indenture Trustee (as hereinafter defined) and specified in the applicable Final Terms.

Notes offered and sold in reliance on Regulation S ("**Regulation S**") under the Securities Act may be issued as either Registered Notes ("**Regulation S Registered Notes**") or Bearer Notes. Subject to the provisions of the applicable Final Terms and except as set forth herein with respect to certain Notes issued in an "overseas directed offering" within the meaning of Regulation S (each, an "**Overseas Directed Offering**"), including each Tranche of Notes listed on any Swiss stock exchange denominated in Swiss Francs ("**Listed Swiss Franc Notes**"), Regulation S Registered Notes of any Tranche will initially be represented by one or more temporary Regulation S Registered Notes in global form (each, a "**Regulation S Temporary Global Registered Note**"), which will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated notes, registered in the name of the nominee of, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms, on or after the date (the "**Exchange Date**") that is the first day following the expiration of a period of 40 days after the date of the completion of the distribution of the relevant Tranche of Notes as determined and certified by the Relevant Dealer(s) (the "**Distribution Compliance Period**"), beneficial interests in each Regulation S Temporary Global Registered Note will be exchangeable (i) for beneficial interests in one or more permanent Regulation S Registered Notes in global form (each, a "**Regulation S Permanent Global Registered Note**," together with the Rule 144A Permanent Global Registered Notes, the "**Permanent Global Registered Notes**" and, together with the Regulation S Temporary Global Registered Notes, the "**Global Registered Notes**") without Coupons, Talons or Receipts and (ii) upon and to the extent of the certification of non-U.S. beneficial ownership of the relevant Notes as required by Regulation S, in whole but not in part, for Registered Notes in definitive form ("**Definitive Registered Notes**") in the event of any of the following: (a) if DTC, Euroclear, Clearstream Luxembourg or any other applicable clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays), announces an intention permanently to cease business, or notifies the Issuer that it is unwilling or unable to continue as the depositary and a successor clearing corporation is not appointed within 90 days, (b) if an Event of Default as described in Condition 9 of the Terms and Conditions (as hereinafter defined under "**Terms and Conditions of the Notes**") occurs and the maturity of the Notes of the relevant Series is accelerated in accordance with the Terms and Conditions of the relevant Series of Notes, (c) if the Issuer determines in its sole discretion that the Notes of such Series should no longer be evidenced solely by one or more Global Registered Notes, or (d) to the extent provided in the relevant Final Terms, at any time at the request of the relevant Holder (each, a "**Definitive Notes Exchange Event**"), upon and to the extent of the certification of the beneficial ownership of the relevant Notes if required by Regulation S and the United States Treasury Regulations.

Subject to the provisions of the applicable Final Terms, each Regulation S Permanent Global Registered Note will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee of, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms and except as set forth herein with respect to (i) certain Notes issued in an Overseas Directed Offering, including any Listed Swiss Franc Notes, (ii) Bearer Notes that are treated as being in "registered form" for United States federal income tax purposes and (iii) Bearer Notes having a maturity at issue of one year or less, Bearer Notes of any Tranche will initially be represented by one or more temporary Bearer Notes in global form (each, a "**Temporary Global Bearer Note**"), which will be deposited with a depositary or common depositary for Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms, on or after the Exchange Date, upon and to the extent of the certification of the non-U.S. beneficial ownership of the relevant Notes as required by United States Treasury Regulations and

Regulation S, beneficial interests in each Temporary Global Bearer Note will be exchangeable (i) for beneficial interests in a permanent global Bearer Note (each, a "**Permanent Global Bearer Note**" and, together with a Temporary Global Bearer Note, the "**Global Bearer Notes**") or (ii) upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Bearer Notes**") and, if so specified in the relevant Final Terms, Definitive Registered Notes. If a Temporary Global Bearer Note is exchanged for Definitive Bearer Notes at the option of the relevant Holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency).

No payments shall be made in respect of a Regulation S Temporary Global Bearer Note or a Regulation S Temporary Global Registered Note (collectively, the "**Regulation S Temporary Global Notes**") unless a payment of interest falls due prior to the Exchange Date, in which case such payment shall be made in respect of the relevant Regulation S Temporary Global Note only upon, and to the extent of, provision of the certification of the non-U.S. beneficial ownership of the relevant Notes as provided herein.

Subject to the provisions of the applicable Final Terms, beneficial interests in each Permanent Global Bearer Note will be exchangeable (i) if so specified in the applicable Final Terms, for beneficial interests in Permanent Global Registered Notes and (ii) upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms, Definitive Registered Notes. If a Permanent Global Bearer Note is exchanged for Definitive Bearer Notes or Definitive Registered Notes at the option of the relevant Holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency).

Subject to the provisions of the applicable Final Terms, each Tranche of Regulation S Registered Notes issued in an Overseas Directed Offering will initially be represented by one or more Regulation S Permanent Global Registered Notes, beneficial interests in which will be exchangeable for Definitive Registered Notes in the circumstances set forth therein and in the relevant Final Terms.

Subject to the provisions of the applicable Final Terms, each Tranche of (i) Bearer Notes issued in an Overseas Directed Offering into a foreign country designated by the Commissioner of the Internal Revenue Service (the "**IRS**") as a foreign country in which the certification as to the non-U.S. beneficial ownership of the relevant Notes is not required (including Listed Swiss Franc Notes), (ii) Bearer Notes that are treated as being in "registered form" for United States federal income tax purposes and (iii) Bearer Notes having a maturity at issue of one year or less, will initially be represented by one or more Permanent Global Bearer Notes.

Bearer Notes that are not treated as being in "registered form" for United States federal income tax purposes and having a maturity at issue in excess of one year, are subject to United States tax law requirements and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to "United States persons" as defined in Section 7701(a)(30) of the United States Internal Revenue Code of 1986 (as amended, including any successor or amendatory statutes, the "**Code**").

Because the primary assets of the Issuer will be one or more Funding Agreements issued by MetLife Insurance Company of Connecticut (together with Support and Expenses Agreements entered into between MetLife Insurance Company of Connecticut and the Issuer, in each case related to such Funding Agreement(s)), there is a risk that any transfer of the Notes could subject the parties to such transfer to regulation under the insurance laws of jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were deemed to be contracts of insurance, the ability of a Holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales could be materially and adversely affected. See "Risk Factors — Notes Could Be Deemed to Be Participations in the Funding Agreements or Could Otherwise Be Deemed to Be Contracts of Insurance." No person is permitted to distribute, market, sell, represent or otherwise refer to the Notes as an insurance product, contract or policy or funding agreement or as a direct interest in any insurance product, contract or policy or funding agreement.

References herein to the "**Holders**" of Registered Notes are to the persons in whose name such Notes are so registered in the relevant register. References herein to the "**Holders**" of Bearer Notes or of Receipts or Coupons are to the bearers of such Notes, Receipts or Coupons.

This Offering Circular should be read and construed in accordance with any supplement hereto and, in relation to any Tranche of Notes, should be read and construed in accordance with the relevant Final Terms.

Each of the Issuer and MetLife Insurance Company of Connecticut has confirmed to the arranger (the "**Arranger**") and each of the dealers (each, a "**Dealer**" and, collectively, the "**Dealers**"), each as so named under "Overview — Dealers", that this Offering Circular (read as a whole with any supplement thereto and any applicable Final Terms) does not and, at the issue date for the sale of a particular Tranche of Notes, will not contain any untrue statement of a material fact or fail to state any material fact necessary in order to make the statements herein, in light of the circumstances under which they were made, not misleading.

No person has been authorized by the Issuer, MetLife Insurance Company of Connecticut or any Dealer to give any information or to make any representation except as contained in this Offering Circular, in any supplement hereto or any Final Terms, and, if given or made, such unauthorized information or representation should not be relied upon as having been authorized by the Issuer, MetLife Insurance Company of Connecticut or any Dealer.

The distribution of this Offering Circular and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted or prohibited by law. In particular, except for the listing of certain Notes on the relevant stock exchange as may be specified in the applicable Final Terms, the Issuer, the Arranger and the Dealers have not and will not take any action that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular and any supplements hereto (including any Final Terms) nor any other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Notwithstanding anything expressed or implied to the contrary, each prospective Holder and actual Holder of the Notes, and each of their employees, representatives and agents, are hereby expressly authorized to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Offering Circular and all materials of any kind (including opinions or other tax analyses) that are provided to any such persons relating to such tax treatment and tax structure; *provided*, that any such disclosure of the tax treatment and tax structure and materials related thereto may not be made (i) in a manner that would constitute an offer to sell or the solicitation of an offer to buy the Notes under applicable securities laws or (ii) when non-disclosure is reasonably necessary to comply with applicable securities laws.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Circular, any supplements hereto and any Final Terms, or any other offering material and must obtain any consent, approval or permission required of it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Dealers shall have any responsibility therefor. Persons into whose possession this Offering Circular, any supplements hereto and any Final Terms, or any other offering material comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to comply with any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular, any supplements hereto and any Final Terms, or any other offering material relating to the Notes, see "Notice to Investors" and "Subscription and Sale."

No representation or warranty is made or implied by any of the Dealers or any of their respective affiliates, and none of the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular, any supplements hereto and any Final Terms. Neither the delivery of this Offering Circular, any supplements hereto and any Final Terms, nor the offering, sale or delivery of any Notes shall create, in any circumstances, any implication that (i) the information contained in this Offering Circular, any supplements hereto and any Final Terms is true subsequent to the latest of the date hereof or thereof, as applicable, or the date upon which this Offering Circular, any supplements hereto and any Final Terms, as applicable, have been most recently supplemented, (ii) there has been no material adverse change in the financial situation of the Issuer or MetLife Insurance Company of Connecticut and its consolidated subsidiaries (collectively, "**MICC**" or the "**Company**") since the later of the date of this Offering Circular or the date on which this Offering Circular has been most recently supplemented including by any Final Terms or (iii) any other information supplied in connection with the Program is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular, any supplements hereto nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes in any jurisdiction in which it is unlawful to make such an offer or an invitation to so subscribe and should not be considered as a recommendation by the Issuer, MetLife Insurance Company of Connecticut or any of the Dealers that any recipient of this Offering Circular, any supplements hereto or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Offering Circular, any supplements hereto and any Final Terms shall have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and MICC.

As of the date of this Offering Circular, A.M. Best Company ("**A.M. Best**") is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). A.M. Best is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation. However, A.M. Best has confirmed that any ratings issued by it which are endorsed in the EU will be clearly identified as such.

Fitch, Inc. ("**Fitch**") is not established in the European Union and has not applied for registration under the CRA Regulation. However, Fitch Ratings Ltd., which is established in the European Union and was registered under the CRA Regulation on October 31, 2011 (and, as such, is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation), is authorized to endorse on an ongoing basis any ratings published by Fitch. Fitch has confirmed that any ratings issued by it which are endorsed in the EU will be clearly identified as such.

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**"), is not established in the European Union and has not applied for registration under the CRA Regulation. However, Standard & Poor's Credit Market Services Europe Limited, which is established in the European Union and registered under the CRA Regulation (and, as such, is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation), is authorized to endorse on

an ongoing basis any ratings published by S&P. S&P has confirmed that any ratings issued by it which are endorsed in the EU will be clearly identified as such.

Moody's Investors Service, Inc. ("**Moody's**") is not established in the European Union and has not applied for registration under the CRA Regulation. However, in the application for registration by Moody's for the registration of its EU-based entities under the CRA Regulation, it sought authorization to endorse the credit ratings of its non-EU entities through Moody's Investors Service Ltd. or Moody's Deutschland GmbH, which are established in the EU and are registered under the CRA Regulation (and, as such, are included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation).

The rating of each Tranche of Notes to be issued under the Program may be specified in the applicable Final Terms. Whether or not each rating applied for in relation to the relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation, unless the rating is provided by a credit rating agency operating in the European Union before June 7, 2010, which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. This general restriction will also apply in the case of credit ratings issued by credit rating agencies not established in the European Union, unless either (i) the relevant credit ratings are endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (ii) the relevant rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

NOTICE TO ARKANSAS RESIDENTS ONLY

The Notes may not be purchased by, offered, resold, pledged or otherwise transferred to an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department.

NOTICE TO INDIANA RESIDENTS ONLY

The Indiana Insurance Department has stated that Indiana domestic insurers should contact the Indiana Insurance Department before purchasing the Notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

In connection with the issue of any Tranche of Notes under the Program, the Dealers have reserved the right to appoint one or more of them to act as stabilizing agents (each, a "**Stabilizing Agent**"). In connection with the issue of any Tranche of Notes under the Program, each Stabilizing Agent (or any person acting on behalf of any Stabilizing Agent), may over-allot Notes (*provided* that, in the case of any Tranche of Notes to be admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange or any other Regulated Market, the aggregate principal amount of the Notes allotted does not exceed 105 percent of the aggregate principal amount of the relevant Tranche of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Agent (or any person acting on behalf of any Stabilizing Agent) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any

time, but it shall, in any event, end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any such stabilizing shall be conducted in compliance with all applicable laws, rules and regulations.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified, the financial information of MICC contained in this Offering Circular is based on: (i) the audited consolidated balance sheets of MICC and the related audited consolidated statements of operations, changes in stockholders' equity and cash flows, in each case included in MetLife Insurance Company of Connecticut's Current Report on Form 8-K dated May 31, 2012 (the "**May 31 Form 8-K**"), attached hereto as Annex B (including the notes thereto, the "**Audited Consolidated Financial Statements**"); and (ii) the unaudited interim condensed consolidated balance sheets of MICC and the related unaudited interim condensed consolidated statements of operations, changes in stockholders' equity and cash flows, in each case included in MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, attached hereto as Annex C (including the notes thereto, the "**Unaudited Interim Condensed Consolidated Financial Statements**" and, together with the Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**").

The May 31 Form 8-K revised the following Items of MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the "**2011 Form 10-K**"), attached hereto in excerpted form as Annex A, as and to the extent reflected in Exhibit 99.1 to the May 31 Form 8-K:

- Part I, Item 1. Business;
- Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Part II, Item 8. Financial Statements and Supplementary Data; and
- Part IV, Item 15. Exhibits and Financial Statement Schedules.

Part II, Item 8. Financial Statements and Supplementary Data of the 2011 Form 10-K has been omitted in its entirety from Annex A because the information included therein has been replaced in its entirety by the information set forth in Exhibit 99.1 to the May 31 Form 8-K under the heading "Part II, Item 8. Financial Statements and Supplementary Data". The Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"). GAAP differs in certain respects from international financial reporting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 ("**IFRS**") and there may be material differences in the financial information had IFRS been applied.

FORWARD-LOOKING STATEMENTS

This Offering Circular does, and any supplement hereto and any Final Terms may, contain forward looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements relating to trends in the operations and financial results and the business and the products of MICC, as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend" and other similar expressions. Forward looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects on MICC. Such forward looking statements are not guarantees of future performance. The accompanying information contained in this Offering Circular, including the Annexes attached hereto, and in any Final Terms and supplements to this Offering Circular, including without limitation the information set forth under the headings "Notes Regarding Forward Looking Statements" and "Risk Factors" in MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, attached hereto in excerpted form as Annex A, and MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, attached hereto as Annex C, identifies important factors that could cause such differences.

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OVERVIEW

The following is a brief description only and should be read in conjunction with the rest of this Offering Circular, any supplements hereto, and, in relation to the Notes of any Tranche, in conjunction with the relevant Final Terms and, to the extent applicable, the Terms and Conditions set out herein.

Issuer	MetLife Institutional Funding II, a special purpose statutory trust organized in series (each, a "**Series of the Issuer**") under the laws of the State of Delaware (the "**Issuer**"), may from time to time issue separate Series of Notes. The Issuer will not have any assets other than the Deposit (as hereinafter defined) and each Series of the Issuer will not have any assets other than the Funding Agreement and the relevant Support and Expenses Agreement acquired and entered into in connection with the issuance of each Tranche of Notes for such Series under the Program (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in the relevant Support and Expenses Agreement). Each Series of Notes will be a non-recourse obligation payable only from the relevant Trust Estate (as hereinafter defined) relating to such Series of Notes under the Indenture. The Issuer is neither an affiliate nor a subsidiary of MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates.
Delaware Trustee	U.S. Bank Trust National Association is the sole trustee of the Issuer and each Series of the Issuer (the "**Delaware Trustee**"). The Delaware Trustee is not obligated in any way to make payments under or in respect of the Notes. The Delaware Trustee has not participated in the preparation of this Offering Circular.
Administration of the Issuer	AMACAR Pacific Corp. is the sole administrator of the Issuer and each Series of the Issuer, and has agreed, under the terms of an Administrative Services Agreement entered into with the Issuer, dated as of September 8, 2010 (the "**Administrative Services Agreement**"), to provide certain administrative services on behalf of the Issuer and each Series of the Issuer (in such capacity, the "**Administrator**"). The Administrator will provide such services on behalf of the Issuer and each Series of the Issuer until the Administrative Services Agreement is terminated by either the Issuer or the Administrator upon at least 30 days prior written notice to the other party. The Administrator is not obligated in any way to make any payments under or in respect of the Notes. The Administrator is not affiliated with MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates.
Deposit	An amount of U.S. $1,000 contributed by the Beneficial Owner (as hereinafter defined) to the Issuer (the "**Deposit**").
Beneficial Owner and Series Beneficial Owner	AMACAR Pacific Corp. is the sole owner of a beneficial interest in the Deposit (the "**Beneficial Owner**"). The American National Red Cross is the sole beneficial owner of each Series of the Issuer (the "**Series Beneficial Owner**") (as defined and used in Sections 3801(a) and 3806(b)(2) of the Delaware Statutory Trust Act (the "**Trust Act**")). Neither the Beneficial Owner nor the Series Beneficial Owner is affiliated with MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates.

	Neither the Beneficial Owner nor the Series Beneficial Owner is obligated in any way to make any payments under or in respect of the Notes.
Provider of Funding Agreements and Support and Expenses Agreements	MetLife Insurance Company of Connecticut, a Connecticut stock life insurance company.
Arranger	Deutsche Bank Securities Inc.
Dealers	Barclays Capital Inc.; Barclays Bank PLC; CIBC World Markets Inc.; Credit Suisse Securities (USA) LLC; Credit Suisse Securities (Europe) Limited; Deutsche Bank Securities Inc.; Deutsche Bank AG, London Branch; Goldman, Sachs & Co.; Goldman Sachs International; HSBC Securities (USA) Inc.; HSBC Bank plc; J.P. Morgan Securities LLC; J.P. Morgan Securities plc; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Merrill Lynch Canada Inc.; Merrill Lynch International; Mizuho Securities USA Inc.; Mizuho International PLC; Morgan Stanley & Co. LLC; Morgan Stanley & Co. International plc; nabSecurities, LLC; National Australia Bank Limited; RBC Capital Markets, LLC; RBC Dominion Securities Inc.; RBC Europe Limited; RBS Securities Inc.; The Royal Bank of Scotland plc; Scotia Capital Inc.; TD Securities Inc.; TD Securities (USA) LLC; The Toronto-Dominion Bank; UBS Securities LLC; UBS Limited; U.S. Bancorp Investments, Inc.; Wells Fargo Securities, LLC; Wells Fargo Securities International Limited; and certain other dealers appointed from time to time by the Issuer either in respect of the Program generally or in relation to a particular Series or Tranche only (in each case, each a "**Dealer**" and together, the "**Dealers**").
Relevant Dealer(s)	In relation to a written agreement between the Issuer and any Dealer(s) for the sale by the Issuer and the purchase or, as the case may be, subscription as a member of a syndicate by such Dealer(s) (or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) at the relevant time), of any Tranche of Notes (in each case, a "**Relevant Agreement**"), which is made between the Issuer and more than one Dealer, the relevant Dealer(s) (the "**Relevant Dealer(s)**") is/are the institution(s) specified as such in the relevant Final Terms and/or in such Relevant Agreement; and, in relation to a Relevant Agreement which is made between the Issuer and a single Dealer, the Relevant Dealer is such Dealer.
Indenture Trustee	Citibank, N.A., unless otherwise specified in the applicable Final Terms.
Irish Listing Agent	Arthur Cox Listing Services Limited
Irish Paying Agent	Citibank Europe plc
Custodian	U.S. Bank National Association
Principal Paying Agent, Registrar and Transfer Agent	Citibank, N.A.
Additional Transfer, Paying and Listing Agents	As specified from time to time in the relevant Final Terms
Authorized Amount	The maximum aggregate principal amount of Notes permitted to be outstanding at any one time under the Program (the "**Authorized Amount**") is U.S. $7,000,000,000. For this

	purpose, any Notes denominated in another currency shall be translated into U.S. Dollars at the date of the Relevant Agreement using the spot rate of exchange for the purchase of such currency against payment of U.S. Dollars being quoted by the Principal Paying Agent on such date. The Authorized Amount may be increased from time to time, subject to compliance with the relevant provisions of the Amended and Restated Dealership Agreement among the Issuer, the Arranger and the Dealers, dated as of September 8, 2011 (as the same may be amended, modified, restated, supplemented, and/or replaced from time to time, the "**Dealership Agreement**").
Indenture	The Issuer will issue Notes in Series pursuant to the Indenture, dated as of September 8, 2010 (as the same may be amended, modified, restated, supplemented and/or replaced from time to time, the "**Indenture**"), among the Issuer and Citibank, N.A., in its capacities as Indenture Trustee (the "**Indenture Trustee**"), Principal Paying Agent (the "**Principal Paying Agent**"), Registrar (the "**Registrar**") and Transfer Agent (the "**Transfer Agent**") and Citibank Europe plc, in its capacities as Irish Paying Agent and Irish Transfer Agent.
Issuance in Series and Tranches	Notes will be issued in Series. Each Series of Notes will have its own terms including, without limitation, its own final maturity, interest rate, if any, and issue date. Each Series of Notes may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects except that a Tranche may comprise Notes of different denominations. A Series of Notes will be secured solely by the Trust Estate for such Series of Notes. Each Series of Notes is subject to acceleration upon the occurrence of certain Events of Default and to Mandatory Early Redemption upon the occurrence of a Mandatory Early Redemption Event (as hereinafter defined). If an Event of Default shall occur, the relevant Series Agent (as hereinafter defined) and the Indenture Trustee, on behalf of the relevant Holders, will be limited to a proceeding against the relevant Trust Estate.
Program Structure.....	Each Series of Notes will be secured by, among other things, the Issuer's estate, right, title and interest in and to each and all of (i) the Funding Agreement(s) issued by MetLife Insurance Company of Connecticut to the Issuer in respect of the Tranche of Notes comprising such Series and (ii) the Support and Expenses Agreement(s) entered into between MetLife Insurance Company of Connecticut and the Issuer relating to the Tranche of Notes comprising such Series. The Issuer in its capacity as holder of the Funding Agreement (the "**Funding Agreement Holder**") will pledge each Funding Agreement relating to such Series as security to the Indenture Trustee or such other person identified in the relevant Tranche Supplement (as hereinafter defined), in its capacity as agent for the benefit of the Holders of the Notes of the relevant

Series (with respect to each Series, a "**Series Agent**"), as hereinafter described. The Issuer will also pledge each Support and Expenses Agreement for such Series (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth therein) as security to such Series Agent.

The currency of denomination, maturity, redemption and interest rate provisions of the Funding Agreement entered into in connection with each Tranche of Notes will be structured to provide the relevant Series of the Issuer with such payments as are necessary for such Series of the Issuer to meet in full its scheduled payment obligations under the relevant Tranche of Notes.

Any amendment or modification of the Notes and the Terms and Conditions thereof made after the effective date of a relevant Funding Agreement will not affect MetLife Insurance Company of Connecticut's payment and other obligations under such Funding Agreement.

The Notes of a Tranche and the related Funding Agreement will be denominated in the same currency, and the balance of the relevant Funding Agreement at maturity (including any early maturity date) (the "**Funding Account Balance**") will be equal to the outstanding aggregate principal amount of the relevant Tranche of Notes at maturity (including any early maturity date due to a Mandatory Early Redemption or an Event of Default) plus accrued and unpaid interest. Each Funding Agreement shall become effective immediately upon the receipt by MetLife Insurance Company of Connecticut of an amount equal to the net proceeds of the issuance of the related Tranche of Notes (the "**Net Deposit Amount**").

The Issuer will convey (i) the Funding Agreement and (ii) the Support and Expenses Agreement for each Tranche of the relevant Series of Notes (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth therein) to the relevant Series Agent to hold in trust pursuant to the terms of the Indenture, and will grant to such Series Agent for the benefit and security of the Holders of the Notes of such Series of Notes and, solely with respect to any obligations owing to them relating to such Series of Notes, the Indenture Trustee, the relevant Series Agent, the Agents (as defined in the Indenture), the Delaware Trustee and the Administrator (collectively, the "**Secured Parties**"), a security interest in, among other things, such Funding Agreement and the relevant Support and Expenses Agreement pursuant to the terms of the relevant Tranche Supplement (each, a "**Tranche Supplement**") to the Indenture entered into by the Issuer, the relevant Series Agent and the Indenture Trustee, which shall become effective simultaneously with the Funding Agreement and the relevant Support and Expenses Agreement becoming effective. MetLife Insurance Company of Connecticut will acknowledge and consent to such grant of security interest in such Funding Agreement and the Support and Expenses Agreement and will record in its bookkeeping account any such conveyance and grant of security interest in such Funding Agreement and the Support and Expense Agreement.

Upon issuance of a Tranche of Notes, the Issuer will transfer the net proceeds of the issuance of the Notes of such Tranche

	to MetLife Insurance Company of Connecticut as consideration for the issuance of the relevant Funding Agreement to the Issuer. The Issuer's estate, right, title and interest in and to each Funding Agreement and each Support and Expenses Agreement relating to the same Series of Notes (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in such Support and Expenses Agreements) will be included in the Trust Estate for the benefit and security of the Secured Parties. No Holders of one Series of Notes, however, will have any security or other interest in a Trust Estate related to any other Series of Notes. The Funding Agreements and the Support and Expenses Agreements are unsecured obligations of MetLife Insurance Company of Connecticut and, in the event of MetLife Insurance Company of Connecticut's insolvency, will be subject to the provisions of Chapter 704c of the Connecticut General Statutes, which establishes the priority of claims from the estate of an insolvent Connecticut insurance company. Willkie Farr & Gallagher LLP, special counsel for MetLife Insurance Company of Connecticut, has opined that, subject to the limitations, qualifications and assumptions set forth its opinion letter, in any liquidation proceeding relating to MetLife Insurance Company of Connecticut, under Connecticut law as in effect on the date hereof, (i) the general account claims under each Funding Agreement would rank (a) *pari passu* with the claims of policyholders of MetLife Insurance Company of Connecticut and in a superior position to the claims of general creditors of MetLife Insurance Company of Connecticut with respect to payments of principal and interest under the Funding Agreement and (b) *pari passu* with the claims of general creditors of MetLife Insurance Company of Connecticut with respect to any payment of Additional Amounts under the Funding Agreement and (ii) the claims under the Support and Expenses Agreements would rank *pari passu* with the claims of general creditors of MetLife Insurance Company of Connecticut.
No Guarantee	The Issuer is neither an affiliate nor a subsidiary of MetLife Insurance Company of Connecticut or any other insurance company. The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates, the Delaware Trustee, the Administrator, the Beneficial Owner or the Series Beneficial Owner. The obligations of MetLife Insurance Company of Connecticut under the Funding Agreements and the Support and Expenses Agreements will not be obligations of, and will not be guaranteed by, any other person.
Collateral	The obligations of a Series of the Issuer to the Holders of the Notes of such Series and to the Indenture Trustee, the Series Agent for such Series, the Principal Paying Agent, the Transfer Agent, the Registrar and any other agents appointed in connection with such Series of Notes, as well as the Delaware Trustee and the Administrator, will be secured

	solely by security interests in the related Trust Estate. All amounts received by MetLife Insurance Company of Connecticut as the Net Deposit Amount under any Funding Agreement shall become the exclusive property of MetLife Insurance Company of Connecticut and remain part of MetLife Insurance Company of Connecticut's general account without any duty or requirement of segregation.
Expense Account	To the extent that the current obligation of a Series of the Issuer to pay interest on a particular Tranche of Notes has been satisfied, the excess interest, if any, paid under the related Funding Agreement will be deposited in a separate expense account for each Series (each, an "**Expense Account**") established by the Indenture Trustee pursuant to the Indenture for the payment of the Issuer's expenses of such Series including both Anticipated Expenses and Unanticipated Expenses (each as defined in the Indenture). Anticipated Expenses shall be paid prior to Unanticipated Expenses. The relevant Expense Account for a Series will not be included in the Trust Estate for the relevant Series of Notes. All Permitted Expenses (as defined in the Indenture) shall be paid in U.S. Dollars.
Status and Non-Recourse Nature of Notes	The Notes will not be subordinated to any other indebtedness or obligations of the Issuer. The Holders of a Series of Notes will have recourse only to the relevant Funding Agreement(s) and related Trust Estate (as hereinafter defined) that secures the relevant obligations of the Issuer with respect to such Series of Notes, and none of the Issuer's trustees, the Administrator, the Beneficial Owner, or the Series Beneficial Owner will be personally liable for the payments of any principal, interest or other sums owing under the terms of such Notes. Any claims in excess of amounts received under the relevant Funding Agreement(s) and related Trust Estate will be extinguished.
Form of Notes	Notes may be issued as Registered Notes or Bearer Notes. Subject to the provisions of the applicable Final Terms, Rule 144A Notes of any Tranche will initially be represented by one or more Rule 144A Permanent Global Registered Notes without Coupons, Talons or Receipts, which will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg. Subject to the provisions of the applicable Final Terms and except as set forth herein with respect to certain Notes issued in an Overseas Directed Offering, including Listed Swiss Franc Notes, Regulation S Registered Notes of any Tranche will initially be represented by one or more Regulation S Temporary Global Registered Notes, which will (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear and/or

Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms, on or after the Exchange Date, beneficial interests in each Regulation S Temporary Global Registered Note will be exchangeable (i) for beneficial interests in a Regulation S Permanent Global Registered Note without Coupons, Talons or Receipts and (ii) upon and to the extent of the certification of non-U.S. beneficial ownership of the relevant Notes as required by Regulation S, in whole but not in part, for Definitive Registered Notes upon the occurrence and during the continuation of a Definitive Notes Exchange Event.

Subject to the provisions of the applicable Final Terms, each Regulation S Permanent Global Registered Note will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms and except as set forth herein with respect to (i) certain Notes issued in an Overseas Directed Offering, including any Listed Swiss Franc Notes, (ii) Bearer Notes that are treated as being in "registered form" for United States federal income tax purposes and (iii) Bearer Notes having a maturity at issue of one year or less, Bearer Notes of any Tranche will initially be represented by one or more Temporary Global Bearer Notes, which will be deposited with a depositary or common depositary for Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms, on or after the Exchange Date, upon and to the extent of the certification of the non-U.S. beneficial ownership of the relevant Notes as required by United States Treasury Regulations and Regulation S, beneficial interests in each Temporary Global Bearer Note will be exchangeable (i) for beneficial interests in a Permanent Global Bearer Note or (ii) upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms, for Definitive Registered Notes. If a Temporary Global Bearer Note is exchanged for Definitive Bearer Notes at the option of the relevant Holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency).

No payments shall be made in respect of a Regulation S Temporary Global Note unless a payment of interest falls due prior to the Exchange Date, in which case such payment shall be made in respect of the relevant Regulation S Temporary Global Note only upon and to the extent of the certification as to the non-U.S. beneficial ownership of the relevant Notes as provided herein.

Subject to the provisions of the applicable Final Terms, beneficial interests in each Permanent Global Bearer Note will be exchangeable (i) if so specified in the applicable Final Terms, for beneficial interests in a Permanent Global

	Registered Note and (ii) upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the applicable Final Terms, for Definitive Registered Notes. If a Permanent Global Bearer Note is exchanged for Definitive Bearer Notes at the option of the relevant Holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency). Subject to the provisions of the applicable Final Terms, each Tranche of Regulation S Registered Notes issued in an Overseas Directed Offering will initially be represented by one or more Regulation S Permanent Global Registered Notes, beneficial interests in which will be exchangeable for Definitive Registered Notes in the circumstances set forth therein and in the relevant Final Terms. Subject to the provisions of the applicable Final Terms, (a) each Tranche of Bearer Notes issued in an Overseas Directed Offering into a foreign country designated by the Commissioner of the IRS as a foreign country in which the certification as to the non-U.S. beneficial ownership of the relevant Notes is not required (including Listed Swiss Franc Notes), (b) Bearer Notes that are treated as being in "registered form" for United States federal income tax purposes and (c) Bearer Notes having a maturity of one year or less, will initially be represented by one or more Permanent Global Bearer Notes.
Currencies	Each Series of Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated. All Tranches of Notes within the same Series will be denominated in and made in and/or linked to the same currency or currencies.
Issue Price.....	Notes may be issued at any price subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Maturities	Notes may be issued with any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Redemption at Maturity.....	Notes may be redeemable at par or at such other Redemption Amount (as hereinafter defined) (detailed in a formula or otherwise) as may be specified in the relevant Final Terms.
Early Redemption.....	Unless otherwise specified in the relevant Final Terms, early redemption of the Notes of a Series will only be permitted for taxation reasons as mentioned in "Terms and Conditions of the Notes — Redemption and Purchase" and "Terms and Conditions of the Notes — Payment of Additional Amounts and Early Termination of a Funding Agreement for Taxation Reasons; Income Tax Treatment."
Interest	Each Series of Notes may be interest-bearing or non interest-bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series of Notes. Notes may also be issued which provide for payments

	to be determined by reference to specified indices, including commodities, stocks or currency exchange rates or as otherwise specified in any relevant Final Terms.
Denominations.....	Each Series of Notes will be issued in the denominations specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Any Series of Notes admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange or on any other Regulated Market or offered to the public in any Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, will be issued in minimum denominations of at least €100,000 (or its equivalent in another currency); however, the applicable Final Terms may provide that, for so long as any Series of Notes is represented by a Global Registered Note and Euroclear and Clearstream Luxembourg so permit, such Series of Notes shall be tradable in minimum denominations of €100,000 and integral multiples of €1,000 thereafter (or the equivalent in another currency). If a Global Registered Note is exchanged for a Definitive Note at the option of the Holders, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency). Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) that have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, must (a)(i) have a minimum denomination of £100,000 (or its equivalent in another currency), and (ii) be issued only to persons (x) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or (y) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business or (b) be issued in any other circumstances that do not constitute a contravention of section 19 of the United Kingdom Financial Services and Markets Act of 2000 (the "**FSMA**") by the Issuer.
Redenomination	If so specified in the applicable Final Terms, the Issuer may redenominate Notes issued in the currency of a country that subsequently participates in the third stage of the European economic and monetary union, or otherwise participates in the European economic and monetary union in a manner with similar effect to such third stage, into Euro. The provisions relating to any such redenomination will be contained in the applicable Final Terms.
Withholding Taxes; Early Redemption for Taxation Reasons	All payments in respect of Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority in the United States having power to tax unless the withholding or deduction is required by law. If any such withholding or deduction is required, then the Issuer will, subject to certain exceptions set out in full in the Terms and Conditions, pay such additional amounts so

	that the amounts received by the Holders of Notes will equal the amounts that the Holder of Notes would have received had no such deduction or withholding been required (such amounts, together with additional amounts payable by MetLife Insurance Company of Connecticut in the subsequent paragraph, "**Additional Amounts**"). MetLife Insurance Company of Connecticut, pursuant to the relevant Funding Agreement, will pay to the Issuer an amount equal to any such Additional Amounts actually paid (or to be paid concurrently) by the Issuer. The Issuer is required to redeem the Notes of the relevant Series as provided herein if MetLife Insurance Company of Connecticut exercises its right to terminate the Funding Agreement related to such relevant Series, in each case upon the occurrence of certain tax events. See Conditions 11.02 and 8.02. MetLife Insurance Company of Connecticut will agree in each Funding Agreement that payments in respect of such Funding Agreement will be made to the Funding Agreement Holder without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority in the United States having the power to tax, unless such withholding or deduction is required by law. If any such withholding or deduction is or will be required, then MetLife Insurance Company of Connecticut, under the relevant Funding Agreement will, subject to certain exceptions set out in full in the Terms and Conditions, pay such Additional Amounts so that the amounts received by the Funding Agreement Holder will equal the amounts that the Funding Agreement Holder would have received had no such deduction or withholding been required. In addition, MetLife Insurance Company of Connecticut has certain rights to terminate the Funding Agreement upon the occurrence of certain tax events. See Condition 11.02.
Governing Law.....	The Indenture, each Tranche Supplement, each Support and Expenses Agreement, and, except to the extent otherwise specified in the relevant Final Terms, the Notes, will be governed by, and construed in accordance with, the laws of the State of New York. Each Funding Agreement will be governed by, and construed with, the laws of the State of Connecticut.
Listing	Application will be made to the Irish Stock Exchange for the Notes issued under the Program during the period of 12 months from the date hereof to be admitted to the Official List and trading on its Regulated Market. However, Notes may also be (i) listed or admitted to trading on any other Regulated Market, (ii) listed or admitted to trading on a securities exchange which is not a Regulated Market or (iii) not listed or admitted to trading on any Regulated Market or any other securities exchange. Each applicable Final Terms will indicate whether or not the Notes of that Tranche will be listed, and if the Notes will be listed, on which securities exchange. This Offering Circular comprises a Base Prospectus for the

	purposes of the Prospectus Directive. If any European and/or national legislation is adopted and is implemented or takes effect in Ireland in a manner that would require either MetLife Insurance Company of Connecticut or the Issuer to publish or produce its financial statements according to accounting principles or standards that are materially different from GAAP or that would otherwise impose requirements on either of MetLife Insurance Company of Connecticut or the Issuer that such entity in good faith determines are impracticable or unduly burdensome, MetLife Insurance Company of Connecticut or the Issuer may elect to de-list the Notes. Each of MetLife Insurance Company of Connecticut and the Issuer will use its reasonable best efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by such other listing authority, exchange and/or system, within or outside the European Union, as the Issuer, MetLife Insurance Company of Connecticut and the Relevant Dealer(s) may decide. If such an alternative admission is not available to MetLife Insurance Company of Connecticut or the Issuer, or is, in either such entity's opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in Condition 17 herein.
Terms and Conditions	Final Terms will be prepared in respect of each Tranche of Notes. If such Notes will be admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange, a copy of such Final Terms will be delivered to the Irish Stock Exchange and/or any other relevant stock exchange on or before the date of issue of such Notes to be admitted to trading on such stock exchange. The terms and conditions applicable to each Series and Tranche of Notes will be those set out herein under "Terms and Conditions of the Notes" as supplemented, modified or replaced by the relevant Final Terms.
Clearing Systems.....	Depending on where the relevant Notes are offered and whether such Notes are issued in registered or bearer form, the Notes will clear through one or more of DTC, Euroclear and/or Clearstream Luxembourg.
Selling and Transfer Restrictions	The Notes have not been, and will not be, registered under the Securities Act or any applicable state or foreign securities laws, and are subject to the transfer and holding restrictions described under "Notice to Investors" and "Subscription and Sale." All transfers of the Notes in the United States, whether in the initial distribution or in secondary trading, will be limited to Qualified Institutional Buyers. Notes in bearer form that are not treated as being in "registered form" for United States federal income tax purposes and having a maturity at issue in excess of one year, are subject to United States tax law requirements and, subject to certain exceptions, may not be offered, sold or delivered within the United States or its possessions or to United States persons (as defined in Section 7701(a)(30) of the Code).

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom and certain other member states of the European Economic Area, Japan, Switzerland, Hong Kong and Singapore see "Subscription and Sale."

RISK FACTORS

Investors should carefully consider the following risk factors, the risk factors set forth in the Annexes attached hereto, the other information in this Offering Circular, and any risk factors or other information set forth in any supplement hereto before deciding to invest in the Notes. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. MetLife Insurance Company of Connecticut is a wholly owned subsidiary of MetLife, Inc.

Risk Factors Relating to the Notes

Notes Are Non-Recourse Obligations of the Issuer

The obligations of the Issuer under the Notes of a Series are payable only from the relevant Trust Estate. If any Event of Default shall occur under any Series of the Notes, the right of the Holders of such Series, the relevant Series Agent and the Indenture Trustee on behalf of such Holders will be limited to a proceeding against the relevant Trust Estate (including the exercise of the Collateral Management Rights (as defined in the Indenture) relating to the Notes) for such Series of Notes and none of such Holders or the Series Agent or Indenture Trustee on behalf of such Holders will have the right to proceed against the Trust Estate of any other Series of Notes or the Non-Recourse Parties (as defined in the "Terms and Conditions of the Notes" in the Offering Circular) in the case of any deficiency judgment remaining after foreclosure of any property included in such Trust Estate. All claims of the Holders of a Series of Notes in excess of amounts received by the relevant Series of the Issuer under the related Funding Agreement and the related Trust Estate will be extinguished.

Payments Under Funding Agreements May Be Insufficient to Pay Principal and Interest Under the Notes

Payments of the principal of and interest on a Tranche of Notes will be made solely from the payments by MetLife Insurance Company of Connecticut under the relevant Funding Agreement. MetLife Insurance Company of Connecticut will agree pursuant to each Funding Agreement to pay to the relevant Funding Agreement Holder subject to certain exceptions set out in full in the Terms and Conditions, Additional Amounts, to compensate for any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied on payments in respect of the relevant Funding Agreement by or on behalf of any governmental authority in the United States having the power to tax, so that the net amount received by the Funding Agreement Holder under the relevant Funding Agreement after giving effect to such withholding or deduction, whether or not currently payable, will equal the amount that would have been received under the relevant Funding Agreement were no such deduction or withholding required. MetLife Insurance Company of Connecticut will also agree to pay, pursuant to a Support and Expenses Agreement entered into in connection with each Tranche of Notes, any and all of the costs, losses, damages, claims, actions, suits, expenses (including reasonable fees and expenses of counsel), disbursements, taxes, penalties and liabilities of any kind or nature whatsoever of the Issuer (collectively, the "**Support Obligations**"), *provided* that Support Obligations shall not include (i) any obligation of the Issuer to make any payment to any Holder of a Designated Note (as defined in such Support and Expenses Agreement) in accordance with the terms of such Designated Note; (ii) any obligation or expense of the Issuer to the extent that such obligation or expense has actually been paid utilizing funds available to the Issuer from payments under the Designated Funding Agreement (as defined in such Support and Expenses Agreement); (iii) any cost, loss, damage, claim, action, suit, expense, disbursement, tax, penalty and liability of any kind or nature whatsoever resulting from or relating to any insurance regulatory or other governmental authority asserting that: (a) the Notes are, or are deemed to be, (1) participations in the Funding Agreements or (2) contracts of insurance; or (b) the offer, purchase, sale and/or transfer of the Notes (1) constitute the conduct of the business of insurance or reinsurance in any jurisdiction or (2) require the Issuer, any Dealer or any Holder to be licensed as an insurer, insurance agent or broker in any jurisdiction; (iv) any obligation of the Issuer to indemnify MetLife Insurance Company of Connecticut or any of its Affiliates (as defined in the Indenture) under any other agreement between the Issuer on the one hand and any of them on the other hand; (v) any obligation of MetLife Insurance Company of Connecticut to pay Additional Amounts pursuant to the terms of the Designated Funding Agreement; and (vi) any cost, loss, damage, claim, action, suit, expense, disbursement, tax, penalty and liability of any kind or nature whatsoever resulting from or relating to the acts or failures to act of any Service Provider (as defined in such Support and Expenses Agreement) to the extent that such Service Provider would not be entitled to indemnification or payment from the Issuer in connection with any such act or failure to act pursuant to the terms of any arrangements between the Issuer and such Service Provider in effect on the date of the relevant Support and Expenses Agreement. To the extent that the Issuer or any Series of the Issuer thereof incurs costs, losses, damages, claims, actions, suits, expenses, disbursements, taxes, penalties and/or liabilities that are not indemnified by MetLife Insurance Company of Connecticut, the ability of the Issuer and any such Series of the Issuer to make payments under the Notes may be impaired.

Intervening Creditors May Dilute Security Interests

The Issuer's estate, right, title and interest in and to all Funding Agreements entered into in connection with Tranches of the same Series of Notes, and each Support and Expenses Agreement for such Tranches, will be included in the Trust Estate in which the Issuer grants a security interest to the relevant Series Agent for the benefit and security of the Secured Parties. Therefore, Holders of

Notes of the first Tranche of Notes of a Series will have a security interest in all Funding Agreements and relevant Support and Expenses Agreement issued in connection with the first and any subsequent Tranches of the same Series, if any (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in the relevant Support and Expenses Agreements). Holders of Notes of subsequent Tranches of a Series, if any, will have a security interest in the underlying Funding Agreement and Support and Expenses Agreement relating to that particular Tranche and all other Funding Agreements and each Support and Expenses Agreement previously entered into in connection with earlier Tranches of the same Series or subsequently purchased with respect to subsequent Tranches of the same Series. No Series of Notes will have any security or other interest in a Trust Estate, including the Funding Agreements and the Support and Expenses Agreements included therein, related to any other Series of Notes.

Accordingly, because each Tranche of Notes of a Series will share the security interest of the Series Agent for such Series in each Funding Agreement and each Support and Expenses Agreement for that Series, Holders of Notes of an earlier Tranche may have their security interest in a Funding Agreement and Support and Expenses Agreement relating to such earlier Tranche diluted by the issuance of a later Tranche if a lien creditor or other creditor obtains a lien or security interest on a Funding Agreement and Support and Expenses Agreement relating to such earlier Tranche, which lien or security interest is junior to the security interest for the benefit of the Holders of the earlier Tranche of Notes but may be senior to the security interest for the benefit of the Holders of the new Tranche of Notes.

If an Event of Default Occurs Under the Notes, Amounts Collected Will Be Used to Satisfy Certain Expenses Prior to Payments of Amounts Due Under the Notes

Any money collected by the Indenture Trustee and Series Agents following an Event of Default, and any monies that may then be held or thereafter received by the Indenture Trustee as security with respect to the Notes or Coupons of any Series of Notes in a separate collection account (the "**Collection Account**") relating to such Series of Notes will be applied first to the payment of Anticipated Expenses with respect to such Series due to the Indenture Trustee, the Delaware Trustee and the relevant Series Agent and then to the payment of Accelerated Unanticipated Expenses (as hereinafter defined). The monies will next be applied toward the payment of all Unanticipated Expenses with respect to such Series due to the Indenture Trustee, the Delaware Trustee and the relevant Series Agent. The monies will next be applied to all remaining Anticipated Expenses with respect to such Series. The monies will thereafter be applied to all remaining Unanticipated Expenses with respect to such Series (all the foregoing payments, the "Priority Payments"). Any remaining balance thereafter will next be applied to the payment of the amounts then due and unpaid upon the Notes and any Coupons for the principal and any premium, interest and Additional Amounts in respect of which or for the benefit of which such amount has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Notes and Coupons for principal and any premium, interest and Additional Amounts. The amounts remaining after the payment of such Priority Payments may be insufficient to satisfy, or satisfy in full, the payment obligations the Issuer has to the Holders of a Series of Notes under the Terms and Conditions following the occurrence of an Event of Default.

There May Be No Established Trading Market for the Notes

Application will be made to the Irish Stock Exchange for the Notes issued under the Program during the twelve months from the date of this Offering Circular to be admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange. However, Notes may also be (i) listed or admitted to trading on any other Regulated Market, (ii) listed on a securities exchange which is not a Regulated Market, or (iii) not listed on any Regulated Market or any other securities exchange. There is currently no secondary market for the Notes. The Dealer(s) and Arranger are under no obligation to make a market in the Notes, and to the extent that such market making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide Holders of the Notes with liquidity of investment or that it will continue for any period of time. The Notes have not been and will not be registered under the Securities Act or any state or foreign securities law and transfers of Notes are subject to substantial transfer restrictions. See "Notice to Investors" and "Subscription and Sale" in the Offering Circular. A Holder of Notes may not be able to liquidate its investment readily, and the Notes may not be readily accepted as collateral for loans. It is likely that if the Notes were to be deemed to be contracts of insurance (see "— Notes Could Be Deemed to Be Participations in the Funding Agreements or Could Otherwise Be Deemed to Be Contracts of Insurance" below), the ability of a Holder to offer, sell or transfer the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sale or transfer could be effected, the proceeds realized from such sale or transfer could be materially and adversely affected. Investors should proceed on the assumption that they may have to hold the Notes until their maturity.

Notes Could Be Deemed to Be Participations in the Funding Agreements or Could Otherwise Be Deemed to Be Contracts of Insurance

The laws and regulations of each state of the United States and of foreign jurisdictions contain broad definitions of the activities that may constitute the conduct of the business of insurance or reinsurance in such jurisdictions.

Willkie Farr & Gallagher LLP has advised in a memorandum dated September 7, 2012 with regard to insurance matters that neither the Issuer nor any persons selling or purchasing the Notes should be subject to regulation as doing an insurance business in any state of the United States or the District of Columbia by virtue of the offer, sale and/or purchase of the Notes. This advice is based upon interpretations (either written or oral) received as of specified dates from the staff of the insurance regulatory body or from local counsel in each of the states of the United States and is subject to the considerations described below. These interpretations from insurance regulatory bodies and local counsel were obtained in connection with structures which raise some of the same issues as those presented by the Notes. These oral and written interpretations from state insurance regulatory bodies were based on general descriptions of the issuance of funding agreements to back instruments such as the Notes and were not specifically based on the Program or the Notes. Information specifically relating to the Program and/or the Notes which was not disclosed to insurance regulators could be considered material by such regulators and, had such factual information been disclosed, could have resulted in different guidance or advice from such regulators. Based on these oral and written interpretations and local counsel opinions and subject to such other considerations as are set forth in its memorandum, Willkie Farr & Gallagher LLP believes that (i) the Notes should not be subject to regulation as participations in the Funding Agreements themselves or otherwise constitute insurance contracts and (ii) the Issuer and any persons offering, selling or purchasing the Notes should not be subject to regulation as doing an insurance business by virtue of their activities in connection with the offer, sale and/or purchase of the Notes.

The Arkansas Insurance Department has stated that it would not encourage any Arkansas domestic insurer to purchase investment products such as the Notes. In addition, the Indiana Insurance Department has stated that Indiana domestic insurers should contact the Indiana Insurance Department before purchasing any instruments such as the Notes.

All written or oral communications with insurance regulatory bodies reflect only the interpretation of the staff of such regulatory bodies with respect to the laws and regulations of their respective jurisdictions, and do not purport to be, nor should they be relied upon as, binding legal authority. Such interpretations and advice by local counsel may be subject to challenge in administrative or judicial proceedings.

Insurance regulatory authorities in the United States have broad discretionary powers to modify or withdraw regulatory interpretations, and such interpretations and the advice of local counsel received with respect to the laws of any particular state are not binding on a court or any third party and may be subject to challenge in administrative or judicial proceedings. In addition, such interpretations have not been obtained with respect to any foreign jurisdictions. There can be no assurance that such interpretations and advice will remain in effect, or that such interpretations would be given any effect by a court.

The Issuer will not be registered or licensed as an insurance or reinsurance company in any jurisdiction. In the event it is determined that the Issuer should have been licensed under the insurance laws of a jurisdiction in connection with the issuance of the Notes, the Issuer will be in violation of such laws or regulations and could be subject to the fines, penalties and other sanctions provided for therein. Such violation(s) would have a material adverse impact on the Issuer's ability to meet its obligations under the Notes.

Similarly, if the Notes are deemed to be subject to regulation as participations in Funding Agreements or otherwise constitute contracts of insurance, there can be no assurance that Holders of the Notes who subsequently offer, sell, transfer or purchase Notes could not be found to be acting as insurance agents or brokers under the laws of certain jurisdictions or otherwise be subject to the applicable insurance laws. Acting without a required insurance agent or broker license or other violations of applicable insurance laws and regulations could subject such Holder of Notes to substantial civil and criminal fines and charges.

It is likely that if the Notes were to be deemed to be subject to regulation as participations in Funding Agreements or otherwise constitute contracts of insurance, the ability of the Holder to offer, sell or otherwise transfer the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent such offer, sale or transfer could be effected, the proceeds realized from such sale or transfer would be materially and adversely affected.

Certain Holders of Notes Will Not Be Entitled to the Payment of Additional Amounts and the Notes of a Series May Be Redeemed upon the Occurrence of Certain Tax Events

The Issuer and MetLife Insurance Company of Connecticut are not required to pay Additional Amounts to Holders of Notes to compensate for any withholding or deduction for taxes imposed by or on behalf of any governmental authority in the United States having the power to tax, unless such Holder meets certain requirements. For example, a Holder of Notes that is not a United States person (as defined in Section 7701(a)(30) of the Code) and actually or constructively owns ten percent or more of the total combined voting power of all classes of stock of MetLife Insurance Company of Connecticut entitled to vote would not be entitled to the payment of Additional Amounts as a result of the imposition of any United States withholding tax.

The Issuer is required to redeem the Notes of the relevant Series as provided in the Offering Circular if MetLife Insurance Company of Connecticut exercises its right to terminate the Funding Agreement related to such relevant Series upon the occurrence of certain tax events, including, without limitation, if MetLife Insurance Company of Connecticut is required to pay Additional Amounts or withhold or deduct any United States taxes as a result of a change or amendment in any United States tax laws.

An Investment in Foreign Currency Notes Entails Significant Risks

An investment in Notes that are denominated in, or the payment of which is related to the value of, a specified currency (the "**Specified Currency**") other than the currency of the country in which the purchaser is a resident or the currency (including any composite currency) in which the purchaser conducts its business or activities (the "**Home Currency**") entails significant risks that are not associated with a similar investment in a security denominated in the Home Currency. Such risks include, without limitation, the possibility of significant changes in rates of exchange between the Home Currency and the various foreign currencies (or composite currencies) and the possibility of the imposition or modification of exchange controls by either the United States or foreign governments. Such risks generally depend on economic and political events over which none of the Issuer, MetLife Insurance Company of Connecticut or any Dealer has control. In recent years rates of exchange for certain currencies have been highly volatile and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in such rate that may occur during the term of any Note. Depreciation of the Specified Currency for a Note against the relevant Home Currency would result in a decrease in the effective yield of such Note below its coupon rate and, in certain circumstances, could result in a loss to the investor on a Home Currency basis.

Foreign exchange rates can either float or be fixed by sovereign governments. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. Dollar. National governments, however, rarely voluntarily allow their currencies to float freely in response to economic forces. From time to time governments use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rates or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing non-Home Currency-denominated Notes is that their Home Currency-equivalent yields or payouts could be affected by governmental actions which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces, and the movement of currencies across borders. There will be no adjustment or change in the terms of such Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. Dollar or any applicable Specified Currency.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a specified foreign currency (or of securities denominated in such currency). Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note not denominated in U.S. Dollars would not be available when payments on such Note are due. In that event, the Issuer would make required payments in U.S. Dollars on the basis of the market rate of exchange on the date of such payment or, if such rate of exchange is not then available, on the basis of the market rate of exchange as of the most recent practicable date.

Each prospective investor should consult its own financial, legal and tax advisors as to any specific risks entailed by an investment by such investor in Notes that are denominated in, or the payment of which is related to the value of a currency other than such prospective investor's Home Currency. Such Notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

An Event of Default under the Notes May Not Constitute an "Event of Default" under the Applicable Funding Agreement

In certain circumstances an event of default under a Series of Notes may not constitute an event of default under the applicable Funding Agreement. To the extent that (i) the Issuer fails to observe or perform in any material respect any covenant contained in the Indenture or any Series of Notes; (ii) the Indenture ceases to be in full force and effect or the Indenture Trustee's security interest in the collateral is successfully challenged or is determined to be defective; or (iii) a Series of the Issuer or the collateral is subject to certain actions under applicable bankruptcy, insolvency or other similar laws or any receivership, liquidation dissolution or other similar action or a Series of the Issuer is unable to pay its debts, it is possible that the obligations of the Series of the Issuer under its Series of Notes may be accelerated while the obligations of MetLife Insurance Company of Connecticut under the applicable Funding Agreement may not be similarly accelerated. If this occurs, the Indenture Trustee may have no or limited ability to proceed against the applicable Funding Agreement and the related collateral and Holders of that Series of Notes may not be paid in full, or in a timely manner upon such acceleration. See Condition 9(b) in "Terms and Conditions of the Notes" and "Description of Collateral — Termination for Other Reasons; Demand for Payment" in the Offering Circular.

Holders of Notes Below Certain Specified Denominations May Not Be Able to Receive Definitive Notes and in Such Situations May Not Be Entitled to the Rights in Respect of Such Notes

Any Notes admitted to trading on the Official List of the Irish Stock Exchange or any other Regulated Market, or which are to be offered to the public in any Member State of the European Economic Area, will be issued in minimum denominations of at least €100,000 (or its equivalent in another currency) (the "**Specified Denominations**"). The applicable Final Terms may provide that, for so

long as the Notes are represented by a Global Registered Note and Euroclear and Clearstream Luxembourg so permit, the Notes may be tradable in minimum denominations of €100,000 and integral multiples of €1,000 thereafter (or the equivalent in another currency), although if a Global Registered Note is exchanged for Definitive Registered Notes at the option of the relevant holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency). In these circumstances, a holder of Notes having a nominal amount which cannot be represented by a Definitive Note in the Specified Denomination will not be able to receive a Definitive Note in respect of such Notes and will not be able to receive interest or principal or be entitled to vote in respect of such Notes. As a result, a holder of Notes who holds Notes in Euroclear or Clearstream Luxembourg in an amount less than the Specified Denominations may need to purchase or sell, on or before the relevant date on which the Regulation S Temporary Global Registered Note or Regulation S Permanent Global Registered Note are to be exchanged for Definitive Notes, a principal amount of Notes such that such holder holds the Notes in an aggregate principal amount of at least the Specified Denominations.

Risk Factors Relating to the Issuer

The Issuer Has Limited Resources and a Limited Operating History

The net worth of the Issuer on the date hereof is approximately U.S. $1,000. The net worth of the Issuer is not expected to increase materially. The ability of the Issuer, with respect to a Series of the Issuer, to make timely payments on the Notes issued with respect to such Series of the Issuer is entirely dependent upon MetLife Insurance Company of Connecticut's timely making the related payments under the relevant Funding Agreements and MetLife Insurance Company of Connecticut's fulfilling its obligations under the applicable Support and Expenses Agreements. The Issuer is a statutory trust, organized in series under the laws of the State of Delaware and the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to each Series of the Issuer shall be enforceable against only the assets of the relevant Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. Each Series of Notes will be secured by, among other things, one or more separate Funding Agreements and one or more Support and Expenses Agreements for each Tranche of such Series (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in the relevant Support and Expenses Agreements). No Series of Notes will have any right to receive payments under a Funding Agreement or a Support and Expenses Agreement, as the case may be, related to any other Series of Notes.

The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates, the Delaware Trustee, the Administrator, the Beneficial Owner or the Series Beneficial Owner. None of these entities nor any agent, trustee or beneficial owner of the Issuer or of any Series of the Issuer is under any obligation to provide funds or capital to the Issuer of such Series.

The Issuer is a statutory trust formed on August 24, 2010 under the laws of the State of Delaware, the primary business purpose of which is the issuance of the Notes in Series, the purchase of the related Funding Agreements and engaging in activities incidental thereto.

Risk Factors Relating to Collateral

The Issuer May Not Receive Payments under Funding Agreements If MetLife Insurance Company of Connecticut Were to Enter Insolvency Proceedings

Any combination or all of the factors referred to below under "— Risk Factors Relating to MetLife Insurance Company of Connecticut, as Provider of the Funding Agreements and as Provider of Certain Indemnities Under the Support and Expenses Agreements" may cause MetLife Insurance Company of Connecticut to become the subject of administrative supervision, insolvency, liquidation, rehabilitation, reorganization, conservation or other similar proceedings (collectively, "**Insolvency Proceedings**") under any applicable laws. Should MetLife Insurance Company of Connecticut become the subject of Insolvency Proceedings, the Indenture Trustee for the benefit of the Holders of any Series of Notes then outstanding may be stayed during the pendency of Insolvency Proceedings from collecting any payments under the relevant Funding Agreements and from exercising any right with respect to the relevant Funding Agreement. The Indenture Trustee may not be able to recover any payments under the Funding Agreements from MetLife Insurance Company of Connecticut should there be insufficient assets to provide for these payments.

In addition, under certain circumstances, payments made by MetLife Insurance Company of Connecticut to the Indenture Trustee or to the Issuer with respect to a Series of Notes may be sought to be recovered in Insolvency Proceedings as preferential payments or pursuant to other similar theories. Therefore, Insolvency Proceedings with respect to MetLife Insurance Company of Connecticut could cause a significant delay in receiving payments due under the Notes and could materially and adversely affect the timing and the amounts, if any, to be paid to Holders of the Notes.

Status of Collateral Upon Insolvency of MetLife Insurance Company of Connecticut is Dependent Upon Connecticut Insurance Law

The Funding Agreements and the Support and Expenses Agreements are unsecured obligations of MetLife Insurance Company of Connecticut and, in the event of MetLife Insurance Company of Connecticut's insolvency, will be subject to the provisions of Chapter 704c of the Connecticut General Statutes, which establishes the priority of claims from the estate of an insolvent Connecticut Insurance Company.

Willkie Farr & Gallagher LLP, special counsel for MetLife Insurance Company of Connecticut, has opined that in any liquidation proceeding relating to MetLife Insurance Company of Connecticut, under Connecticut law as in effect on the date of this Offering Circular, (i) the claims under each Funding Agreement would rank (a) *pari passu* with the claims of policyholders of MetLife Insurance Company of Connecticut and in a superior position to the claims of general creditors of MetLife Insurance Company of Connecticut with respect to payments of principal and interest under the Funding Agreement and (b) *pari passu* with the claims of general creditors of MetLife Insurance Company of Connecticut with respect to any payment of Additional Amounts under the Funding Agreement and (ii) the claims under the Support and Expenses Agreements would rank *pari passu* with the claims of general creditors of MetLife Insurance Company of Connecticut. Such opinion of counsel is based upon certain facts, assumptions and qualifications (as set forth therein), is only an opinion and does not constitute a guarantee, and is not binding upon any court, including without limitation a court presiding over a liquidation proceeding of MetLife Insurance Company of Connecticut under the Connecticut General Statutes.

Risk Factors Relating to MetLife Insurance Company of Connecticut, As Provider of the Funding Agreements and as Provider of Certain Indemnities Under the Support and Expenses Agreements

The ability of the Issuer to make timely payments under the Notes of the relevant Series will depend entirely on its receipt of corresponding payments under the applicable Funding Agreements. Furthermore, the marketability, liquidity and value of the Notes may be substantially impaired to the extent MetLife Insurance Company of Connecticut is less able to meet, or is perceived as being less able to meet, its obligations under the Funding Agreements. For a discussion of certain risks relating to MetLife Insurance Company of Connecticut, see the sections entitled in "Risk Factors" on pages 16 through 48 of MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, attached hereto in excerpted form as Annex A, and pages 107 through 114 of MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, attached hereto as Annex C.

USE OF PROCEEDS

The proceeds, net of expenses, underwriting discounts and commissions or similar compensation payable in connection with the sale of Notes, from each Series of Notes issued under the Program will be used immediately by the Issuer to purchase one or more Funding Agreements identified in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

The following includes a summary of certain of the terms of the Trust Agreement and the Certificate of Trust of the Issuer and related documents and is subject to the detailed provisions of the Trust Agreement and the Certificate of Trust and such related documents, copies of which may be inspected during normal business hours at the registered office of the Issuer at c/o U.S. Bank Trust National Association, 300 Delaware Avenue, 9th Floor, Wilmington, DE 19801, and the specified offices of each Paying Agent. Notwithstanding the similarity of their names, the Issuer is not an affiliate or subsidiary of MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates.

General

The Issuer is a statutory trust organized in series under the laws of the State of Delaware pursuant to (i) a trust agreement, dated as of August 24, 2010, executed by the Delaware Trustee, the Administrator and the Beneficial Owner (the "**Trust Agreement**") and (ii) the filing of the certificate of trust with the Secretary of State of the State of Delaware on August 24, 2010 (the "**Certificate of Trust**"). Each Series of Notes will be issued through a Series of the Issuer created pursuant to the relevant supplement to the Trust Agreement under a Tranche Supplement. Each Series of Notes may be comprised of one or more Tranches.

The Issuer will not have any assets other than the Deposit in the amount of $1,000, and the Series of the Issuer will not have any material assets other than the Funding Agreement(s) acquired in connection with the Tranches of such Series of the Issuer, and the Support and Expenses Agreement(s) for the Tranches of such Series of the Issuer (subject to the subrogation rights of MetLife Insurance Company of Connecticut forth in such Support and Expenses Agreement(s)). The registered office of the Issuer is located at c/o U.S. Bank Trust National Association, 300 Delaware Avenue, 9th Floor, Wilmington, DE 19801; its telephone number is (302) 576-3700; and its facsimile number is 302-576-3717. The organizational identification number of the Issuer is 3530332. The Issuer is a statutory trust organized in series pursuant to Sections 3804 and 3806(b)(2) of the Trust Act. Separate and distinct records shall be maintained for each Series of the Issuer and the assets of the Issuer associated with each Series of the Issuer shall be held and accounted for separately from the other assets of the Issuer. The debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to each Series of the Issuer shall be enforceable against only the assets of the relevant Series of the Issuer, and not against the assets of the Issuer generally or the assets related to any other Series of the Issuer.

Pursuant to the Trust Agreement, the Issuer has one trustee. The Delaware Trustee of the Issuer is U.S. Bank Trust National Association. The Issuer, entered into the Administrative Services Agreement with AMACAR Pacific Corp. in its capacity as Administrator of the Issuer and of each Series of the Issuer. As provided in the Administrative Services Agreement, the Administrator will conduct the business and affairs of the Issuer and each Series of the Issuer pursuant to the Indenture, the Dealership Agreement, the Amended and Restated Indemnification Agreement, dated as of September 8, 2011 (as the same may be amended, modified, restated, supplemented and/or replaced from time to time, the "**Indemnification Agreement**"), among the Issuer, MetLife Insurance Company of Connecticut, Metropolitan Life Insurance Company, a New York stock life insurance company ("**Metropolitan Life**"), and the Permanent Dealers (as defined therein), each Funding Agreement, each Support and Expenses Agreement and the Expense Calculation Agency Agreement, dated as of September 8, 2010 (the "**Expense Calculation Agency Agreement**"), between the Issuer and AMACAR Pacific Corp. Under the Administrative Services Agreement, AMACAR Pacific Corp. has agreed to serve as Administrator of the Issuer until such time as the Administrative Services Agreement is terminated. The Administrative Services Agreement may be terminated by AMACAR Pacific Corp. upon 30 days notice and the Issuer may terminate such agreement for reasonable cause upon 30 days notice. Such termination will not become effective until the Issuer has appointed a successor Administrator, the successor Administrator has accepted such appointment and that the appointment of the successor Administrator does not result in a reduction or withdrawal of the credit rating of any Series of the Issuer.

Pursuant to the Trust Agreement, the Issuer has no authorized or issued shares of capital stock. The Beneficial Owner of the Deposit (as defined in the Trust Agreement) of the Issuer is AMACAR Pacific Corp. The Beneficial Owner's only interest in the Issuer is the Deposit. The Series Beneficial Owner is the sole "beneficial owner" of each Series of the Issuer (as defined and used in Sections 3801(a) and 3806(b)(2) of the Trust Act). After the payment in full to the Holders of a Series of Notes of all amounts required to be paid to them and the satisfaction of all other expenses and liabilities of the relevant Series of the Issuer, the Series Beneficial Owner will be entitled to receive any amounts remaining in the Collection Account and the Expense Account for the relevant Series. Neither the Beneficial Owner nor the Series Beneficial Owner will be secured by the Trust Estate relating to any Series of Notes.

None of MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates owns any beneficial interest in the Issuer nor has any of these entities entered into any agreement with the Issuer other than (i) the Indemnification Agreement pursuant to which, among other things, MetLife Insurance Company of Connecticut has indemnified the Issuer for any losses arising out of, or in relation to, any untrue or alleged untrue statement of a material fact contained in this Offering Circular, or any omission or alleged omission from this Offering Circular of a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading (other than any information contained in this Offering Circular which has been supplied in writing by any Dealers for the purpose of including the same in this Offering Circular), (ii) a license agreement pursuant to which, among other things, MetLife Insurance Company of Connecticut has granted to the Issuer a non-exclusive

license to use the name "MetLife Insurance Company of Connecticut" as provided therein in connection with the Program and (iii) the documents contemplated by this Program in connection with the issuance of each Series of Notes thereunder including, but not limited to, the Support and Expenses Agreements. Neither MetLife Insurance Company of Connecticut, MetLife, Inc. nor any of their respective subsidiaries or affiliates, is affiliated with the Delaware Trustee, the Beneficial Owner, the Series Beneficial Owner, the Administrator or the Indenture Trustee.

Issuance of Notes

The Issuer was formed as a special purpose vehicle solely for the purposes of (i) issuing Notes (which are considered to be asset backed securities for the purposes of the Prospectus Directive) to investors, the net proceeds of which are to be used to purchase Funding Agreements issued by MetLife Insurance Company of Connecticut, and entering into Support and Expenses Agreements, (ii) holding the Deposit for the benefit of the Beneficial Owner and (iii) engaging in activities incidental thereto. The activities of the Issuer in connection with the issuance of the Notes are prescribed in the Indenture.

The Indenture contemplates that the Issuer may enter into supplements to such Indenture from time to time pursuant to which the Issuer will issue Tranches of Notes. In connection with the issuance of each Tranche of Notes the Issuer will purchase a Funding Agreement issued by MetLife Insurance Company of Connecticut with a balance which shall be equal to the outstanding aggregate principal amount of all Notes of the relevant Tranche of Notes at maturity (including any early maturity due to a Mandatory Early Redemption or an Event of Default). The Issuer and MetLife Insurance Company of Connecticut will enter into a Support and Expenses Agreement in connection with each Tranche.

The Issuer's estate, right, title and interest in and to all Funding Agreements and the Support and Expenses Agreements for the Tranches of a Series of Notes (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in such Support and Expenses Agreements) will be included in the Trust Estate which the Issuer grants to the relevant Series Agent for the benefit and security of the Secured Parties. The Indenture includes a number of restrictive covenants, including a covenant that prohibits the Issuer from engaging in any business activities or incurring any liability, directly or indirectly, for any indebtedness other than the issuance of Notes and the entering into related agreements contemplated under the Indenture. No Series of Notes will have any right to receive payments under any Funding Agreement or Support and Expenses Agreement, as the case may be, related to any other Series of Notes.

Financial Statements

Delaware law does not require that the Issuer, either generally or with respect to any Series of the Issuer, prepare financial statements. Although the Issuer has commenced operations, it has not prepared financial statements as of the date of this Offering Circular, and it is not anticipated that any such financial statements will be prepared with respect to the Issuer generally or with respect to any Series of the Issuer. Each Final Terms will set forth the capitalization of the Issuer, both actual and as anticipated immediately following the closing of the sale of the relevant Tranche of Notes. If and when prepared, copies of the financial statements of the Issuer generally and with respect to any Series of the Issuer, will be made available free of charge from the Issuer at its offices c/o AMACAR Pacific Corp. 6525 Morrison Boulevard, Suite 318, Charlotte, North Carolina 28211, and such financial statements will also be available free of charge from the principal office of the Irish Paying Agent for prospective Holders of Notes admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange and from the principal office of the Paying Agent(s) for prospective Holders of Notes not admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange, in each case as provided under "General Information."

The Issuer has paid-in capital in the amount of $1,000, which amount has been paid by AMACAR Pacific Corp. as the Beneficial Owner. AMACAR Pacific Corp. is not affiliated with MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates. Other than the indebtedness evidenced by the Notes issued from time to time under the Program, neither the Issuer nor any Series of the Issuer will have any indebtedness.

Expenses

Expenses of the Issuer relating to any Series of the Notes will be paid out of the proceeds of the issuance of any such Series as well as the amount of any interest paid on an ongoing basis under the Funding Agreement relating to such Series that is in excess of the interest due on such Series of Notes. Each Series of the Issuer will have a separate Expense Account from which expenses, including both Anticipated Expenses and Unanticipated Expenses, of the Issuer relating to that Series may be paid. Anticipated Expenses shall be paid prior to Unanticipated Expenses. Any amounts remaining in the Expense Account after any and all obligations of the Issuer for the Series of Notes have been met will be given to the Series Beneficial Owner. The Expense Account for a Series will not be included in the Trust Estate for the related Series of Notes.

CAPITALIZATION OF THE ISSUER

The following table presents the Issuer's capitalization:

	September 7, 2012
Debt:	
Long-term debt	$ 2,850,000,000
Total debt	2,850,000,000
Equity:	
Paid in capital	$ 1,000
Total equity	1,000
Total capitalization	$ 2,850,001,000

BUSINESS OF MICC

MetLife Insurance Company of Connecticut, and its subsidiaries (collectively, "**MICC**"), including MetLife Investors USA Insurance Company ("**MLI-USA**"), are wholly owned subsidiaries of MetLife, Inc. MetLife Insurance Company of Connecticut was incorporated on June 17, 1863 under the laws of the State of Connecticut, as a corporation with an indefinite life. The federal employer identification number of MetLife Insurance Company of Connecticut is 06-0566090. The rights of MetLife, Inc. and MetLife Investors Group, Inc. ("**MLIG**"), a wholly owned subsidiary of MetLife, Inc., as shareholders in MetLife Insurance Company of Connecticut are set forth in the Charter and By-laws of MetLife Insurance Company of Connecticut, the Insurance Law and the Business Corporation Law of the State of Connecticut. MetLife Insurance Company of Connecticut is managed under the direction of its directors in accordance with the Charter and By-laws and with the provisions of the Insurance Law and Business Corporation Law of the State of Connecticut.

As announced in November 2011, MetLife, Inc. reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, MICC reorganized into two segments: Retail and Corporate Benefit Funding. In addition, MICC reports certain of its results of operations in Corporate & Other. Management continues to evaluate MICC's segment performance and allocated resources and may adjust such measurements in the future to better reflect segment profitability.

The Retail segment includes the Annuities and Life businesses, which were previously reported in the former Retirement Products and Insurance Products segments, respectively. In addition, the Corporate Benefit Funding segment remains essentially unchanged from prior periods. Lastly, the non-medical health business, which was previously reported in the former Insurance Products segment, is now reported in Corporate & Other.

The Retail segment offers a broad range of protection products and a variety of annuities primarily to individuals and is organized into two businesses: Annuities and Life. Annuities include a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Life insurance products include variable life, universal life, term life and whole life products. Additionally, through MICC's broker dealer affiliates, it offers a full range of mutual funds and other securities products.

The Corporate Benefit Funding segment includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This segment also includes certain products to fund company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

Corporate & Other contains the excess capital not allocated to the segments, run-off business, MICC's ancillary international operations and non-medical health business, interest expense related to the majority of MICC's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Also in the first quarter of 2012, MICC adopted new guidance regarding accounting for deferred acquisition costs ("**DAC**"). See Note 1 of the Notes to the Unaudited Interim Condensed Financial Statements attached hereto as part of Annex C to this Offering Circular for further information. As a result, prior period results have been revised in connection with MetLife, Inc.'s reorganization and the retrospective application of the first quarter 2012 adoption of new guidance regarding accounting for DAC.

As of June 30, 2012 and December 31, 2011, MICC's total assets were $176.7 billion and $171.1 billion, respectively. Net income for the quarter ended June 30, 2012 and 2011 was $517 million and $359 million, respectively.

MetLife Insurance Company of Connecticut's statutory office and principal executive office are located at 1300 Hall Boulevard, Bloomfield, Connecticut 06002 and its telephone number is (860) 656-3000. For more information about MetLife Insurance Company of Connecticut and its business, see MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, attached hereto in excerpted form as Annex A, which was revised as and to the extent reflected in MetLife Insurance Company of Connecticut's Current Report on Form 8-K dated May 31, 2012, attached hereto as Annex B, and MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, attached hereto as Annex C.

Directors of MetLife Insurance Company of Connecticut

The following table sets forth MetLife Insurance Company of Connecticut's directors and their respective positions as of August 22, 2012.

Name of Director	Age	Position
Elizabeth M. Forget	44	Director
Gene L. Lunman	52	Director
Eric T. Steigerwalt	51	Chairman, President and Chief Executive Officer

The business address of each director of MetLife Insurance Company of Connecticut is as follows: Ms. Forget - 1095 Avenue of the Americas, New York, New York 10036; Mr. Lunman – 1300 Hall Boulevard, Bloomfield, Connecticut 06002; Mr. Steigerwalt – 501 Route 22, Bridgewater, New Jersey 08807.

None of the directors have a conflict of interest between their duties to MetLife Insurance Company of Connecticut and their private interests or other duties.

The following is biographical information for MetLife Insurance Company of Connecticut's directors:

Elizabeth M. Forget has been a Director of MetLife Insurance Company of Connecticut since June 2012 and has been Senior Vice President of the company since 2007. She is also President, Chief Executive Officer and Chairman of the Board of Managers of MetLife Advisors, LLC, an affiliate of MICC ("**MLA**"), with ultimate responsibility for MLA's investment advisory business. Ms. Forget has also been the President, Chief Executive Officer and Chairman of the Board of the Trusts of the Met Investors Series Trust and the Met Series Fund since 2000 and 2006, respectively. She served as Vice President of Metropolitan Life Insurance Company from 2003 to July 2007 when she was promoted to Senior Vice President. Between December 2000 and May 2009, Ms. Forget served as President of Met Investors Advisory, LLC, an affiliate of MICC, which merged into MLA on May 1, 2009. Ms. Forget holds a Bachelor of Science degree in Finance from Boston College and a Masters of Management degree in Marketing and Management Strategy from Northwestern University's J.L. Kellogg Graduate School of Management.

Eric T. Steigerwalt has been the Chairman, President and Chief Executive Officer of MetLife Insurance Company of Connecticut since June 2012. He has been Executive Vice President of MetLife, Inc. since November 2011 and has served as Interim Chief Financial Officer of MetLife, Inc. and Metropolitan Life Insurance Company since November 2011. He is expected to continue to serve as the Interim Chief Financial Officer of MetLife, Inc. and Metropolitan Life Insurance Company until September 2012. He has been Executive Vice President of Metropolitan Life Insurance Company since January 2010, prior to which he served as Senior Vice President of Metropolitan Life Insurance Company from June 2000 to December 2009 and Vice President of Metropolitan Life Insurance Company from September 1998 to June 2000. Mr. Steigerwalt also served as Senior Vice President of MetLife, Inc. from June 2000 through July 2009, and served as Treasurer of MetLife, Inc. and Metropolitan Life Insurance Company from May 2007 to July 2009. As an officer of Metropolitan Life Insurance Company, he served as Chief Financial Officer for U.S. Business from August 2009 to November 2011, Chief Financial Officer for Individual Business from 2002 to 2003 and head of Investor Relations from 2000 to 2002. Mr. Steigerwalt is a graduate of Drew University.

Gene L. Lunman has been a Director of MetLife Insurance Company of Connecticut since June 2012 and has been Senior Vice President of the company since 2007. Mr. Lunman has also been Senior Vice President and Head of Retail Life at Metropolitan Life Insurance Company since 2006. He has been a Director of the MetLife reinsurance subsidiaries beginning in 2006, and a Vice President of the MetLife investor companies since 2007. Mr. Lunman joined MetLife in 2005 as part of the acquisition of the Travelers insurance companies. Mr. Lunman spent 24 years at Travelers Life & Annuity working in a variety of roles in individual insurance, including product development, reinsurance and other actuarial functions. Mr. Lunman is a graduate of the State University of New York at Potsdam.

CAPITALIZATION OF MICC

MetLife Insurance Company of Connecticut has 40,000,000 authorized shares of common stock with a par value of $2.50 per share, of which 34,595,317 have been fully paid for and are issued and outstanding as of June 30, 2012. Of the outstanding shares, 30,000,000 shares are owned directly by MetLife, Inc. and the remaining 4,595,317 shares are owned by MLIG. There exists no established public trading market for the common equity of MetLife Insurance Company of Connecticut.

The following table, which is based on MetLife Insurance Company of Connecticut's Unaudited Interim Condensed Consolidated Financial Statements attached as part of Annex C to this Offering Circular, sets forth the capitalization of MICC at the date indicated below.

	June 30, 2012 (In millions)
Long-term debt (1)	$ 3,641
Stockholders' equity:	
Common stock	$ 86
Additional paid-in capital	6,673
Retained earnings	1,343
Accumulated other comprehensive income	2,183
Total stockholders' equity	10,285
Total capitalization	$ 13,926

(1) Includes $2,849 million of long-term debt relating to variable interest entities. See Note 3 of the Notes to the Unaudited Interim Condensed Consolidated Financial Statements attached as part of Annex C to this Offering Circular.

MICC has confirmed that there have been no material changes in its capitalization from June 30, 2012 through the date hereof.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes (collectively, the "**Terms and Conditions**" and each, a "**Condition**"), which, as supplemented, modified or replaced in relation to any Notes by the relevant Final Terms will be applicable to each Series of Notes. Certain provisions relating to the Notes while in global form, and certain modifications of these Terms and Conditions applicable to Notes while in global form, are described in the section of this Offering Circular entitled "Global Notes." Capitalized terms which are not otherwise defined within the Terms and Conditions shall have the meanings attributed to them in the Indenture.

The Notes will be issued pursuant to and in accordance with the Indenture. References herein to the "**Paying Agents**" shall include the Principal Paying Agent, the Irish Paying Agent, and any substitute or additional paying agent appointed in accordance with the Indenture, and their respective permitted successors and assigns. For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Terms and Conditions of any Series of Notes, the Issuer may appoint a calculation agent (the "**Calculation Agent**") for such purposes, in accordance with the provisions of the Indenture, and such Calculation Agent shall be specified in the applicable Final Terms. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of all of the provisions of the Indenture, the relevant Funding Agreement or Funding Agreements issued by MetLife Insurance Company of Connecticut insofar as they relate to the relevant Notes. Copies of the Indenture and the Funding Agreement relating to the relevant Tranche, will be provided free of charge to each person to whom a copy of the Offering Circular has been delivered, upon the request of such person, as described under "General Information."

The Indenture contains general provisions for the retirement and removal of the Indenture Trustee and the Series Agents including, but not limited to, the resignation of the Indenture Trustee or a Series Agent without reason, the removal of the Indenture Trustee or a Series Agent with respect to the Notes of any Series by Act (as defined in the Indenture) of the Holders representing at least a majority in aggregate principal amount of the outstanding Notes of such Series and termination of the Indenture Trustee or a Series Agent by the Issuer in the event of, among other things, bankruptcy or insolvency of the Indenture Trustee or a Series Agent, all as more fully described in the Indenture.

The Notes will be issued in Series pursuant to the Indenture. Each Series of Notes may be comprised of one or more Tranches, each of which will be the subject of a Final Terms and will be issued pursuant to a Tranche Supplement. Copies of each Final Terms will be available for inspection during normal business hours at the specified office of the Issuer and the Principal Paying Agent and/or, as the case may be, the Registrar and, in the case of Notes admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange and so long as the rules of such exchange shall require, shall be obtainable at the principal office of the Irish Paying Agent. In the case of a Series or Tranche of Notes in relation to which application has not been made for listing on any stock exchange, copies of the Tranche Supplement and/or the Final Terms will only be available for inspection by a Holder of such Series or Tranche of Notes at the specified office of the Principal Paying Agent and/or, as the case may be, the Registrar.

References in these Terms and Conditions to Notes are to Notes of the relevant Series and any references to Coupons (as defined in Condition 1.02) and Receipts (as defined in Condition 1.02) are to Coupons and Receipts relating to Bearer Notes of the relevant Series.

References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Notes of the relevant Tranche.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the relevant Final Terms.

1. Form and Denomination Form of Notes

1.01 Notes will be issued as Bearer Notes or Registered Notes, as specified in the Final Terms, and will be serially numbered. Registered Notes are not exchangeable for Bearer Notes.

1.02 Interest-bearing Bearer Notes will have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest except in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Notes will have attached thereto at the time of their initial delivery a talon ("**Talon**") for further coupons. Bearer Notes, the principal amount of which is repayable by installments ("**Installment Notes**"), will have attached thereto at the time of their initial delivery payment receipts ("**Receipts**") in respect of the installments of principal. The expression "Coupons" shall, where the context so requires, include Receipts and Talons.

1.03 Any Note issued in registered or bearer form, whether global or definitive, will bear a legend substantially to the following effect:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE OR FOREIGN SECURITIES LAWS, AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT").

THE NOTES EVIDENCED HEREBY SHALL ONLY BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO OR HELD BY (A)(1) A PERSON WHO IS (I) A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), AND (II) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS, AND (III) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A SO LONG AS THE NOTES EVIDENCED HEREBY ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A IN ACCORDANCE WITH RULE 144A; OR (2) A PERSON THAT IS NOT A U.S. PERSON OUTSIDE THE UNITED STATES OR ANY OF ITS TERRITORIES OR POSSESSIONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT; AND (B) IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES, ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

THE NOTES EVIDENCED HEREBY SHALL NOT BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO A PERSON WHO IS AN INSURER DOMICILED IN THE STATE OF ARKANSAS, A HEALTH MAINTENANCE ORGANIZATION, FARMERS' MUTUAL AID ASSOCIATION OR OTHER ARKANSAS DOMESTIC COMPANY REGULATED BY THE ARKANSAS INSURANCE DEPARTMENT. ANY PERSON DESCRIBED IN THE FOREGOING SENTENCE WHO ACQUIRES A NOTE SHALL NOT BE ENTITLED TO RECEIVE ANY PAYMENTS THEREUNDER. THE INDIANA INSURANCE DEPARTMENT HAS STATED THAT INDIANA DOMESTIC INSURERS SHOULD CONTACT THE INDIANA INSURANCE DEPARTMENT BEFORE PURCHASING THE NOTES.

BY ITS ACCEPTANCE OF THE NOTES, EACH HOLDER OF THE NOTES SHALL BE DEEMED TO HAVE REPRESENTED TO THE ISSUER THAT (A) SUCH HOLDER IS EITHER (1) (I) NOT A U.S. PERSON; AND (II) NOT PURCHASING THE NOTES IN THE UNITED STATES OR ANY OF ITS TERRITORIES OR POSSESSIONS; OR (2) (I) A QUALIFIED INSTITUTIONAL BUYER; (II) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS; AND (B) EITHER (X) IT IS NOT, AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF, (i) AN EMPLOYEE BENEFIT PLAN OR OTHER PLAN OR RETIREMENT ARRANGEMENT THAT IS SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (ii) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN THAT IS SUBJECT TO PROVISIONS OF NON-U.S., FEDERAL, STATE OR LOCAL LAW SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY "SIMILAR LAWS"), OR (Y) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES OR ANY BENEFICIAL INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN (i) A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR FOREIGN PLAN, ANY SIMILAR LAWS) BY REASON OF THE EXEMPTIVE RELIEF AVAILABLE UNDER ONE OR MORE APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTIONS, OR (ii) ANY OTHER VIOLATION OF ERISA OR SIMILAR LAWS; (B) SUCH HOLDER IS NOT AN INSURER DOMICILED IN THE STATE OF ARKANSAS, A HEALTH MAINTENANCE ORGANIZATION, FARMERS' MUTUAL AID ASSOCIATION OR OTHER ARKANSAS DOMESTIC COMPANY REGULATED BY THE ARKANSAS INSURANCE DEPARTMENT; AND (C) IT IS SUCH HOLDER'S INTENT AND SUCH HOLDER UNDERSTANDS IT IS THE ISSUER'S INTENT, FOR PURPOSES OF UNITED STATES FEDERAL INCOME, STATE AND LOCAL INCOME TAXES THAT THE NOTES BE TREATED AS DEBT, AND SUCH HOLDER AGREES TO SUCH TREATMENT AND TO TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT.

IN CONNECTION WITH ANY TRANSFER OF THE NOTES, THE PROPOSED TRANSFEREE WILL BE REQUIRED TO DELIVER TO THE INDENTURE TRUSTEE SUCH CERTIFICATES, OPINIONS AND OTHER INFORMATION AS THE ISSUER (BASED ON THE WRITTEN ADVICE OF THE ISSUER'S COUNSEL) MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

The following legend will also appear on any Global Bearer Notes and Definitive Bearer Notes, and any Coupons appertaining thereto:

NOTES IN BEARER FORM, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR ITS POSSESSIONS OR TO UNITED STATES PERSONS, AS DEFINED IN SECTION 7701(a)(30) OF THE CODE.

ANY UNITED STATES PERSON, AS DEFINED IN SECTION 7701(a)(30) OF THE CODE, WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO THE LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE CODE.

Denomination of Bearer Notes

1.01 Bearer Notes will be in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination, *provided* that, unless otherwise specified in the applicable Final Terms, in the case of any Notes which are to be admitted to trading on a Regulated Market or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or the equivalent thereof in another currency at the time of issue of the relevant Series of Notes).

Denomination of Registered Notes

1.02 Registered Notes will be in the minimum denomination specified in the Final Terms or integral multiples thereof, *provided* that in the case of any Notes which are to be admitted to trading on a Regulated Market or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or the equivalent thereof in another currency at the time of issue of the relevant Series of Notes).

Currency of Notes

1.03 The Notes will be denominated in such currency or currencies as may be specified in the Final Terms. Any currency or currencies may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

2. Title and Transfer

2.01 Title to Bearer Notes, Receipts and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Notes or of Receipts or Coupons are to the bearers of such Bearer Notes or such Receipts or Coupons. Bearer Notes that are not treated as being in "registered form" for United States federal income tax purposes and having a maturity at issue in excess of one year, are subject to United States tax law requirements and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to United States persons (as defined in Section 7701(a)(30) of the Code and United States Treasury Regulations).

2.02 Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the "**Holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

2.03 The Holder of any Bearer Note, Coupon, or Registered Note will (except as otherwise required by applicable law or regulatory requirements) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Transfer of Registered Notes and Exchange of Bearer Notes for Registered Notes

2.04 A Registered Note may, upon the terms and subject to the conditions set forth in the Indenture, be transferred in whole or in part (*provided* that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) only upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or at the office of Citibank Europe plc in its capacity as Irish Transfer Agent, which shall include any successor to Citibank Europe plc in its capacity as such. A new Registered Note will be issued to the transferee and, in the case of a transfer of only part of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor. Registered Notes will not be exchangeable for Bearer Notes.

2.05 If so specified in the Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Indenture. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Irish Transfer Agent in Ireland, the Principal Paying Agent or the Registrar together with a written request for the exchange in the form provided for this purpose by the Principal Paying Agent or, as the case may be, the Registrar or the Transfer Agent. Each Bearer Note so surrendered must be

accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the Bearer Note Exchange Date (as defined in Condition 2.06) where the Bearer Note Exchange Date would, but for the provisions of Condition 2.06, occur between the Record Date (as defined in Condition 12B.03) for such payment of interest and the date on which such payment of interest is due.

2.06 Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days (as hereinafter defined) of the Transfer Date or, as the case may be, the Bearer Note Exchange Date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer, be available for collection at the office of the Irish Transfer Agent or be mailed (by uninsured mail at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Principal Paying Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Principal Paying Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions:

(i) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Transfer Agent, the Registrar or the Principal Paying Agent, in the place where the specified office of the Transfer Agent, the Registrar or the Principal Paying Agent is located;

(ii) "**Bearer Note Exchange Date**" means the Relevant Banking Day immediately following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.05; and

(iii) "**Transfer Date**" means the Relevant Banking Day immediately following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.04.

2.07 The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Principal Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Principal Paying Agent or the Registrar may require in respect of) any tax, duty, levy, assessment or other governmental charges which may be imposed in relation thereto.

2.08 The Holder of a Registered Note will be recognized by the Issuer as entitled to such Registered Note free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Registered Note.

3. Status of the Notes

3.01 The Notes constitute direct, unconditional, unsubordinated and secured non-recourse obligations of the Issuer and rank *pari passu* without any preference among themselves.

4. Trust Estate for each Series of Notes

4.01 Each Series of Notes will be secured by a separate Trust Estate (as hereinafter defined) which will consist of certain assets and rights of the Issuer in which the Issuer grants to the Series Agent for the benefit and security of the Holders of the Notes of a particular Series and to the Indenture Trustee, the relevant Series Agent, the Agents, the Delaware Trustee and the Administrator, a security interest pursuant to the relevant Tranche Supplement to be entered into by the Issuer, the relevant Series Agent and the Indenture Trustee for each Tranche for the purpose of granting and perfecting such security interests in the Trust Estate for such Series of Notes. Holders of Notes of a particular Series of Notes will be entitled to the benefit and security of only the Trust Estate applicable to such Series of Notes. Any claims of the Holders of the Notes of a particular Series of Notes in excess of amounts received by the Issuer under the relevant Trust Estate will be extinguished.

4.02 Unless otherwise provided in the Final Terms and the relevant Tranche Supplement(s) relating to the Tranche(s) of a particular Series of Notes, the "**Trust Estate**" for any Series of Notes will consist of all the Issuer's estate, right, title and interest in and to (a) the relevant Funding Agreements and the Support and Expenses Agreements (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in such Support and Expenses Agreements) entered into in connection with each Tranche of such Series, (b) all amounts and instruments on deposit from time to time in the related Collection Account (as defined in the Indenture), (c) all interest, securities, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or

in exchange for any or all of the foregoing, (d) all present and continuing exclusive right, power and authority of the Issuer to make claim for, collect and receive any and all rents, sums, amounts, income, revenues, issues, profits, proceeds, security and other monies payable or receivable under, on account of or with respect to the foregoing, including payments in respect of the relevant Funding Agreements, (e) all present and continuing right, power and authority of the Issuer, in the name and on behalf of the Issuer, as agent and attorney-in-fact, or otherwise, to make claim for and demand performance on, under or pursuant to any of the foregoing, to bring actions and proceedings thereunder or for the specific or other enforcement thereof, or with respect thereto, to make all waivers and agreements, to grant or refuse requests, to give or withhold notices, and to exercise all rights, remedies, powers, privileges and options, to grant or withhold consents and approvals and do any and all things and exercise all other discretionary rights, options, privileges or benefits which the Issuer is or may become entitled to do with respect to the foregoing, without notice to, consent or approval by or joinder of the Issuer, (f) all Collateral Management Rights (as defined in the Indenture) with respect to the Trust Estate and each contract, agreement or other document or instrument included therein, and (g) all revenues, issues, products, accessions, substitutions, replacements, profits and proceeds of and from all the foregoing.

4.03 In furtherance of the grant of the Trust Estate for such Series of Notes, the Issuer will appoint the Series Agent for such Series of Notes as its attorney-in-fact to exercise any and all Collateral Management Rights with respect to the Trust Estate held for the benefit of the Holders of such Series of Notes, the Indenture Trustee, the relevant Series Agent, the Agents, the Delaware Trustee and the Administrator, and each contract, agreement or other document or instrument included therein. The amounts held in the relevant Expense Account for any Series of the Issuer (as hereinafter described) will not be included in the Trust Estate for the related Series of Notes. In addition, the subrogation rights of MetLife Insurance Company of Connecticut under each relevant Support and Expenses Agreement and any amounts relating thereto will not be included in the Trust Estate for the related Series of Notes.

4.04 Pursuant to the Indenture, the Indenture Trustee, the Series Agents, the Principal Paying Agent, the Registrar and Paying Agents take priority over the Holders of Notes upon a liquidation of the Issuer or of the Trust Estate.

To the extent that the Issuer's current obligation to pay interest on a particular Series of Notes has been satisfied, the excess amounts, if any, paid under the related Funding Agreements will be deposited in the Expense Account for the relevant Series of the Issuer established by the Indenture Trustee. The Indenture Trustee, pursuant to the terms of the Indenture, will promptly deposit any amounts in such Expense Account into a bank account, where they will be held in trust and withdrawn solely by the Indenture Trustee for the purpose of paying Anticipated Expenses and Unanticipated Expenses (each, as defined in the Indenture). The Indenture Trustee will pay Anticipated Expenses prior to Unanticipated Expenses. After all such expenses of the relevant Series of the Issuer have been paid in full, the Indenture Trustee will dissolve the relevant bank account and the remaining funds, if any, that are on deposit in such bank account shall immediately be distributed (i) first, in respect of any administrative expenses incurred in connection with such bank account and (ii) second, the remainder to the Series Beneficial Owner in accordance with the terms of the Trust Agreement. The Expense Account for a Series of the Issuer will not be a part of the Trust Estate for the related Series of Notes.

5. Covenants of the Issuer

5.01 Under the Indenture, the Issuer has made certain covenants regarding payment of principal and interest with respect to any Tranche, maintenance of office or agency, money for each Series of Notes to be held in trust, protection of the Trust Estate, initial and annual statements as to compliance, performance of obligations, existence, notices and payment of taxes and other claims and reports and financial information for each Series of the Issuer. In addition, the Issuer has covenanted that it will not:

(i) sell, transfer, exchange, assign, lease, convey or otherwise dispose of any of the assets of the Issuer or any Series of the Issuer (now owned or hereafter acquired), including, without limitation, any portion of any Trust Estate other than the Deposit in which the relevant Beneficial Owner owns the sole beneficial interest or any Expense Account, except as expressly permitted by the Indenture;

(ii) make any deduction or withholding from the principal of, or interest on, any Series of Notes issued under the Indenture (other than amounts that may be required to be withheld from such payments, or in respect of payments under any relevant Funding Agreement, under the Code or any other applicable tax law) except to the extent specified in the Indenture, the relevant Tranche Supplement or in any relevant Final Terms;

(iii) engage in any business or activity other than in connection with, or relating to, (a) the execution and/or delivery of, and the performance of its obligations under the Notes, the Indenture, the Administrative Services Agreement, the Dealership Agreement, the Indemnification Agreement, the Tranche Supplements, the Support and Expenses Agreements, the Funding Agreements, and any Assigned Documents (as defined in the Indenture) relating to any Series or Tranche of Notes and the transactions contemplated thereby (including, the execution

and delivery of the Final Terms and the delivery of the Offering Circular), (b) the issuance of the Notes pursuant to the Indenture and corresponding Tranche Supplements, (c) holding the Deposit for the benefit of the Beneficial Owner and (d) any activities, including entering into agreements, that are necessary, suitable or convenient to accomplish the objectives listed in Section 2.7(a) of the Trust Agreement;

(iv) incur or otherwise become liable, directly or indirectly, for any Indebtedness or Contingent Obligation (each, as defined in the Indenture), except for the Notes and then only on a non-recourse basis and as otherwise required or contemplated under the Program;

(v) (a) permit the validity or effectiveness of the Indenture or any Tranche Supplement or any grant of a security interest, pledge or collateral assignment thereunder to be impaired, or permit the Lien (as defined in the Indenture) under the Indenture or under any Tranche Supplement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person (as defined in the Indenture) to be released from any covenants or obligations under any Assigned Document, except as may be expressly permitted thereby, (b) amend or vary, or acquiesce in any amendment or variation of, or terminate any outstanding Funding Agreement or any Support and Expenses Agreement, except for any such amendments or variations as are not materially prejudicial to the interests of the Holders of the affected Series or other amendments or variations of a minor or technical nature, or which are to correct manifest errors or as required by applicable law, (c) create, incur, assume, or permit any Lien or other encumbrance (other than the Lien under the Indenture and any relevant Tranche Supplement) on any of its properties or assets now owned or hereafter acquired, interest therein or the proceeds thereof, or (d) permit the Lien under the Indenture and any relevant Tranche Supplement not to constitute a valid first priority perfected security interest in the applicable Trust Estate;

(vi) fail to comply with any material provision of the Trust Agreement or any supplement thereto;

(vii) lend or advance any funds to, or make any investment in, any Person, except for the investment of any funds of the Issuer or any Series of the Issuer held by the Indenture Trustee, a Series Agent, the Registrar or a Paying Agent as provided in any Assigned Document or the Indenture;

(viii) directly or indirectly make any distribution or other payment to the Beneficial Owner, or pay, prepay, purchase, repurchase or retire any Indebtedness (as defined in the Indenture) (or part thereof) other than (x) the repayment, redemption or repurchase of one or more Series of Notes in accordance with their respective originally stated terms of issue or (y) payments of Permitted Expenses;

(ix) make any withdrawals or transfers from any Funding Agreement or give any notice or instruction or take any other action with respect to any Funding Agreement without (a) obtaining the prior consent of the Indenture Trustee and the relevant Series Agent to any such action and (b) notifying any Rating Agency then rating the Program or the relevant Series of Notes;

(x) exercise any Collateral Management Rights with respect to the Trust Estate except at the direction of, or with the prior written approval of, the relevant Series Agent;

(xi) become an "investment company" or become under the "control" of an "investment company," as such terms are defined in the Investment Company Act, required to be registered under the Investment Company Act;

(xii) enter into any transaction of merger or consolidation or liquidate or dissolve itself (or suffer any liquidation or dissolution), or acquire by purchase or otherwise all or substantially all the business or assets of, or any stock or other evidence of beneficial ownership of, any Person;

(xiii) have any subsidiaries or any employees other than the Delaware Trustee, the Administrator and other Persons necessary to conduct its business and enter into transactions contemplated under the Indenture and the Trust Agreement;

(xiv) have an interest in any bank account other than (1) the Collection Accounts, (2) the Expense Accounts and (3) further accounts expressly permitted by the Indenture Trustee; *provided*, that any such further accounts or the Issuer's interest therein shall be charged or otherwise secured in favor of the relevant Series Agent on terms acceptable to the Indenture Trustee or the relevant Series Agent;

(xv) take any position for any United States federal income tax purposes that is inconsistent with the treatment of the Notes as indebtedness of MetLife Insurance Company of Connecticut for United States federal income tax purposes, unless otherwise required by applicable law; or

(xvi) vary the assets of any Series of the Issuer or otherwise take any action or fail to take any action which action or failure to act would cause any Series of the Issuer to fail to qualify as a "grantor trust" for United States Federal income tax purposes.

6. Non-Recourse Enforcement of Notes

6.01 Notwithstanding anything to the contrary contained in the Indenture, any Tranche Supplement or in the Notes of any Series, none of the Delaware Trustee, the Administrator or beneficial owners of the Issuer or any Series of the Issuer, or the Indenture Trustee or any Affiliate of the foregoing (collectively, the "**Non-Recourse Parties**") shall be personally liable for the payment of any principal, interest, Additional Amounts, any Permitted Expenses or any other sums now or hereafter owing under the terms of any Series of Notes, any Funding Agreement or any Support and Expenses Agreement. The obligations under any Series of Notes shall be payable only from the Trust Estate of such Series. If any Event of Default shall occur with respect to any Series of Notes, the right of the Holders of such Series and the Series Agent or the Indenture Trustee on behalf of such Holders shall be limited to a proceeding against the related Trust Estate (including the exercise of the Collateral Management Rights relating to such Series of Notes) for such Series of Notes or against any other third party other than the Non-Recourse Parties, and none of the Holders, the relevant Series Agent or the Indenture Trustee on behalf of such Holders will have the right to proceed against the Non-Recourse Parties or for the deficiency judgment remaining after foreclosure of any property included in such Trust Estate. However, this will not in any manner or way constitute or be deemed a release of the debt or other obligations evidenced by a particular Series of Notes or otherwise affect or impair the enforceability against the Issuer of the Liens created by the Indenture, any Assigned Documents (as defined in the Indenture), any Tranche Supplement, the Trust Estate for such Series of Notes, or any other instrument or agreement evidencing, securing or relating to the Indebtedness or the obligations evidenced by such Series of Notes until the Trust Estate for such Series of Notes has been realized and applied in accordance with the Indenture, whereupon the debt and other obligations of the Issuer in respect of such Series of Notes shall be extinguished and any monies remaining in the Expense Account will be released to the Series Beneficial Owner. The Series Agent shall not be precluded from foreclosing upon any property included in the Trust Estate for such Series of Notes or from enforcing any of the Collateral Management Rights relating to such Series of Notes or any other rights or remedies in law or in equity against the Issuer or the assets of each Series except as stated in the Indenture. Holders may not seek to enforce rights against the Issuer with respect to any Notes (i) by commencing any recovery or enforcement proceedings against the Issuer, (ii) by applying to wind up the Issuer, (iii) otherwise than through the Indenture Trustee in its exercise of powers, appointing a receiver or administrator for the Issuer or any of its assets, (iv) by making any statutory demand upon the Issuer under applicable corporation law, or (v) in any other manner except as may be provided in the Indenture, the applicable Tranche Supplement or in the Notes of the relevant Series.

Each of the Indenture Trustee, each Series Agent, each Holder of a Note by its acceptance of a Note, each Agent (as defined in the Indenture), the Delaware Trustee and the Administrator has covenanted and agreed that, for a period of one year plus one day after payment in full of all amounts payable under or in respect of the Indenture and the Notes, it will not institute against, or join with any other person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings any applicable bankruptcy or similar law.

7. Interest

7.01 Notes may be interest-bearing or non-interest-bearing, as specified in the Final Terms. Words and expressions appearing in this Condition 7 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 7.09.

Interest-bearing Notes

7.02 Notes which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrears on each Interest Payment Date.

Floating Rate Notes

7.03 If the Final Terms specifies the Interest Rate applicable to the Notes as being Floating Rate (as defined in the ISDA Definitions), the Interest Rate applicable to such Notes during each Interest Accrual Period will be the sum of the

relevant margin (the "**Relevant Margin**") specified in the Final Terms and the applicable base rate set forth below (each, a "**Base Rate**") as specified in the Final Terms:

"**CD Rate**" means the rate on an Interest Determination Date for negotiable United States dollar certificates of deposit having the Specified Duration specified in such applicable Final Terms as published in H.15(519) (as hereinafter defined) under the heading "CDs (secondary market)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Interest Determination Date for negotiable United States dollar certificates of deposit of the Specified Duration specified in the applicable Final Terms as published in H.15 Daily Update (as hereinafter defined), or such other recognized electronic source used for the purpose of displaying such rate, under the caption "CDs (secondary market)." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable United States dollar certificates of deposit in the City of New York (which may include the applicable Dealers or their affiliates) selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks for negotiable United States certificates of deposit with a remaining maturity closest to the Specified Duration specified in the applicable Final Terms in an amount that is representative for a single transaction in that market at that time; *provided*, *however*, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

"**H.15(519)**" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"**H.15 Daily Update**" means the daily update of H.15(519), available through the internet site of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15/update, or any successor site or publication.

"**CMT Rate**" means:

(i) If CMT Reuters Page FRBCMT is specified in the Final Terms as the Relevant Screen Page (as defined below) is specified in the applicable Final Terms:

a. the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Specified Duration specified in the applicable Final Terms as the yield is displayed on Reuters, Inc. (or any successor service) on page FRBCMT (or any other page as may replace the specified page on that service under the caption "Treasury Constant Maturities" ("**Reuters Page FRBCMT**") for the particular Interest Determination Date, or

b. if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Specified Duration and for the particular Interest Determination Date as published in H.15(519) under the caption "Treasury Constant Maturities", or

c. if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular Interest Determination Date for the period of the particular Specified Duration as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

d. if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three leading primary United States government securities dealers in the United States of America (which may include the Dealers or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Specified Duration, a remaining term to maturity no more than one year shorter than that Specified Duration and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

e. if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

f. if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Specified Duration, a remaining term to maturity closest to that Specified Duration and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

g. if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

h. if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular Interest Determination Date.

(ii) if Reuters Page FEDCMT is specified in the applicable Final Terms as the Relevant Screen Page:

a. the percentage equal to the one-week or one-month, as specified in the applicable Final Terms, average yield for United States Treasury securities at "constant maturity" having the Specified Duration specified in the applicable Final Terms as the yield is displayed on Reuters, Inc. (or any successor service) on page FEDCMT (or any other page as may replace the specified page on that service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

b. if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT, the percentage equal to the one-week or one-month, as specified in the applicable Final Terms, average yield for United States Treasury securities at "constant maturity" having the particular Specified Duration and for the week or month, as applicable, preceding the particular Interest Determination Date as published in H.15(519) opposite the caption "Treasury Constant Maturities", or

c. if the rate referred to in clause (b) does not so appear in H.15(519), the one-week or one-month, as specified in the applicable Final Terms, average yield for United States Treasury securities at "constant maturity" having the particular Specified Duration as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

d. if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Specified Duration, a remaining term to maturity no more than one year shorter than that Specified Duration and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

e. if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

f. if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five

Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Specified Duration, a remaining term to maturity closest to that Specified Duration and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

g. if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

h. if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that Interest Determination Date.

If two United States Treasury securities with an original maturity greater than the Specified Duration specified in the applicable Final Terms have remaining terms to maturity equally close to the particular Specified Duration, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

"**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to Interest Determination Date, the Money Market Yield (as hereinafter defined) on such date of the rate for commercial paper having the Specified Duration specified in the applicable Final Terms as published in H.15(519) under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Specified Duration specified in the applicable Final Terms as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in the United States of America (which may include the Dealers or their affiliates) selected by the Calculation Agent for commercial paper having the Specified Duration specified in the applicable Final Terms placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; *provided*, *however*, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = (D \times 360 / 360 - (D \times M)) \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

"**Eleventh District Cost of Funds Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Interest Determination Date, the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Interest Determination Date falls as set forth under the caption "11th District" on the display on Reuters, Inc. (or any successor service) on page COFI/ARMS (or any other page as may replace such page on such service) ("**Reuters Page COFI/ARMS**") as of 11:00 A.M., San Francisco time, on such Interest Determination Date. If such rate does not appear on Reuters Page COFI/ARMS on such Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "**Eleventh District Index**") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding such Interest Determination Date. If the FHLB of San Francisco fails to announce the Eleventh District Index on or prior to such Interest Determination Date for the calendar month immediately preceding such Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Interest Determination Date.

EURIBOR Notes will bear interest at the rates (calculated with reference to the European interbank offered rate for deposits in euro, or "EURIBOR", and the Spread and/or Spread Multiplier, if any) specified in such EURIBOR Note and any applicable Final Terms.

"**EURIBOR**" means, with respect to any Interest Determination Date, the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Specified Duration specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, as that rate appears on Reuters, Inc., or any successor service, on page EURIBOR01 (or any other page as may replace that specified page on that service) ("**Reuters Page EURIBOR01**") as of 11:00 A.M., Brussels time, on the applicable Interest Determination Date. If such rate does not appear on Reuters Page EURIBOR01, or is not so published by 11:00 A.M., Brussels time, on the applicable Interest Determination Date, such rate will be calculated by the Calculation Agent and will be the arithmetic mean of at least two quotations obtained by the Calculation Agent after requesting the principal Euro-zone (as defined below) offices of four major banks in the Euro-zone interbank market to provide the Calculation Agent with its offered quotation for deposits in euros for the period of the Specified Duration specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately 11:00 A.M., Brussels time, on the applicable Interest Determination Date and in a principal amount not less than the equivalent of $1 million in euros that is representative for a single transaction in euro in that market at that time. If fewer than two such quotations are so *provided*, the rate on the applicable Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such Interest Determination Date by four major banks in the Euro-zone for loans in euro to leading European banks, having the Specified Duration specified in the applicable Final Terms commencing on the applicable Interest Reset Date and in a principal amount not less than the equivalent of $1 million in euros that is representative for a single transaction in euros in that market at that time. If the banks so selected by the Calculation Agent are not quoting as mentioned above, EURIBOR will be EURIBOR in effect on the applicable Interest Determination Date.

"**Euro-zone**" means the region comprised of member states of the EU that have adopted the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on EU.

"**Federal Funds Rate**" means, with respect to any Interest Determination Date, the rate on such date for United States dollar Federal funds as published in H.15(519) under the heading "Federal Funds (Effective)", as such rate is displayed on Reuters, Inc. (or any successor service) on page FEDFUNDS1 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUNDS1**"), or, if such rate does not appear on Reuters Page FEDFUNDS1 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Interest Determination Date for United States dollar Federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Reuters Page FEDFUNDS1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar Federal funds arranged by three leading brokers of United States dollar Federal funds transactions in the City of New York (which may include the Dealers or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Interest Determination Date; *provided*, *however*, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Interest Determination Date will be the Federal Funds Rate in effect on such Interest Determination Date.

"**LIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date, LIBOR will be either:

(a) if "LIBOR Reuters" is specified in the applicable Final Terms, the arithmetic mean of the offered rates (unless the LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the LIBOR Currency having the Specified Duration specified in such applicable Final Terms, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the LIBOR Page as of 11:00 A.M., London time, on such Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as the case may be, LIBOR on such Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below; or

(b) if "LIBOR Reuters" is not specified in the applicable Final Terms as the method for calculating LIBOR, the rate for deposits in the LIBOR Currency (as defined below) having the Specified Duration specified in such applicable Final Terms, commencing on such Interest Reset Date, that appears on the LIBOR Page (as defined below) as of 11:00 A.M., London time, on such Interest Determination Date.

(ii) With respect to an Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include affiliates of the Dealers) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the LIBOR Currency for the period of the Specified Duration specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such Interest Determination Date and in a principal amount that is representative for a single transaction in the LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Relevant Financial Center, on such Interest Determination Date by three major banks (which may include affiliates of the Dealers) in such Relevant Financial Center selected by the Calculation Agent for loans in the LIBOR Currency to leading European banks, having the Specified Duration specified in the applicable Final Terms and in a principal amount that is representative for a single transaction in the LIBOR Currency in such market at such time; *provided*, *however*, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such Interest Determination Date will be LIBOR in effect on such Interest Determination Date.

"**LIBOR Currency**" means the currency specified in the applicable Final Terms or, if no such currency is specified in the applicable Final Terms, United States dollars.

"**LIBOR Page**" means the display on the Reuter Monitor Money Rates Service (or any successor service) on Reuters page LIBOR01 or as otherwise specified in such applicable Final Terms (or any other page as may replace such page on such service) as the Relevant Screen Page for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency.

"**Prime Rate**" means, with respect to any Interest Determination Date, the rate on such date as such rate is published in H.15(519) under the caption "Bank Prime Loan" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME1 Page (as hereinafter defined) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Interest Determination Date. If fewer than four such rates so appear on the Reuters Screen US PRIME1 Page for such Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Interest Determination Date by three major banks (which may include affiliates of the Dealers) in the City of New York selected by the Calculation Agent; *provided*, *however*, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Interest Determination Date will be the Prime Rate in effect on such Interest Determination Date.

"**Reuters Screen US PRIME1 Page**" means the display on the Reuter Money 3000 Service (or any successor service) on the "US PRIME1" page (or such other page as may replace the US PRIME1 page on such service) as the Relevant Screen Page for the purpose of displaying prime rates or base lending rates of major United States banks.

"**Treasury Rate**" means, with respect to any Interest Determination Date, the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Specified Duration specified in the applicable Final Terms under the caption "INVEST RATE" on the display on Reuters (or any successor service) on page USAUCTION10 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION10**") or page USAUCTION11 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION11**") or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as hereinafter defined) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the United States Department of the Treasury. In the event that the auction rate of Treasury Bills having the Specified Duration specified in the applicable Final Terms is not so announced by the United States Department of the Treasury, or if no such Auction is held, then the Treasury Rate

will be the Bond Equivalent Yield of the rate on such Interest Determination Date of Treasury Bills having the Specified Duration specified in the applicable Final Terms as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Interest Determination Date, of three primary United States government securities dealers (which may include the Dealers or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Specified Duration specified in the applicable Final Terms; *provided*, *however*, that if the Dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = (D \times N / 360 - (D \times M)) \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

"**Relevant Screen Page**" on the Bloomberg Screen, Reuters Screen, or any other information vending service as set forth above that is applicable with respect to the Base Rate.

ISDA Rate Notes

7.04 Capitalized terms used in this Condition 7.04 and not otherwise defined in the Terms and Conditions shall have the meanings ascribed to them in the ISDA Definitions. If the Final Terms specifies the Interest Rate applicable to the Notes as being an ISDA Rate, each Note shall bear interest from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any Event of Default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Note under the terms of an agreement to which the ISDA Definitions applied and under which:

- the Fixed Rate Payer, Fixed Amount Payer, Fixed Price Payer, Floating Rate Payer, Floating Amount Payer or, as the case may be, the Floating Price Payer is the Issuer (as specified in the Final Terms);
- the Effective Date is the Interest Commencement Date;
- the Termination Date is the Maturity Date;
- the Calculation Agent is the Calculation Agent as specified in the Final Terms;
- the Calculation Periods are the Interest Accrual Periods;
- the Period End Dates are the Interest Period End Dates;
- the Payment Dates are the Interest Payment Dates;
- the Reset Dates are the Interest Period End Dates;
- the Calculation Amount is the principal amount of such Note;
- the Day Count Fraction applicable to the calculation of any amount is that specified in the Final Terms or, if none is so specified, as may be determined in accordance with the ISDA Definitions;
- the Applicable Business Day Convention applicable to any date is that specified in the Final Terms; and
- the other terms are as specified in the Final Terms.

Maximum or Minimum Interest Rate

7.05 If any Maximum or Minimum Interest Rate is specified in the Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest

7.06 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Accrual Period from and including the Interest Commencement Date to but excluding the Interest Payment Date. Interest will cease to accrue on the due date for redemption therefore (or, in the case of an Installment Note, in respect of each installment of principal, on the due date for payment of the relevant Installment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 8.07) or the relevant Installment Amount is improperly withheld or refused or default is otherwise made in the payment thereof, in which case interest shall accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms (the "**Default Interest Rate**") from the original due date for payment to but excluding the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 17 that the Principal Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

7.07 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Installment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the "**Interest Amount(s)**") in respect of each denomination of the Notes (in the case of Bearer Notes) and the minimum denomination (in the case of Registered Notes) for the relevant Interest Accrual Period, calculate the Redemption Amount or Installment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Installment Amount to be notified to the Indenture Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Notes), the Issuer, the Holders in accordance with Condition 17 and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Notes become due and payable under Condition 9, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notice of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Installment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and none of the Indenture Trustee, the Calculation Agent and any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Final Terms for a particular Series of Notes.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the Principal Paying Agent or another leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Calculations and Adjustments

7.08 The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the Outstanding Principal Amount by the Day Count Fraction, except that if the Final Terms specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 percent being rounded upwards), (b) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

Definitions

7.09 "**Applicable Business Day Convention**" means the Business Day Convention which may be specified in the Final Terms as applicable to any date in respect of the Notes. Where the Final Terms specifies "No Adjustment" in relation to any date, such date shall not be adjusted in accordance with any Business Day Convention. Where the Final Terms fails either to specify an Applicable Business Day Convention or "No Adjustment" for the purposes of an Interest Payment Date or an Interest Period End Date, then in the case of Notes which bear interest at a fixed rate, "No Adjustment" shall be deemed to have been so specified and in the case of Notes which bear interest at a floating rate, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes.

"**Banking Day**" means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in such city.

"**Bloomberg Screen**" means, when used in connection with any designated information, the information so designated on the Bloomberg Financial Markets Service (and, if used in connection with a designated page, includes such other page as may replace that page on that service for the purpose of displaying such information).

"**Business Day**" means a day (other than a Saturday, Sunday or legal holiday) on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Center in respect of the applicable Series of Notes or, in relation to Notes payable in Euro, a day on which the TARGET System is operating and, in either case, a day (other than a Saturday, Sunday or legal holiday) on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms.

"**Business Day Convention**" means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Notes, shall have the following meanings:

(i) "**Following Business Day Convention**" means that such date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that such date shall be brought forward to the first preceding day that is a Business Day; and

(iv) "**FRN Convention**" or "**Eurodollar Convention**" means, for each relevant date, the date which numerically corresponds to the preceding relevant date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding relevant date occurred, *provided that*:

(a) if there is no such numerically corresponding day in the calendar month in which any relevant date should occur, then the date will be the last day which is a Business Day in that calendar month;

(b) if the date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(c) if the preceding relevant date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding relevant date occurred.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such day count fraction as may be specified in the Final Terms and:

(i) if "**Actual/365**" or "**Actual/Actual (Historical)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

(v) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and

(vi) if "**Actual/Actual (Bond)**" is so specified, and if the Interest Payment Dates all fall at regular intervals between the Issue Date and the Maturity Date, means the number of days in the Calculation Period divided by the product of (A) the number of days in the Interest Period in which the Calculation Period falls and (B) the number of Interest Periods in any period of one year.

"**Euro Zone**" means the zone comprising the member states of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

"**Interest Accrual Period**" means, in respect of an Interest Period, each successive period beginning on, and including, an Interest Period End Date and ending on, but excluding, the next succeeding Interest Period End Date during that Interest Period, *provided* always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity.

"**Interest Commencement Date**" means the date of issue of the Notes (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms.

"**Interest Determination Date**" means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Final Terms prior to the first day of such Interest Accrual Period, or if none is specified:

(i) in the case of Notes denominated in Sterling, the first day of such Interest Accrual Period;

(ii) in the case of Notes denominated or payable in euro, the date falling two TARGET Business Days prior to the first day of such Interest Accrual Period; or

(iii) in any other case, the date falling two Banking Days prior to the first day of such Interest Accrual Period.

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and (i) if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or (ii) if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

"**Interest Period**" means each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date, *provided* always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

"**Interest Period End Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and (i) if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or (ii) if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or (iii) if none of the foregoing is specified in the Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Notes.

"**Interest Rate**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

"**ISDA Definitions**" means the 2000 ISDA Definitions and the 1998 ISDA Euro Definitions (as amended and updated as at the date of issue of the first Tranche of Notes of the relevant Series (as specified in the Final Terms) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.)).

"**London Banking Day**" means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets settle payments in the LIBOR Currency in London.

"**Outstanding Principal Amount**" means, with respect to any Note, its principal amount less, in respect of any Installment Note, any principal amount on which interest shall have ceased to accrue in accordance with the Terms and Conditions thereof or, in the case of a Partly Paid Note (as defined in the Indenture), the paid up amount of such Note or otherwise as indicated in the relevant Final Terms except that the paid up amount shall be deemed to be nil for Notes which have been forfeited by the Issuer on or after any forfeiture date as provided for in the Terms and Conditions thereof.

"**Reference Banks**" means such banks as may be specified in the Pricing Final Terms as the Reference Banks or, if none are specified, "Reference Banks" has the meaning given in the ISDA Definitions, mutatis mutandis.

"**Relevant Financial Center**" means such financial center or centers as may be specified in relation to the relevant currency for the purposes of the definition of "Business Day" in the ISDA Definitions, as the same may be amended, modified, restated, supplemented and/or replaced from time to time in the relevant Final Terms.

"**Relevant Time**" means the time as of which any rate is to be determined as specified in the Final Terms or, if none is specified, at which it is customary to determine such rate.

"**Reuters Screen**" means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

"**Specified Duration**" is the period to maturity of the instrument or obligation with respect to which the related Base Rate will be calculated.

"**TARGET Business Day**" means a day on which the TARGET System is operating.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System.

Non-Interest Bearing Notes

7.10 If any Redemption Amount (as defined in Condition 8.07) or Installment Amount in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the amortization yield (the "**Amortization Yield**") defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms. Such interest shall accrue until the earlier of (x) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or (y) (except where presentation or surrender of the relevant Note is not required as a precondition of payment) the seventh day after the date on which, the Principal Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 17 that the Principal Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 7.08 as if the Interest Rate was the Amortization Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 7.09).

8. Redemption and Purchase

Redemption at Maturity

8.01 Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the provisions of the Final Terms) (or, in the case of Installment Notes, in such number of installments and in such amounts (the "**Installment Amounts**") as may be specified in, or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

Mandatory Early Redemption

8.02 The Issuer shall redeem the Notes of the relevant Series, in whole, but not in part, at their "**Mandatory Early Redemption Amount**" (which in the case of Notes which are interest bearing, shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest bearing, their Amortized Face Amount (as defined in Condition 8.08) or such other redemption amount as may be specified in or determined in accordance with the related Final Terms(s)) together with accrued interest to the date fixed for redemption (if any), in the event that (a "**Mandatory Early Redemption Event**"), with respect to Notes of a Tranche of the relevant Series, MetLife Insurance Company of Connecticut terminates the relevant Funding Agreement related to such Tranche because MetLife Insurance Company of Connecticut would be required to pay Additional Amounts prior to the scheduled termination date of such relevant Funding Agreement (such redemption, a "**Mandatory Early Redemption**").

8.03 If the Notes shall be redeemed pursuant to Condition 8.02 the redemption shall only become effective on the date of redemption, if: (i) the Issuer provides the Indenture Trustee with the notice of redemption not less than 45 nor more than 75 days prior to the date of redemption (which, in the case of Notes which bear interest at a floating rate, will be on the date or dates upon which interest is payable), unless a shorter notice period shall be satisfactory to the Indenture Trustee; and (ii) the Issuer provides the Holders of the relevant Notes with the notice of redemption in accordance with Condition 17 (which notice shall be irrevocable) not less than 30 days nor more than 75 days prior to the date of redemption (which, in the case of Notes which bear interest at a floating rate, will be on the date or dates upon which interest is payable); *provided*, that no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the relevant Notes then due.

Purchase of Notes

8.04 (i) The Issuer may purchase some or all Notes of any Series in the open market or otherwise at any time, and from time to time, and, with respect to any Series of Notes issued after the date of the Indenture, with the prior written consent of MetLife Insurance Company of Connecticut as to both the making of such purchase and the purchase price to be paid for such Notes; *provided* that all unmatured Receipts, Coupons or Talons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of relevant Notes alike.

(ii) With respect to any Series of Notes issued after the date of the Indenture, the parties to the Indenture have agreed that if MetLife Insurance Company of Connecticut, in its sole discretion, consents to such purchase of Notes by the Issuer, they will take such actions as may be necessary or desirable to effect the prepayment of such portion, or the entirety, of the Deposit Amount(s) (as specified in the relevant Funding Agreement), under each applicable Funding Agreement as may be necessary to provide for the payment of the purchase price for such Notes. Upon such payment, the Deposit Amount(s) under each relevant Funding Agreement shall be reduced (a) with respect to any purchase of fixed rate Notes or floating rate Notes, by an amount equal to the aggregate principal amount of Notes so purchased (or the portion thereof applicable to such Funding Agreement) and (b) with respect to any purchase of Notes other than fixed rate Notes or floating rate Notes, by an amount to be agreed between the Issuer and MetLife Insurance Company of Connecticut to reflect such prepayment under the Funding Agreement. With respect to any Series of Notes issued after the date of the Indenture, the parties to the Indenture have also agreed that no Opinion of Counsel (as defined in the Indenture), certificate of the Issuer or any other document or instrument shall be requested to be provided in connection with any purchase of Notes pursuant to Condition 8.02, Condition 8.03 or this Condition 8.04.

Cancellation of Redeemed and Purchased Notes

8.05 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased, otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 8, will be cancelled forthwith and may not be reissued or resold.

Further Provisions Applicable to Redemption Amount and Installment Amounts

8.06 The provisions of Condition 7.07 and the last paragraph of Condition 7.08 shall apply to any determination or calculation of the Redemption Amount (as hereinafter defined) or any Installment Amount required by the Final Terms to be made by the Calculation Agent.

8.07 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Installment Amount, and the Mandatory Early Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms.

8.08 In the case of any Note which is non-interest-bearing, the "**Amortized Face Amount**" shall be an amount equal to the sum of:

(i) the issue price specified in the Final Terms; and

(ii) the product of the Amortization Yield (compounded annually) being applied to the issue price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 7.09) specified in the Final Terms for the purposes of this Condition 8.08.

8.09 In the case of any Note which is non-interest-bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortized Face Amount shall be calculated as provided in Condition 8.08 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:

(i) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and

(ii) (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Principal Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 17 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

9. Event of Default

9.01 (a) If (x) an Event of Default specified in sub-paragraphs (iii) or (x) of Condition 9.01(b) below occurs and is continuing with respect to the Notes of any Series, each Note of such Series (and, if such Note is interest-bearing, all

interest then accrued on such Note) will become due and payable upon the Indenture Trustee notifying the Issuer (after the Indenture Trustee has received notice from Holders of Notes representing not less than 25 percent of the aggregate Outstanding Principal Amount of the Notes of the relevant Series that the Notes have become due and payable) that the Notes of such Series have become due and payable, without any further action whatsoever on the part of the Issuer, the Indenture Trustee or the Holders of the relevant Series of Notes, or (y) an Event of Default specified in sub-paragraphs (i), (vi) or (vii) of Condition 9.01(b) occurs and is continuing with respect to the Notes of any Series, each Note of such Series (and, if such Note is interest-bearing, all interest then accrued on such Note) will become due and payable upon the Indenture Trustee notifying the Issuer (after the Indenture Trustee has received notice from any Holder of Notes of the relevant Series that the Notes have become due and payable) that the Notes of such Series have become due and payable, without any further action whatsoever on the part of the Issuer, the Indenture Trustee or the Holder of the relevant Series of Notes, or (z) an Event of Default specified in sub-paragraphs (ii), (iv), (v), (viii) or (ix) of Condition 9.01(b) below has occurred, each Note of such Series (and, if such Note is interest-bearing, all interest then accrued on such Note) will become due and payable immediately without any notice or any action on the part of the Issuer, the Indenture Trustee or the Holders of the relevant Series of Notes, in each case at its early termination amount (the "**Early Termination Amount**") (which shall be its Outstanding Principal Amount or, if such Notes are non-interest bearing, its Amortized Face Amount (as defined in Condition 8.08) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms(s)), together with all interest (if any) accrued thereon, without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, in the case of an acceleration described in the preceding clause (x) or (y), prior to the giving of such notice of acceleration by the Indenture Trustee to the Issuer, all Events of Default in respect of the Notes of the relevant Series shall have been cured as provided in the Terms and Conditions.

(b) "**Event of Default**" with respect to the Notes of any Series means any one of the following events (whatever the reason for such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) as modified by and/or such other events as may be specified in, the Final Terms(s) relating to that Series of Notes:

(i) default in the payment of any interest on any Note of that Series when such interest becomes due and payable, and continuance of such default for a period of five Business Days;

(ii) default in the payment of the principal of any Note of that Series at its due date for payment, whether at the Stated Maturity (as defined in the Indenture) thereof or by declaration of acceleration, call for redemption or otherwise and continuance of such default for a period of three Business Days;

(iii) default in the performance, or breach, of any one or more of the other covenants of the Issuer in the Terms and Conditions or in the Indenture, and continuance of such default or breach for a period of 45 days after there has been given notice thereof to the Issuer by the Indenture Trustee, or to the Issuer and the Indenture Trustee by the Holders of Notes representing at least 25 percent of the aggregate Outstanding Principal Amount of the Notes of that Series, which notice will specify such default or breach and require it to be remedied and which notice will state that it is a "Notice of Default" under the Indenture; *provided*, that the Indenture Trustee may, without the consent of the Holders of Notes of any Series and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Holders of Notes of any Series will not be materially prejudiced thereby, waive or authorize, on such terms as seem expedient to it, any such breach by the Issuer; *provided*, *further*, that, except as provided in Condition 9.04, the Indenture Trustee shall not so waive or authorize any breach in contravention of an express notice given by the Holders of Notes representing at least 25 percent of the aggregate Outstanding Principal Amount of the Notes of that Series; *provided*, *still further*, that no such express notice shall affect any previous waiver or authorization, and any such previous waiver or authorization shall be binding on the Holders of the Notes of that Series to which such previous waiver or authorization was granted, and if the Indenture Trustee deems it appropriate, such waiver or authorization shall be provided to the Holders of the Notes of that Series as soon as practicable; *provided*, *however*, that a failure by the Issuer to pay any Permitted Expenses (as defined in the Indenture) to the Indenture Trustee, any Series Agent, any Agents, the Delaware Trustee and the Administrator shall not constitute an Event of Default;

(iv) a court having jurisdiction in the premises has entered a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect of the State of Delaware or any other applicable jurisdiction, which decree or order is not stayed, or any other

similar relief has been granted under any applicable law; an insolvency case has been commenced against the Issuer under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect of the State of Delaware or any other applicable jurisdiction; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Issuer, or over all or a substantial part (as determined by the Indenture Trustee in its sole discretion) of its property, has been entered; or there has occurred the involuntary appointment of an interim receiver, trustee or other custodian of the Issuer for all or a substantial part (as determined by the Indenture Trustee in its sole discretion) of its property; or a court having jurisdiction in the premises has entered a decree or order declaring the dissolution of the Issuer; or a warrant of attachment, execution or similar process has been issued against any substantial part of the property of the Issuer and any such event described in this sub-paragraph (iv) will continue for 30 days unless dismissed, bonded or discharged;

(v) the Issuer consents to an order for relief entered with respect to it or commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect of the State of Delaware or any other applicable jurisdiction, or consents to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or consents to the appointment of, or taking possession by, a receiver, trustee or other custodian for all or a substantial part of its property; or the Issuer makes any general assignment of its assets for the benefit of creditors; or the Issuer admits in writing its inability generally to pay its debts as such debts become due; or the Delaware Trustee or Administrator adopts any resolution or otherwise authorizes any action to approve or for the purpose of effecting any of the actions referred to in this subparagraph (v);

(vi) a failure by MetLife Insurance Company of Connecticut under any Funding Agreement relating to that Series of Notes to make any payment of interest at its due date in accordance with the terms of the relevant Funding Agreement, and such failure to pay shall continue for five Business Days (as defined in the relevant Funding Agreement);

(vii) a failure by MetLife Insurance Company of Connecticut under any Funding Agreement relating to that Series of Notes to make payment of any Additional Amounts MetLife Insurance Company of Connecticut has agreed to pay pursuant to the terms of the relevant Funding Agreement, subject to certain exceptions set out in full in Condition 11.01, to the relevant Funding Agreement Holder, and such failure to pay shall continue for five Business Days (as defined in the relevant Funding Agreement);

(viii) a failure by MetLife Insurance Company of Connecticut under any Funding Agreement relating to that Series of Notes to make any payment of the applicable Funding Account Balance when due in accordance with the terms of the relevant Funding Agreement, whether at the Stated Maturity thereof, at the termination of the relevant Funding Agreement or in connection with any withdrawal or transfer from the relevant Funding Agreement including, but not limited to, a termination pursuant to Section 2 of the relevant Funding Agreement;

(ix) MetLife Insurance Company of Connecticut (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger in which the resulting entity assumes its obligations); (b) becomes insolvent or is unable generally to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it an administrative or legal proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any supervision, rehabilitation, liquidation, bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its rehabilitation, winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within 60 days of the institution or presentation thereof; (e) has a resolution passed for its rehabilitation, winding-up, official management, dissolution or liquidation (other than pursuant to a consolidation, amalgamation or merger in which the resulting entity assumes obligations of MetLife Insurance Company of Connecticut); (f) seeks or becomes subject to the appointment of an administrator, supervisor, rehabilitator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 60 days thereafter; (h) causes or is subject to any event

with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive) of this sub-paragraph; or (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(x) a failure by MetLife Insurance Company of Connecticut to make payment of any Support Obligations owed under any Support and Expenses Agreement relating to that Series of Notes and such failure shall continue for a period of five Business Days.

Proceedings

9.02 Holders representing at least 66 2/3 percent of the aggregate Outstanding Principal Amount of the Notes of a Series, which Holders shall in any event represent a majority of the existing Holders of Notes of such Series, shall have the right to direct the time, method and place of conducting any proceedings or any remedy available to the Indenture Trustee and the Series Agent for such Series with respect to the Notes of that Series, including with respect to any Trust Estate appertaining thereto, subject to certain conditions set forth in the Indenture.

9.03 No Holder of a Note of any Series or any Coupons appertaining thereto shall have any right to institute any proceedings, judicial or otherwise, with respect to the Indenture or any agreement or instrument included in the Trust Estate or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(i) such Holder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(ii) the Holders of Notes representing not less than 25 percent of the aggregate Outstanding Principal Amount of the Notes of that Series shall have made written request to the Indenture Trustee or the relevant Series Agent to institute proceedings in respect of such Event of Default in its own name as Indenture Trustee or Series Agent under the Indenture;

(iii) the Indenture Trustee and the relevant Series Agent are indemnified or secured (whether by payment in advance or otherwise by such Holder or Holders) to the satisfaction of the Indenture Trustee and such Series Agent, as applicable, against all out-of-pocket costs, expenses, fees and liabilities which may be reasonably incurred in compliance with such request;

(iv) the Indenture Trustee or the relevant Series Agent for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(v) no direction inconsistent with such written request has been given to the Indenture Trustee or the relevant Series Agent during such 60 day period by the Holders of Notes representing at least 66 2/3 percent of the aggregate Outstanding Principal Amount of the Notes of that Series.

No one or more Holders of the Notes or Coupons of any Series shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Holders of Notes or Coupons of such Series or to obtain or to seek to obtain priority or preference over any other Holders of Notes or Coupons of such Series or to enforce any right under the Indenture, except in a manner therein provided and for the equal and rateable benefit of all the Holders of the Notes and Coupons of such Series.

Waiver of Defaults

9.04 Holders representing at least 66 2/3 percent of the aggregate Outstanding Principal Amount of the Notes of a Series may on behalf of the Holders of all the Notes of such Series and any Coupons appertaining thereto waive any past Default thereunder with respect thereto and its consequences, except a Default:

(i) in the payment of any principal of, interest on or other payments with respect to any Note of such Series;

(ii) in respect of a covenant or provision thereof that under Article 8 of the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding (as defined in the Indenture) Note of such Series; or

(iii) in respect of any covenant or provision of the Indenture for the protection or benefit of the Indenture Trustee, without the Indenture Trustee's express written consent.

For this purpose, "**Default**" is any occurrence that is, or with notice or passage of time or both would become, an Event of Default.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Indenture and the Notes of a Series, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Rescission and Annulment of Declaration of Acceleration

9.05 At any time after a declaration of acceleration of maturity of the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as provided in Article 5 of the Indenture, the Holders of Notes representing at least 66 2/3 percent of the Outstanding Principal Amount of the Notes of that Series, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(a) all overdue installments of interest on and Additional Amounts, if any, with respect to all Notes of such Series and any Coupons appertaining thereto;

(b) the principal of and premium on any Notes of that Series which have become due otherwise than by such declaration of acceleration and interest thereon and any Additional Amounts with respect thereto at the rate borne by the Notes of that Series; and

(c) all sums paid or advanced by the Indenture Trustee under the Indenture and the compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel; and

(ii) all Events of Default, other than the nonpayment of the principal of or interest on and any Additional Amounts with respect to any Notes of that Series which have become due solely as a result of such acceleration, have been cured or waived as provided in Condition 9.04 and the Indenture.

No such rescission shall affect any subsequent Default or Event of Default or impair any right consequent thereon.

10. Withholding Taxes

10.01 All amounts due in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any governmental authority in the United States having the power to tax payments in respect of a Funding Agreement or the related Notes unless the withholding or deduction is required by law. In that event, the Issuer will pay, or cause to be paid, Additional Amounts to compensate for any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied on payments in respect of a Funding Agreement or the related Notes by or on behalf of any governmental authority in the United States having the power to tax, so that the amount received by the Holders of the related Notes, after giving effect to such withholding or deduction, whether or not currently payable, will equal the amount that would have been received under the related Notes were no such deduction or withholding required; *provided* that no such Additional Amounts shall be required for or on account of (a) any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for a Holder or beneficial owner (as determined for U.S. federal income tax purposes) of one or more of the related Notes (v) having any present or former connection with the United States, including, without limitation, being or having been a citizen or resident thereof, or having been present, having been incorporated in, having engaged in a trade or business or having (or having had) a permanent establishment or principal office therein, (w) being a controlled foreign corporation within the meaning of Section 957(a) of the Code related within the meaning of Code Section 864(d)(4) to MetLife Insurance Company of Connecticut, (x) being an actual or constructive owner of 10 percent or more of the total combined voting power of all classes of stock of MetLife Insurance Company of Connecticut, entitled to vote, (y) being a bank for United States federal income tax purposes whose receipt of interest on the Note is described in Section 881(c)(3)(A) of the Code or (z) being subject to backup withholding as of the date of the purchase by the Holder of the related Note; (b) any tax, duty, levy, assessment or other governmental charge which would not have been imposed but for the presentation of the related Note (where presentation is required) for payment on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment is duly provided for, whichever occurs later; (c) any tax, duty, levy, assessment or other governmental charge which is imposed or withheld solely by reason of the failure of the Holder or beneficial owner (as determined for U.S. federal

income tax purposes) of a Note to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of such Note, if compliance is required by statute, by regulation of the United States Treasury Department, judicial or administrative interpretation, other law or by an applicable income tax treaty to which the United States is a party as a condition to exemption from such tax, duty, levy, assessment or other governmental charge; (d) any inheritance, gift, estate, personal property, sales, transfer or similar tax, duty, levy, assessment, or similar governmental charge; (e) any tax, duty, levy, assessment, or other governmental charge that is payable otherwise than by withholding from payments in respect of the Notes; (f) any tax, duty, levy, assessment or governmental charge imposed by reason of payments on a Funding Agreement or the Notes being treated as contingent interest described in Section 871(h)(4) of the Code but only to the extent such treatment was disclosed in writing to the Holder of the Notes at the time such Holder acquired the Notes; (g) any tax, duty, levy, assessment or governmental charge that would not have been imposed but for an election by the Holder or beneficial owner (as determined for U.S. federal income tax purposes) of the Notes, the effect of which is to make one or more payments in respect of the Notes subject to United States federal income tax or withholding tax provisions; (h) any tax, duty, levy, assessment or governmental charge imposed under any of Sections 1471 through 1474 of the Code, any applicable United States Treasury Regulations promulgated thereunder, or any judicial or administrative interpretation of any of the foregoing; (i) any tax, duty, levy, assessment or governmental charge imposed with respect to a Bearer Note issued after March 18, 2012 that is not treated as being in "registered form" for U.S. federal income tax purposes; or (j) any combination of items (a), (b), (c), (d), (e), (f), (g), (h) or (i) above.

10.02 For the purposes of these Terms and Conditions, the "relevant date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Principal Paying Agent, or as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 17.

10.03 Should any deduction or withholding on account of tax be required to be made, or is made, pursuant to the European Union Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**") or any law implementing or complying with or introduced in order to conform to the EU Savings Tax Directive or any other law implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, no Additional Amounts shall be payable or paid by the Issuer to any Holder in respect of the Notes in order that the net amounts receivable by such Holder after such deduction or withholding shall be equal to the respective amounts which would have been receivable by such Holder in the absence of such deduction or withholding.

10.04 Any reference in these Terms and Conditions to "principal" and/or "interest" in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 10. Unless the context otherwise requires, any reference in these Terms and Conditions to "principal" shall include any premium payable in respect of a Note, any Installment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "interest" shall include all amounts payable pursuant to Condition 8 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

10.05 Except as permitted under the Indenture, the Issuer shall not buy any security or other property for sale to others in the ordinary course of its business and shall invest solely for its own account and not as an agent or nominee for any other person.

10.06 In the event that any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United States or any political subdivision thereof or any authority or agency therein or thereof having the power to tax on payments in respect of a Funding Agreement issued by MetLife Insurance Company of Connecticut, is, or will be required by law on such payments, the Issuer shall have the right, upon notice to any rating agency which has rated either the Program for the issuance of Notes as set forth in this Offering Circular or the relevant Series of Notes and with the consent of the Indenture Trustee (which consent shall not be unreasonably withheld), but without the consent of the Holders of the Notes, (i) to change its domicile from Delaware to any other jurisdiction, or (ii) to substitute any person, the main objects of which are funding, purchases and administration of securities, with the Issuer as a principal debtor under the Indenture and the Notes, in each case so that such withholding or deduction will not be required by law; *provided* that (x) the Issuer provides the Indenture Trustee with a written notice of its intention to effect the change described in (i) or (ii) above as soon as practicable and (y) such change is not disadvantageous in any material respect to the Holders of Notes, MetLife Insurance Company of Connecticut, as the issuer of the Funding Agreements and (z) a written notice of such change shall have been given by the Indenture Trustee to the

Holders in accordance with the Terms and Conditions of the relevant Notes and the rating agencies that have rated the Program or the relevant Notes no later than thirty days after receipt of the notice of such change from the Issuer.

10.07 In the event that the Issuer elects to substitute another person with the Issuer as a principal debtor under the Indenture and the Notes, any such person elected by the Issuer shall be the successor of the Issuer hereunder and under the Indenture and the Notes; *provided* that such person shall expressly assume with respect to all the Notes, by a supplement to the Indenture, executed and delivered to the Indenture Trustee and each Holder of Notes, the due and punctual payment of the principal of, premium or interest on all the Notes and the Additional Amounts, if any, and the performance of every covenant in the Terms and Conditions and the Indenture on the part of the Issuer to be performed or observed.

11. Payment of Additional Amounts and Early Termination of a Funding Agreement for Taxation Reasons; Income Tax Treatment

11.01 MetLife Insurance Company of Connecticut, will agree in each Funding Agreement to pay Additional Amounts to the Funding Agreement Holder to compensate for any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied on payments in respect of a Funding Agreement or the related Notes by or on behalf of any governmental authority in the United States having the power to tax, so that the amount received by the Funding Agreement Holder under that Funding Agreement, and the Holders of the related Notes under such Notes after giving effect to such withholding or deduction, whether or not currently payable, will equal the amount that would have been received under such Funding Agreement or related Notes, as the case may be, were no such deduction or withholding required; *provided*, that no such Additional Amounts shall be required for or on account of (a) any tax, duty, levy, assessment or other governmental charge imposed which would not have been imposed but for a Funding Agreement Holder, Holder of the Notes or a beneficial owner (as determined for U.S. federal income tax purposes) of a Funding Agreement or Note, (v) having any present or former connection with the United States, including, without limitation, being or having been a citizen or resident thereof, or having been present, having been incorporated in, having engaged in a trade or business or having (or having had) a permanent establishment or principal office therein, (w) being a controlled foreign corporation within the meaning of Section 957(a) of the Code related within the meaning of Code Section 864(d)(4) to MetLife Insurance Company of Connecticut, (x) being an actual or constructive owner of 10 percent or more of the total combined voting power of all classes of stock of MetLife Insurance Company of Connecticut, entitled to vote, (y) being a bank for United States federal income tax purposes whose receipt of interest in respect of a Funding Agreement or Note is described in Section 881(c)(3)(A) of the Code or (z) being subject to backup withholding as of the date of the purchase of a Funding Agreement or Note; (b) any tax, duty, levy, assessment or other governmental charge which would not have been imposed but for the presentation of a Funding Agreement, Note, or evidence of beneficial ownership thereof (where presentation is required) for payment on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment is duly provided for, whichever occurs later; (c) any tax, duty, levy, assessment or other governmental charge which is imposed or withheld solely by reason of the failure of a Funding Agreement Holder, Holder of the Notes, or a beneficial owner (as determined for U.S. federal income tax purposes) of a Funding Agreement or Note to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Funding Agreement Holder, Holder of the Notes, or beneficial owner (as determined for U.S. federal income tax purposes) of a Funding Agreement or Note, as the case may be, if compliance is required by statute, by regulation of the United States Treasury Department, judicial or administrative interpretation, other law or by an applicable income tax treaty to which the United States is a party as a condition to exemption from such tax, duty, levy, assessment or other governmental charge; (d) any inheritance, gift, estate, personal property, sales, transfer or similar tax, duty, levy, assessment, or similar governmental charge; (e) any tax, duty, levy, assessment, or other governmental charge that is payable otherwise than by withholding from payments in respect of the relevant Funding Agreement or Note, as the case may be; (f) any tax, duty, levy, assessment or governmental charge imposed by reason of payments on a Funding Agreement or the Notes being treated as contingent interest described in Section 871(h)(4) of the Code but only to the extent such treatment was disclosed in writing to the Funding Agreement Holder or Holder of the Notes, as the case may be, at the time such holder acquired the Funding Agreement or Notes, as the case may be; (g) any tax, duty, levy, assessment or governmental charge that would not have been imposed but for an election by the Funding Agreement Holder, the Holder of the Notes or the beneficial owner (as determined for U.S. federal income tax purposes) of a Funding Agreement or Note, as the case may be, the effect of which is to make one or more payments in respect of the Funding Agreement or Notes, as applicable, subject to United States federal income tax or withholding tax provisions; (h) any tax, duty, levy, assessment or governmental charge imposed under any of Sections 1471 through 1474 of the Code, any applicable United States Treasury Regulations promulgated thereunder, or any judicial or administrative interpretation of any of the foregoing; (i) any tax, duty, levy, assessment or governmental charge

imposed with respect to a Bearer Note issued after March 18, 2012 that is not treated as being in "registered form" for U.S. federal income tax purposes; or (j) any combination of items (a), (b), (c), (d), (e), (f), (g), (h) or (i) above.

11.02 The relevant Funding Agreement will provide that if MetLife Insurance Company of Connecticut, is obligated to withhold or deduct any United States taxes or to pay any Additional Amounts with respect to any payment under the Funding Agreement or with respect to any payment under any related contract between MetLife Insurance Company of Connecticut, and the Funding Agreement Holder, or if there is a material probability that MetLife Insurance Company of Connecticut, will become obligated to withhold or deduct any such United States taxes or otherwise pay Additional Amounts (in the opinion of independent counsel selected by MetLife Insurance Company of Connecticut), in each case pursuant to any change in or amendment to any United States tax laws (or any regulations or rulings thereunder) or any change in position of the IRS regarding the application or interpretation thereof (including, but not limited to, MetLife Insurance Company of Connecticut's receipt of a written adjustment from the IRS in connection with an audit), then MetLife Insurance Company of Connecticut may terminate the relevant Funding Agreement by giving not less than 30 and no more than 75 days prior written notice to the Funding Agreement Holder; *provided*, that no such notice of termination may be given earlier than 90 days prior to the earliest day when MetLife Insurance Company of Connecticut would become obligated to pay such Additional Amounts were a payment in respect of the Funding Agreement then due.

12. Payments

12A Payments — Bearer Notes

12A.01 This Condition 12A is applicable in relation to Notes in bearer form.

12A.02 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (except in the case of partial payment or payment of an Installment Amount (other than the final Installment Amount)) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents, including the Irish Paying Agent at its specified office in Ireland.

Payment of Installment Amounts (other than the final Installment Amount) in respect of an Installment Bearer Note which is a Definitive Bearer Note with Receipts will be made against presentation of the Bearer Note together with (where applicable) the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Bearer Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Bearer Note without the relevant Receipt or the presentation of a Receipt without the Bearer Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Installment Amount.

12A.03 Payment of amounts in respect of interest on Bearer Notes will be made:

(i) in the case of Bearer Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Bearer Notes at the specified office of any of the Paying Agents outside (unless Condition 12A.04 applies) the United States, including the Irish Paying Agent at its specified office in Ireland; and

(ii) in the case of Bearer Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Bearer Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 12A.04 applies) the United States, including the Irish Paying Agent at its specified office in Ireland.

12A.04 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 12A.07 will not be made at the specified office of any Paying Agent in the United States or its possessions (as defined in the Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Bearer Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States and its possessions is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions, which condition of illegality or preclusion was reasonably not anticipated at the time the Bearer Notes were issued, and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in the United States.

12A.05 If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Center Day and a Local Banking Day (each as defined in Condition 12C.03), then the Holder thereof will not be entitled to

payment thereof until the next day which is such a day (or as otherwise specified in the Final Terms) and from such day and thereafter will be entitled to receive payment by check on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Center Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 7.06 or, if appropriate, Condition 7.10.

12A.06 Each Bearer Note initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, except in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

(i) if the Final Terms specifies that this paragraph (i) of Condition 12A.06 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Bearer Notes which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing, unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents, including the specified office of the Irish Paying Agent, at any time within ten years (subject to applicable law) of the Relevant Date applicable to payment of such Redemption Amount;

(ii) if the Final Terms specifies that this paragraph (ii) of Condition 12A.06 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Bearer Notes which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Bearer Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;

(iii) in the case of Bearer Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and

(iv) in the case of Bearer Notes initially delivered with Receipts attached thereto, all Receipts relating to such Bearer Notes in respect of a payment of an Installment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 12A.06 notwithstanding, if any Bearer Notes are issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Bearer Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Bearer Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Bearer Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

12A.07 In relation to Bearer Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 12A.04 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 13 herein. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.

12B Payments — Registered Notes

12B.01 This Condition 12B is applicable in relation to Notes in registered form.

12B.02 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Notes will be made against presentation and, except in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar or, as the case may be, the Transfer Agent with a specified office in Ireland. If the due date for payment of the Redemption Amount of any Registered Note is not a Relevant Financial Center Day (as defined in Condition 12C.03), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled to receive payment by check on any Local Banking Day, and, will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Center Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 7.06 or, as appropriate, Condition 7.10.

12B.03 Payment of amounts (whether principal, interest or otherwise) due (other than the Note Redemption Amount) in respect of Registered Notes will be paid by the Registrar to the Holder thereof (or, in the case of joint Holders, the first-named) which shall be the person appearing as Holder in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the first Relevant Banking Day (as defined in Condition 2.06) before the due date for such payment (the "**Record Date**").

12B.04 Notwithstanding the provisions of Condition 12C.02, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Notes will be made in the currency in which such amount is due by check (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorized foreign exchange bank) and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.06) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorized foreign exchange bank) in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Center Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Center Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 7.06 or, as appropriate, Condition 7.10.

12C Payments — General Provisions

12C.01 Except as otherwise specified in these Terms and Conditions, this Condition 12C is applicable in relation to Notes whether in bearer or in registered form.

12C.02 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due (a) by check (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorized foreign exchange bank) or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorized foreign exchange bank specified by the payee). Payments will, without prejudice to the provisions of Condition 10, be subject in all cases to any applicable fiscal or other laws and regulations.

12C.03 For the purposes of these Terms and Conditions:

(i) "**Relevant Financial Center Day**" means, in the case of any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Center and in any other Relevant Financial Center specified in the Final Terms, or in the case of payment in Euro, a day on which the TARGET System is operating; and

(ii) "**Local Banking Day**" means a day (other than a Saturday or Sunday or legal holiday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon.

12C.04 No commissions or expenses shall be charged to the Holders of Notes or Coupons in respect of payments.

13. Prescription

13.01 Subject to all provisions of applicable law, the Bearer Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) after the Relevant Date therefor.

13.02 In relation to Definitive Bearer Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 12A.06 or the due date for the payment of which would fall after the due date for the redemption of the relevant Bearer Note or which would be void pursuant to this Condition 13 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Bearer Note.

14. The Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent

14.01 The initial Paying Agents, Transfer Agent and Registrar and their respective initial specified offices are specified on the back cover page of this Offering Circular. The Calculation Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Principal Paying Agent) or the Registrar or the Calculation Agent or the Transfer Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent or Transfer Agent, *provided* that it will at all times maintain (i) a Principal Paying Agent, (ii) in the case of Registered Notes, a Registrar, (iii) a Paying Agent (which may be the Principal Paying Agent) with a specified office in a continental European city, (iv) so long as the Notes are admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange and/or listed or admitted to trading on any other Regulated Market or stock exchange, a Paying Agent (which may be the Principal Paying Agent) and the Transfer Agent each with a specified office in Ireland and/or in such other place as may be required by the rules of such other stock exchange, (v) in the circumstances described in Condition 12A.04, a Paying Agent with a specified office in the United States, (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions) and (vii) pursuant to the EU Savings Tax Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to the EU Savings Tax Directive, the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any such directive or law. The Paying Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar, the Transfer Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 17.

14.02 The Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent act solely as agents of the Issuer with respect to the relevant Series and, except as provided in the Indenture or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Indenture or other agreement entered into with respect to its appointment or incidental thereto.

15. Replacement of Notes

15.01 If any Note, Receipt, Talon or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Final Terms (in the case of Bearer Notes, Receipts, Talons and Coupons) or of the Registrar (in the case of Registered Notes) ("**Replacement Agent**"), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes, Receipts, Talons and Coupons must be surrendered before replacements will be delivered therefor.

16. Meetings of Holders and Modification

16.01 The Indenture contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Indenture) of these Terms and Conditions. An Extraordinary Resolution passed at any meeting of the Holders of Notes of any Series will be binding on all Holders of the Notes of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Notes of such Series.

16.02 The Issuer may, with the consent of the Indenture Trustee, but without the consent of the Holders of the Notes or Coupons of any Series, amend these Terms and Conditions insofar as they may apply to such Notes to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions except with the sanction of an Extraordinary Resolution.

17. Notices

17.01 Notices to Holders of Bearer Notes will, except where another means of effective communication has been specified herein or in the Final Terms, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times), (ii) in the case of any Notes which are admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange, in a leading daily newspaper having general circulation in Ireland (which is expected to be the Irish Times) or (in the case of (i) or (ii)), if such publication is not practicable, if published in a leading general circulation newspaper in Europe. The Issuer shall also ensure that notices are duly published in compliance with the requirements of each Regulated Market and/or stock exchange on which the Notes are admitted to trading and/or listed, as the case may be. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

17.02 Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. With respect to Registered Notes admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange, any notices to Holders must also be published in a leading daily newspaper having general circulation in Ireland (which is expected to be the Irish Times) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

18. Reopenings

18.01 The Issuer may, within six months following the date of issue of a Series of Notes, in order to create larger, more liquid issues and without the consent of the Holders of the Notes, issue additional Tranches of Notes having the same terms as previously issued Notes (other than the date of issuance, denomination size, the interest commencement date, if any, the amount of first payment of interest, and the offering price, all of which may vary) that will form a single Series with the previously issued Notes. The Issuer may only issue additional Tranches of Notes if MetLife Insurance Company of Connecticut simultaneously issues one or more Funding Agreements which will become a part of the relevant Trust Estate.

19. Waiver and Remedies

19.01 No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right under the Terms and Conditions shall operate as a waiver of such right nor shall any single or partial exercise of such right preclude any other or future exercise thereof or the exercise of any other right. Rights under these Terms and Conditions shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

20. Law and Jurisdiction

20.01 Unless otherwise specified in the relevant Final Terms, the Notes, the Indenture, each Tranche Supplement, each Support and Expenses Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The Funding Agreements shall be governed by, and construed in accordance with, the laws of the State of Connecticut.

20.02 Unless otherwise specified in the relevant Final Terms, the Issuer irrevocably agrees for the benefit of the Holders of the Notes that the United States Federal Court located in New York City, the Borough of Manhattan shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, **"Proceedings**" and "**Disputes**"), and, for such purposes, irrevocably submits to the jurisdiction of such court.

20.03 The Issuer irrevocably waives any objection which it might now or hereafter have to the United States Federal Court located in New York City, the Borough of Manhattan being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

20.04 The Issuer agrees that the process by which any proceedings in New York City are begun may be served on it by being delivered to it at CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, New York 10011. If the appointment of CT Corporation System ceases to be effective, the Issuer shall forthwith appoint a further person in the United States to accept service of process on its behalf and notify the name and address of such person to the Principal Paying Agent and the Indenture Trustee and, failing such appointment within fifteen days, any Holder of a Note or the Funding Agreement Holder, as the case may be, shall be entitled to appoint such a person by written notice addressed to the Issuer or to the specified office of the Principal Paying Agent and the Indenture Trustee. Nothing contained herein shall affect the right of any Holder of a Note to serve process in any other manner permitted by law.

20.05 The submission to the jurisdiction of the United States federal court located in New York City shall not (and shall not be construed so as to) limit the right of the Holders of the Notes to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

20.06 In respect of Listed Swiss Franc Notes, the Issuer has agreed in the Indenture for the benefit of the Holders of such Notes to the additional jurisdiction of the ordinary Courts of the Canton of Zurich, the place of jurisdiction being Zurich 3, with the right of appeal, where the law permits, to the Swiss federal Court of Justice in Lausanne, the decision of which shall be final. A Swiss Paying Agent must be appointed for any issue of Listed Swiss Franc Notes under the Program and in connection with such Notes, the Indenture Trustee and the Issuer elect legal and special domicile at the registered office of such Swiss Paying Agent in respect of any legal proceedings in Switzerland.

21. The Indenture Trustee and Series Agent

21.01 The Indenture Trustee may assume, unless a Responsible Officer (as defined in the Indenture) has received actual notice thereof, that (i) none of the following has occurred: a Default, an Event of Default or an event that will or may, with the passage of time or the giving of notice, cause the early termination of the relevant Funding Agreement and (ii) the Issuer has complied with its obligations and covenants under the Indenture.

21.02 None of the Indenture Trustee or the Series Agent makes any representations with respect to any Trust Estate or as to the validity, sufficiency or enforceability of the Indenture or of the Notes, Coupons, Receipts or Talons of any Tranche or of any security interest created hereunder or under the Indenture.

21.03 No provision of the Indenture shall require the Indenture Trustee or the Series Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have grounds for believing that repayment of such funds or satisfactory indemnity against such risk or liability is not assured to it.

21.04 Any money collected by the Indenture Trustee and the Series Agent following an Event of Default under the Indenture, any supplements thereto, or any Assigned Document (as defined in the Indenture), and any monies that may then be held or thereafter received by the Indenture Trustee or relevant Series Agent as security with respect to the Notes or Coupons of any Series shall be held in the Collection Account relating to such Series of Notes and be applied in the following order, at the date or dates fixed by the Indenture Trustee and, in case of distributions on account of principal, any premium, interest or Additional Amounts, upon presentation of the Notes or Coupons of such Series, or both, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

first, to the payment of all Anticipated Expenses with respect to such Series of the Indenture Trustee, the Delaware Trustee and the relevant Series Agent and then to the payment of Accelerated Unanticipated Expenses. "**Accelerated Unanticipated Expenses**" means Unanticipated Expenses (as defined in the Indenture) of the Indenture Trustee and the relevant Series Agent relating to a Series with respect to which an Event of Default has occurred and limited to reasonable and customary fees and expenses (including all reasonable and duly documented legal expenses) incurred by the Indenture Trustee and such relevant Series Agent in connection with the performance of any of their respective fiduciary duties that the Indenture Trustee or relevant Series Agent reasonably determined to have occurred with respect to such Series;

second, to the payment of all Unanticipated Expenses with respect to such Series due to the Indenture Trustee, the Delaware Trustee and the relevant Series Agent, including, without limitation, amounts due under Section 6.7 of the Indenture, whether in payment of the compensation, expenses, disbursements or advances of the Indenture Trustee or the Delaware Trustee, as the case may be, and their respective agents and counsel or otherwise;

third, to the payment of all remaining Anticipated Expenses with respect to such Series of the Issuer;

fourth, to the payment of all remaining Unanticipated Expenses with respect to the relevant Series of the Issuer including, without limitation, amounts due under Section 6.7 of the Indenture, whether in payment of the compensation, expenses, disbursements and advances of the Indenture Trustee or the Delaware Trustee, as the case may be, and their respective agents and counsel or otherwise;

fifth, to the payment of the amounts then due and unpaid upon the Notes and any Coupons with respect to such Series for the principal and any premium, if any, interest and Additional Amounts, if any, in respect of which or for the benefit of which such amount has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Notes and Coupons for principal and any premium, interest and any Additional Amounts, respectively;

sixth, to the payment of any other secured obligations in respect of which or for the benefit of which such amount has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such obligations, respectively; and

seventh, any remaining balance shall be paid to the Issuer for the benefit of the Series Beneficial Owner or its successors or assigns or to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may determine.

If no Event of Default exists, the priority of payments pursuant to the grant of a security interest in, pledge and collateral assignment of, the Issuer's estate, right, title and interest in the relevant Trust Estate shall be as follows:

first, to the payment of the amounts then due and unpaid upon the Notes and the Coupons for the principal and any premium, interest and Additional Amounts in respect of which or for the benefit of which such amount has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Notes and Coupons for principal and any premium, interest and Additional Amounts, respectively;

second, to the payment of all Permitted Expenses due with respect to the Notes to the Indenture Trustee and the relevant Series Agent, the Agents, the Delaware Trustee and the Administrator;

third, to the payment of any other secured obligations in respect of which or for the benefit of which such an amount has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such obligations, respectively; and

fourth, any remaining balance shall be paid to the Issuer for the benefit of the Series Beneficial Owner or its successors or assigns or to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may determine.

21.05 The Indenture Trustee and the Series Agent in respect of any Series of Notes have no responsibility for any rating assigned to the Program, or any Notes issued thereunder, by any person.

22. Exchange of Talons

22.01 In relation to Definitive Bearer Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which (i) would be void upon issue pursuant to Condition 12A.06, (ii) has a due date for payment falling after the due date for the redemption of the relevant Note, (iii) would be void pursuant to Condition 13 or (iv) has a maturity date falling after the due date for redemption of the relevant Note.

GLOBAL NOTES

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear, Clearstream Luxembourg or any other clearing system as the holder of a Note represented by a Global Bearer Note or by a Global Registered Note must look solely to DTC, Euroclear and/or Clearstream Luxembourg for such person's share of each payment made by the Issuer to the registered holder of the Global Registered Note or the bearer of the Global Bearer Note, as the case may be, and in relation to all other rights arising under the Global Registered Notes or Global Bearer Notes, subject to and in accordance with the respective rules and procedures of DTC, Euroclear and/or Clearstream Luxembourg.

Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Bearer Note or Global Registered Note (collectively, the "**Global Notes**") and such obligations of the Issuer will be discharged by payment to the bearer or the registered holder of such Global Note, as the case may be, in respect of each amount so paid. References in these provisions relating to the Notes in global form to "holder" or "accountholder" are to those persons shown in the records of the relevant clearing system as a holder of a Note.

Upon the issuance of Global Notes, DTC or Euroclear and/or Clearstream Luxembourg will each credit, on its internal system, the respective principal amounts of the individual beneficial interests represented by each such Global Note to the accounts of persons who have accounts with such depositary. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC or Euroclear and/or Clearstream Luxembourg ("**Participants**") or persons who hold interests through Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or Euroclear and/or Clearstream Luxembourg (with respect to interests of Participants) and the records of Participants (with respect to interests of persons other than Participants).

Non-U.S. Persons may hold their beneficial interests in a Regulation S Temporary Global Registered Note or a Regulation S Permanent Global Registered Note through Euroclear and/or Clearstream Luxembourg if they are Participants in such systems, or indirectly through organizations which are Participants in such systems. In the case of U.S. Dollar denominated Registered Notes, Qualified Institutional Buyers may hold their beneficial interests in Rule 144A Permanent Global Registered Notes directly through DTC if they are Participants in such system or indirectly through organizations which are Participants in such system.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

So long as DTC or its nominee is the depositary for a Permanent Global Registered Note or its nominee is the registered owner or holder of such Permanent Global Registered Note, DTC or such depositary or such nominee, as the case may be, will be considered the sole owner or Holder of those Notes beneficially owned by other persons for all purposes under the Indenture and the Notes. Except as set forth herein, owners of beneficial interests in such Permanent Global Registered Notes will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form, will not be able to transfer that interest except in accordance with DTC's or such depositary's applicable procedures and will not be considered the owners or Holders thereof under the Indenture.

Form and Exchange — Global Registered Notes

(1) Subject to the provisions of the applicable Final Terms, Rule 144A Notes of any Tranche will initially be represented by one or more Rule 144A Permanent Global Registered Notes without Coupons, Talons or Receipts which will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms and except as set forth herein with respect to certain Notes issued in an Overseas Directed Offering, including Listed Swiss Franc Notes, Regulation S Registered Notes will initially be represented by one or more Regulation S Temporary Global Registered Notes, which will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes,

registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms, on or after the Exchange Date, beneficial interests in each Regulation S Temporary Global Registered Note will be exchangeable (i) for beneficial interests in one or more Regulation S Permanent Global Registered Notes without Coupons, Talons or Receipts and (ii) upon and to the extent of the certification of the non-U.S. beneficial ownership of the relevant Notes as required by Regulation S, in whole but not in part, for Definitive Registered Notes upon the occurrence and during the continuation of a Definitive Notes Exchange Event.

Subject to the provisions of the applicable Final Terms, each Regulation S Permanent Global Registered Note will be (i) in the case of U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a custodian for, DTC, and (ii) in the case of non-U.S. Dollar denominated Notes, registered in the name of a nominee for, and deposited with a depositary or common depositary for, Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms, each Tranche of Regulation S Registered Notes issued in an Overseas Directed Offering will initially be represented by one or more Regulation S Permanent Global Registered Notes, beneficial interests in which will be exchangeable for Definitive Registered Notes in the circumstances set forth therein and in the relevant Final Terms.

(2) Whenever beneficial interests in a Global Registered Note are to be exchanged for Definitive Registered Notes, such Definitive Registered Notes will be issued in an aggregate principal amount equal to the principal amount of the relevant Global Registered Note within five business days of the delivery, by or on behalf of the registered Holder of the Global Registered Note, DTC, Euroclear and/or Clearstream Luxembourg, to the Registrar of such information as is required to complete and deliver such Definitive Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Definitive Registered Notes are to be registered and the principal amount of each such person's holding) against the surrender of the relevant Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Indenture and the regulations concerning the transfer and registration of Notes scheduled therein and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Definitive Registered Notes have not been issued and delivered by 5:00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the relevant Global Registered Note or (b) any of the Notes evidenced by the Global Registered Note has become due and payable in accordance with the Terms and Conditions or the date for final redemption of the relevant Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the relevant Global Registered Note on the due date for payment in accordance with the terms of the Global Registered Note, then each person (or its successor or assigns) shown in the records of DTC, Euroclear and/or Clearstream Luxembourg (or other relevant clearing system) may file any claim, take any action or institute any proceeding to enforce, directly against the Issuer, the obligation of the Issuer under the relevant Global Registered Note to pay any amount due in respect of each Note represented by the relevant Global Registered Note which is credited to such person's securities account with a clearing system without the production of the relevant Global Registered Note, *provided* that the registered holder of the relevant Global Registered Note shall not theretofore have filed a claim, taken action or instituted proceedings to enforce the same in respect of such Note.

Form and Exchange — Global Bearer Notes

(1) Subject to the provisions of the applicable Final Terms and except as set forth herein with respect to (i) certain Notes issued in certain Overseas Directed Offerings, including any Listed Swiss Franc Notes, (ii) Bearer Notes that are treated as being in "registered form" for United States federal income tax purposes and (iii) Bearer Notes having a maturity at issue of one year or less, Bearer Notes of any Tranche will initially be represented by one or more Temporary Global Bearer Notes, which will be deposited with a depositary or common depositary for Euroclear and/or Clearstream Luxembourg.

Subject to the provisions of the applicable Final Terms on or after the Exchange Date, upon and to the extent of the certification of the non-U.S. beneficial ownership of the relevant Notes as required by United States Treasury Regulations and Regulation S, beneficial interests in each Temporary Global Bearer Note will be exchangeable (i) for beneficial interests in a Permanent Global Bearer Note or (ii) upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms for Definitive Registered Notes (collectively, "**Definitive Notes**"). If a Temporary Global Bearer Note is exchanged for Definitive Bearer Notes at the option of the relevant Holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency).

Subject to the provisions of the applicable Final Terms, beneficial interests in each Permanent Global Bearer Note will be exchangeable (i) if so specified in the applicable Final Terms, for beneficial interests in Permanent Global Registered Notes and (ii) upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms, Definitive Registered Notes. If a Permanent Global Bearer Note is exchanged

for Definitive Bearer Notes at the option of the relevant Holder, the Notes shall be tradable only in principal amounts of at least €100,000 (or its equivalent in another currency).

Subject to the provisions of the applicable Final Terms, (a) each Tranche of Bearer Notes issued in an Overseas Directed Offering into a foreign country designated by the Commissioner of the IRS as a foreign country in which the certification as to the non-U.S. beneficial ownership of the relevant Notes is not required (including Listed Swiss Franc Notes), (b) Bearer Notes that are treated as being in "registered form" for United States federal income tax purposes and (c) Bearer Notes having a maturity at issue of one year or less, will initially be represented by one or more Permanent Global Bearer Notes.

(2) Holders of interests in any Temporary Global Bearer Note shall not (unless, upon due presentation of such Temporary Global Bearer Note for exchange for a Permanent Global Bearer Note or for delivery of Definitive Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Bearer Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

(3) Subject to paragraph (2) above, if any date on which a payment of interest is due on the Notes of a Tranche occurs while any of the Notes of that Tranche are represented by a Temporary Global Bearer Note, the related interest payment will be made only to the extent that the certification of the non-U.S. Beneficial ownership thereof as required by United States Treasury Regulations and Regulation S (in substantially the form set out in the Temporary Global Bearer Note or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear and/or Clearstream Luxembourg (or other relevant clearing system). Payments of amounts due in respect of beneficial interests in a Permanent Global Bearer Note will be made through Euroclear and/or Clearstream Luxembourg (or other relevant clearing system).

(4) The provisions of the applicable Final Terms may provide that so long as the Bearer Notes are represented by a Temporary Global Bearer Note or Permanent Global Bearer Note and the relevant clearing system(s) so permit, the Notes shall be tradable only in the Specified Denomination and higher integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination above €199,000. If a Permanent Global Bearer Note is exchanged for a Definitive Bearer Note at the option of the Holder, the Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided herein.

(5) Whenever a Global Bearer Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery of such Definitive Notes, duly authenticated and where and to the extent applicable, with Receipts, Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the relevant Global Bearer Note to the Holder of the relevant Global Bearer Note against its surrender at the specified office of the Principal Paying Agent within 30 days of the Holder's requesting such exchange.

If (a) Definitive Notes have not been delivered in accordance with the foregoing by 5:00 p.m. (London time) on the thirtieth day after the Holder has requested exchange, or (b) the Global Bearer Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions or the date for final redemption of the relevant Global Bearer Note has occurred and, in either case, payment in full of the amount of the Redemption Amount together with all accrued interest thereon has not been made to the Holder in accordance with the Terms and Conditions on the due date for payment, then each Holder or its successor or assigns may, without the consent and to the exclusion of the Holder of the relevant Global Bearer Note, file any claim, take any action or institute any proceeding to enforce directly against the Issuer the obligation of the Issuer under the relevant Global Bearer Note to pay any amount due in respect of each Note represented by the relevant Global Bearer Note which is credited to such Holder's securities account with a clearing system as fully as though such Note were evidenced by a Definitive Bearer Note without the production of the relevant Global Bearer Note, *provided* that the Holder of the relevant Global Bearer Note shall not theretofore have filed a claim, taken action or instituted proceedings to enforce the same in respect of such Note. The face amount of the relevant Global Bearer Note shall be reduced by the face amount, if any, of each Note represented thereby in respect of which full settlement has occurred as a result of any such claim, action or proceeding by such relevant Holders or their successors or assigns.

Amendments to Conditions

The Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

(1) *Meetings*: The Holder of a Permanent Global Bearer Note or of the Notes represented by a Permanent Global Registered Note shall (unless such Permanent Global Bearer Note or Permanent Global Registered Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, the Holder of a Permanent Global Bearer Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All Holders of Registered Notes are entitled to one vote in respect of each Note comprising such Holder's holding, whether or not represented by a Permanent Global Registered Note).

(2) *Cancellation*: Cancellation of any Note represented by a Permanent Global Bearer Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Bearer Note.

(3) *Purchase*: Notes represented by a Permanent Global Bearer Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest, principal and Installment Amounts (if any) thereon.

(4) *Notices*: So long as any Notes are represented by a Permanent Global Bearer Note or Permanent Global Registered Note and such Permanent Global Bearer Note or Permanent Global Registered Note is held by or on behalf of a clearing system, notices to the Holders of Notes of that Series may be given by delivery of the relevant notice to the clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions or by delivery of the relevant notice to the Holder of the Permanent Global Bearer Note or Permanent Global Registered Note.

(5) *Payments*: So long as any of the Notes remains in global form, payments will be made to Holders of Notes in accordance with customary operating procedures of DTC, Euroclear and/or Clearstream Luxembourg.

DESCRIPTION OF COLLATERAL

General

Each Series of Notes will be secured by all of the Funding Agreements issued by MetLife Insurance Company of Connecticut to the Issuer in respect of the Tranches of Notes comprising such Series, the Support and Expenses Agreements in respect of the Tranches of Notes of such Series (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in such Support and Expenses Agreements) and the related Trust Estate as specified in each applicable Final Terms. The Issuer will grant a security interest in each Funding Agreement and each Support and Expenses Agreement in respect of the Tranches of Notes of such Series (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth in each such Support and Expenses Agreement) to the relevant Series Agent for the benefit and security of the Secured Parties.

The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, MetLife Insurance Company of Connecticut, MetLife, Inc. or any of their respective subsidiaries or affiliates, the Delaware Trustee, the Administrator, the Beneficial Owner, or the Series Beneficial Owner. The obligations of MetLife Insurance Company of Connecticut under the Funding Agreements and the Support and Expenses Agreements will not be obligations of, and will not be guaranteed by, any other person.

Funding Agreements

The Funding Agreements are unsecured obligations of MetLife Insurance Company of Connecticut. MetLife Insurance Company of Connecticut is the sole owner of all deposits received under the Funding Agreements and all assets acquired therewith. All amounts that MetLife Insurance Company of Connecticut receives under the Funding Agreements and all assets acquired therewith are and remain a part of MetLife Insurance Company of Connecticut's general account without any duty or requirement of segregation or separate investment on MetLife Insurance Company of Connecticut's part.

Payments Under Funding Agreements

The currency of denomination, maturity, redemption and interest rate provisions of the Funding Agreement entered into in connection with a Tranche of Notes will be structured to provide the relevant Series of the Issuer with such payments as are necessary for such Series of the Issuer to meet in full its scheduled payment obligations under the relevant Tranche of Notes.

Any amendment or modification of the Notes or the Terms and Conditions thereof made after the effective date of a relevant Funding Agreement will not affect MetLife Insurance Company of Connecticut's payment and other obligations pursuant to such Funding Agreement.

The Funding Account Balance of the relevant Funding Agreement will be equal to the outstanding aggregate principal amount of the relevant Tranche of Notes at maturity (including any early maturity date due to a Mandatory Early Redemption or an Event of Default) plus accrued and unpaid interest. The Funding Agreement shall become effective immediately upon the receipt by MetLife Insurance Company of Connecticut of an amount equal to the Net Deposit Amount due thereunder.

Withholding; Termination for Taxation Reasons

MetLife Insurance Company of Connecticut will agree in each Funding Agreement, subject to certain exceptions provided in Condition 11.01 of the Terms and Conditions set forth under the section "Terms and Conditions of the Notes," to pay Additional Amounts to the Funding Agreement Holder to compensate for any withholding or deduction for or on account of any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied on payments in respect of a Funding Agreement or the Note, as the case may be, by or on behalf of any governmental authority in the United States having the power to tax, so that the amount received by the Funding Agreement Holder under that Funding Agreement and the Holder of the related Notes under such Notes, as the case may be, after giving effect to such withholding or deduction, whether or not currently payable, will equal the amount that would have been received under such Funding Agreement or Notes, as the case may be, were no such deduction or withholding required.

The relevant Funding Agreement will provide that if MetLife Insurance Company of Connecticut is obligated to withhold or deduct any United States taxes or to pay any Additional Amounts with respect to any payment under the Funding Agreement or with respect to any payment under any related contract between MetLife Insurance Company of Connecticut and the Funding Agreement Holder, or if there is a material probability that MetLife Insurance Company of Connecticut will become obligated to withhold or deduct any such United States taxes or otherwise pay Additional Amounts (in the opinion of independent counsel selected by MetLife Insurance Company of Connecticut), in each case pursuant to any change in or amendment to any United States tax laws (or any regulations or rulings thereunder) or any change in position of the IRS regarding the application or interpretation thereof (including, but not limited to, MetLife Insurance Company of Connecticut's receipt of a written adjustment from the IRS in connection with an audit), then MetLife Insurance Company of Connecticut may terminate the relevant Funding Agreement by giving not less than 30 and no more than 75 days prior written notice to the Funding Agreement Holder; *provided*, that no such notice of termination may be

given earlier than 90 days prior to the earliest day when MetLife Insurance Company of Connecticut would become obligated to pay such Additional Amounts were a payment in respect of the Funding Agreement then due.

Termination for Other Reasons; Demand for Payment

The Funding Agreement Holder may demand payment of the entire balance in the account of the relevant Funding Agreement if (i) MetLife Insurance Company of Connecticut fails to make a payment of interest or an Additional Amount (as such term is defined in the relevant Funding Agreement) required to be made under the relevant Funding Agreement and such failure continues for a period of five Business Days (as such term is defined in the relevant Funding Agreement); (ii) MetLife Insurance Company of Connecticut fails to make any payment of principal in accordance with the relevant Funding Agreement and such failure continues for a period of three Business Days; or (iii) a final order or decree is issued by a court of competent jurisdiction appointing a receiver or liquidator in any insolvency, rehabilitation, or similar proceeding involving all or substantially all of the assets, liabilities and property of MetLife Insurance Company of Connecticut.

Supplemental Funding Agreements

The first Funding Agreement issued in connection with a particular Series of Notes may provide that within six months of the effective date of such Funding Agreement related to such Series, MetLife Insurance Company of Connecticut may issue to the holder of such Funding Agreement one or more additional Funding Agreements and may provide in any such additional Funding Agreement that such additional Funding Agreement shall constitute part of the same obligation of MetLife Insurance Company of Connecticut as the first Funding Agreement issued in connection with such Series of Notes ("**Supplemental Funding Agreement**"), and that such Supplemental Funding Agreement shall be subject to the same terms and conditions (including those set forth in the Account Specification Appendix (as defined in the relevant Funding Agreement)), except that the Effective Date (as specified in the relevant Funding Agreement), the balance of the Funding Account, the Net Deposit Amount (each, as defined in the relevant Funding Agreement) and the amount of the first interest payment, if any, may be different in respect of such Supplemental Funding Agreement.

The issuance of any such Supplemental Funding Agreement will be subject to the satisfaction of the following condition: on the date on which the sales price of the Supplemental Funding Agreement is established (which, for U.S. federal income tax purposes, will be determined by reference to the first price at which a substantial amount of the Notes of the related Tranche is sold to Holders) (or, if earlier, the Announcement Date, as hereinafter defined), the yield of the first Funding Agreement of that Series (based on its fair market value — which, for U.S. federal income tax purposes, will be determined by reference to the first price at which a substantial amount of the Notes of the related Tranche is sold to Holders) is not more than 110 percent of the yield of such first Funding Agreement on its effective date (or if the first Funding Agreement is issued with no more than a *de minimis* amount of original issue discount (as determined under the Code), its coupon rate). The announcement date ("**Announcement Date**") is the later of seven days before the date on which the price of the additional debt instruments is established or the date on which the issuers intend to reopen a security is publicly announced through one or more media, including an announcement reported on the standard electronic news service used by security broker-dealers.

Support and Expenses Agreements

In connection with the issue of any Tranche of Notes under the Program, MetLife Insurance Company of Connecticut and the Issuer will enter into a Support and Expenses Agreement. The Support and Expenses Agreements are unsecured obligations of MetLife Insurance Company of Connecticut. Pursuant to the Support and Expenses Agreement entered into in connection with any Tranche of Notes, MetLife Insurance Company of Connecticut will agree to indemnify the Issuer for all Support Obligations related to such Tranche of Notes.

MetLife Insurance Company of Connecticut will agree in each Support and Expenses Agreement to pay any amounts due under such Support and Expenses Agreement in the currency in which the related Support Obligation originated. The subrogation rights of MetLife Insurance Company of Connecticut under each relevant Support and Expenses Agreement and any amounts relating thereto will not be included in the Trust Estate for the relevant Series.

TAXATION

The information provided below does not purport to be a complete summary of the U.S. tax law and practice currently applicable. Prospective investors should consult with their own professional advisors.

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX MATTERS IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. TAX LAWS; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF U.S. TREASURY DEPARTMENT CIRCULAR 230) OF THE MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

U.S. Taxation

The following is a summary of certain U.S. federal income tax consequences of the ownership and disposition of the Notes. It is included herein for general information only and does not address every aspect of the income or other tax laws that may be relevant to investors in the Notes in light of their personal investment circumstances or that may be relevant to certain types of investors subject to special treatment under U.S. income tax laws (for example, financial institutions, tax-exempt organizations, insurance companies, real estate investment trusts, regulated investment companies, persons that are broker-dealers, traders in securities who elect the mark to market method of accounting for their securities, U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, investors in partnerships or other pass-through entities or persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction). Except as noted below, the discussion in this summary is limited to initial purchasers of the Notes who purchase the Notes for cash at the initial "issue price" (i.e., the initial offering price to the public, excluding bond houses and brokers, at which a substantial amount of such Notes are sold) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code. In addition, this discussion does not address the effect of U.S. federal alternative minimum tax, the tax on "net investment income" imposed under Section 1411 of the Code, U.S. federal gift and estate tax law or any state, local or foreign tax laws. Subject to certain exceptions, Bearer Notes that are not treated as being in "registered form" for U.S. federal income tax purposes are not permitted to be sold to U.S. persons (as defined in Section 7701(a)(30) of the Code); if there were, however, to be any U.S. Holders of Bearer Notes that are not so treated, they would be subject to the limitations under the U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code. Persons considering the purchase, ownership or disposition of the Notes should consult their own tax advisors concerning the U.S. federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction. Furthermore, the discussion herein is based upon provisions of the Code, the legislative history thereof, final, temporary and proposed regulations thereunder, and rulings and judicial decisions thereunder as of the date hereof. Such authorities may be repealed, revoked or modified (including changes in effective dates, and possibly with retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed herein. The applicable Final Terms for the Notes may contain additional U.S. federal income tax disclosure with respect to any special U.S. federal income tax considerations for the Notes.

As used herein, a "**U.S. Holder**" is a beneficial owner of a Note that is for U.S. federal income tax purposes (i) a citizen or resident of the United States; (ii) a corporation (or any other entity treated as a corporation for U.S. income taxation) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust, if (a) a court within the United States is able to exercise primary supervision over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust.

For purposes of the following discussion, a "**Non-U.S. Holder**" means a beneficial owner of a Note (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder for U.S. federal income tax purposes.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes owns any of the Notes, the tax treatment of a partner or an equity interest owner of such other entity will generally depend upon the status of the person and the activities of the partnership or other entity treated as a partnership. If you are a partner of a partnership or an equity interest owner of another entity treated as a partnership holding any of the Notes, you should consult your tax advisors.

Classification of the Issuer and the Notes

In the opinion of Willkie Farr & Gallagher LLP, special U.S. federal income tax counsel to MetLife Insurance Company of Connecticut and to the Issuer ("**Special Tax Counsel**"), under current law and assuming the Issuer is operated in accordance with its organizational documents and as described in this Offering Circular, and based upon certain facts and assumptions contained in such opinion, (i) the Issuer and each Series of the Issuer will be ignored for U.S. federal income tax purposes and will not be treated as an

association or publicly traded partnership taxable as a corporation, and (ii) the Notes will be treated as indebtedness of MetLife Insurance Company of Connecticut for U.S. federal income tax purposes.

MetLife Insurance Company of Connecticut, the Issuer and each Series of the Issuer will treat the Notes as indebtedness of MetLife Insurance Company of Connecticut for all U.S. federal income tax purposes. Each Holder of Notes, by acceptance of such Notes, will be deemed to have agreed to treat the Notes as indebtedness of MetLife Insurance Company of Connecticut for all U.S. federal income tax purposes. The remainder of this discussion assumes the Notes are properly treated as indebtedness of MetLife Insurance Company of Connecticut for all U.S. federal income tax purposes.

An opinion of Special Tax Counsel is not binding on the IRS or the courts, and no ruling on any of the consequences or issues discussed herein will be sought from the IRS. Accordingly, persons considering the purchase of Notes should consult their own tax advisors about the U.S. federal income tax consequences of an investment in the Notes and the application of U.S. federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations.

U.S. Taxation of U.S. Holders

Original Issue Discount and Premium

Except as described below, U.S. Holders of Notes generally will include payments of stated interest received in respect of the Notes as ordinary interest income in the taxable year when received or accrued in accordance with their method of accounting for U.S. federal income tax purposes. In general, if the issue price of the Notes, determined by the aggregate first price at which a substantial amount of the Notes are sold to the Holders, is less than the "stated redemption price at maturity" of the Notes by more than a *de minimis* amount, a U.S. Holder will be considered to have purchased its Notes with original issue discount ("**OID**"). If a U.S. Holder acquires Notes with OID, then regardless of such Holder's method of accounting, the Holder will be required to accrue OID on the Notes on a constant yield basis and include such accruals in gross income.

In general, if the issue price of a Note exceeds the "stated redemption price at maturity" of the Note, a U.S. Holder will be considered to have purchased its Note at a premium. In this event, a U.S. Holder may elect to amortize such premium, based on a constant yield basis, as an offset to interest income, whether or not such U.S. Holder has received any cash payment from the Issuer with respect to the Note. Any amount of unamortized bond premium will decrease the U.S. Holder's tax basis in the Note.

"Stated redemption price at maturity" means the sum of all payments to be received on a Note other than payments of qualified stated interest (defined generally as stated interest that is unconditionally payable at least annually at a single fixed rate or in the case of a variable rate debt instrument, at a rate or combination of rates meeting certain specified criteria). Unless otherwise specified in the applicable Final Terms, MetLife Insurance Company of Connecticut expects interest on a Note to be treated as qualified stated interest.

Notes that have a fixed maturity of one year or less ("**short-term notes**") will be treated as having been issued with OID. In general, an individual or other cash method U.S. Holder is not required to accrue such OID unless the U.S. Holder elects to do so. If such an election is not made, any gain recognized by the U.S. Holder on the sale, exchange or maturity of the short-term note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the short-term note will be deferred until a corresponding amount of income is realized. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method, and certain other holders including banks and dealers in securities, are required to accrue OID on a short-term note on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

Sale and Retirement of Notes

In general, a U.S. Holder of a Note will have a basis in such Note equal to the cost of the Note to such Holder, increased by any amount includible in income by such Holder as OID and reduced by amortized premium and any payments other than payments of qualified stated interest on the Note. Upon a sale, exchange or retirement of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued but unpaid interest, which would be taxable as such) and the Holder's tax basis in such Note. Such gain or loss will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition.

The Notes may trade at a price that does not accurately reflect the value of accrued but unpaid interest. A U.S. Holder who disposes of a Note between record dates for payments of interest thereon will be required to include accrued but unpaid interest on the Note through the date of disposition in income as ordinary income to the extent not previously included in income. To the extent the selling price is less than the U.S. Holder's adjusted tax basis (which will include all accrued but unpaid OID) a U.S. Holder of Notes will recognize a capital loss. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for U.S. federal income tax purposes.

Foreign Currency Notes

The following summary describes special rules that apply, in addition to the rules described previously, to Notes that are denominated in, or provide for payments determined by reference to, a currency or currency unit other than the U.S. Dollar ("**Foreign Currency Note**"). The amount of stated interest paid with respect to a Foreign Currency Note that is includible in income by a cash method of accounting U.S. Holder is the U.S. Dollar value of the amount paid, as determined on the date of receipt by the U.S. Holder using the spot rate of exchange on such date. In the case of stated interest paid to a U.S. Holder that uses the accrual method of accounting, and in the case of OID for all U.S. Holders, such U.S. Holder is required to include the U.S. Dollar value of the amount of interest income or OID that accrued during the accrual period. The U.S. Dollar value of such accrued interest income is determined by translating such income at the average rate of exchange for the accrual period or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period.

The amount realized with respect to a sale, exchange or redemption of a Foreign Currency Note generally will be (i) in the case of a cash basis taxpayer, the U.S. Dollar value of the payment received determined on the settlement date of the sale of such Note (using the spot rate on such date) or (ii) in the case of an accrual basis taxpayer, the U.S. Dollar value of the payment received determined on the date of disposition of such Note (or, if such taxpayer elects, the settlement date of the sale of such Notes) (using the spot rate on such date). Gain or loss that is recognized will be ordinary income or loss to the extent it is attributable to fluctuations in currency rates between the dates of purchase (or basis adjustment) and the date of disposition or settlement, as the case may be.

U.S. Taxation of Non-U.S. Holders

Provided the Notes are sold and delivered, and payments are made, in accordance with the terms of the Notes, and subject to the discussion of backup withholding and FATCA withholding herein, payments on the Notes, by or on behalf of the Issuer or any of its Paying Agents to a Non-U.S. Holder, assuming such income is not effectively connected with the conduct of a trade or business in the United States, will not be subject to U.S. federal withholding tax pursuant to the "**Portfolio Interest Exemption**," if, in the case of interest (including OID): (i) the Non-U.S. Holder does not actually or constructively own 10 percent or more of the total combined voting power of all classes of stock of MetLife Insurance Company of Connecticut entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury Regulations promulgated thereunder; (ii) the Non-U.S. Holder is not a controlled foreign corporation that is related within the meaning of Section 864(d)(4) of the Code to MetLife Insurance Company of Connecticut; (iii) the Non-U.S. Holder is not a bank for U.S. federal income tax purposes whose receipt of interest on the Note is described in Section 881(c)(3)(A) of the Code; (iv) interest on the Notes is not contingent interest within the meaning of Section 871(h)(4)(A) of the Code; (v) the Notes are treated as being in "registered form" for U.S. federal income tax purposes; and (vi) the certification requirements under Section 871(h) or Section 881(c) of the Code and Treasury Regulations promulgated thereunder, summarized herein, are met.

For Registered Notes and Bearer Notes that are treated as being in "registered form" for U.S. federal income tax purposes, Sections 871(h) and 881(c) of the Code and Treasury Regulations promulgated thereunder require that, in order to obtain the Portfolio Interest Exemption from withholding previously described: (i) the beneficial owner of the Notes must certify to MetLife Insurance Company of Connecticut and the Issuer or the Principal Paying Agent (as the case may be), under penalties of perjury, that such owner is a Non-U.S. Holder, and must provide its name, address and U.S. taxpayer identification number ("**TIN**"), if any; (ii) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "**Financial Institution**") and holds such Notes on behalf of the beneficial owner thereof must certify to MetLife Insurance Company of Connecticut and the Issuer or the Paying Agent (as the case may be), under penalties of perjury, that such certificate has been received from the beneficial owner by it or by a Financial Institution between it and the beneficial owner, and must furnish MetLife Insurance Company of Connecticut and the Issuer or the Paying Agent (as the case may be) with a copy thereof; or (iii) the Non-U.S. Holder must provide the certification described in clause (i) to a "qualified intermediary" or a "withholding foreign partnership," and must ensure that certain other conditions are met. A certificate described in this paragraph generally is effective only with respect to payments of interest made to the certifying Non-U.S. Holder after issuance of the certificate in the calendar year of its issuance and the three immediately succeeding calendar years. The certification may be provided on the appropriate and properly executed IRS Form W-8. Special rules apply to Non-U.S. Holders that are foreign partnerships. In addition, alternative forms of certification may be available under applicable Treasury Regulations.

Even if a Non-U.S. Holder cannot satisfy the requirements for eligibility for the Portfolio Interest Exemption, interest (including OID) earned by such non-U.S. Holder will not be subject to a 30 percent withholding tax if (i) the Note has a maturity (at issue) of 183 days or less or (ii) the beneficial owner of the Note provides the Issuer or its Paying Agent, as the case may be, with a properly executed (a) IRS Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of a U.S. income tax treaty or (b) IRS Form W-8ECI stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Notwithstanding the provision of a IRS Form W-8ECI, a Non-U.S. Holder that holds its Notes in connection with its conduct of a trade or business in the United States (which conduct of such trade or business, if any of certain tax treaties apply, is through a U.S. permanent establishment maintained by the Non-U.S. Holder), will be taxed on its Notes in the same manner as a U.S. Holder, and, if such Non-U.S. Holder is a foreign corporation, it may also be subject to a branch profits tax equal to 30 percent (or such lower rate as may be provided under an

applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For this purpose, interest (including OID) on a Note will be included in such foreign corporation's earnings and profits.

Generally, a Non-U.S. Holder will be subject to withholding on payments on the Notes unless such holder qualifies under the Portfolio Interest Exemption or is otherwise exempt from withholding, as previously discussed. For the avoidance of doubt, (1) a Non-U.S. Holder that actually or constructively owns 10 percent or more of the total combined voting power of all classes of stock of MetLife Insurance Company of Connecticut entitled to vote will not be entitled to the Portfolio Interest Exemption, discussed previously, and will be subject to a 30 percent withholding tax on interest payments on the Notes unless such holder is otherwise exempt from withholding tax, as previously discussed and (2) under 2010 legislation, interest (including OID) on Bearer Notes that are not treated as being in "registered form" for U.S. federal income tax purposes are automatically ineligible for the Portfolio Interest Exemption.

Subject to the discussion of backup withholding and FATCA withholding herein, a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on any gain realized on the sale, exchange, retirement or other disposition of a Note (other than gain attributable to accrued interest) unless (i) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of such sale, exchange, retirement or other disposition, and certain other conditions are met or (ii) such gain is (or is treated as) effectively connected with a trade or business in the United States of the Non-U.S. Holder (and, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder).

Backup Withholding and Information Reporting

Under U.S. federal income tax law, information reporting requirements apply to interest (including OID) and principal payments made to, and to the proceeds of sales before maturity by, certain non-corporate U.S. Holders. In addition, backup withholding tax will apply if (i) the non-corporate U.S. Holder fails to furnish such non-corporate U.S. Holder's TIN (which, for an individual, would be his or her Social Security Number) to the payor in the manner required, (ii) the non-corporate U.S. Holder furnishes an incorrect TIN and the payor is so notified by the IRS, (iii) the payor is notified by the IRS that it has failed properly to report payments of interest and dividends or (iv) in certain circumstances, the non corporate U.S. Holder fails to certify, under penalties of perjury, that it has not been notified by the IRS that it is subject to backup withholding for failure properly to report interest and dividend payments. Backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations (within the meaning of Section 7701(a) of the Code) and tax-exempt organizations.

In the case of a Non-U.S. Holder, backup withholding and information reporting will not apply to payments made outside the United States by MetLife Insurance Company of Connecticut, the Issuer or a Paying Agent, if the appropriate certification is received, *provided* that MetLife Insurance Company of Connecticut, the Issuer or a Paying Agent, as the case may be, does not have actual knowledge that the payee is a U.S. Holder and certain other conditions are satisfied. Unless the payor has actual knowledge that the payee is a U.S. Holder, backup withholding will not apply to (i) payments of interest (including OID) made outside the United States to certain offshore accounts and (ii) payments on the sale, exchange, redemption, retirement or other disposition of a Note effected outside the United States. However, information reporting (but not backup withholding) will apply to (i) payments of interest made by a payor outside the United States with respect to a Registered Note or a Bearer Note that is treated as being in "registered form" for U.S. federal income tax purposes and (ii) payments on the sale, exchange, redemption, retirement or other disposition of a Note effected outside the United States if payment is made by a payor that is, for U.S. federal income tax purposes, (a) a U.S. person, (b) a controlled foreign corporation, (c) a U.S. branch of a foreign bank or foreign insurance company, (d) a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business or (e) a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, unless such payor or broker has in its records documentary evidence that the beneficial owner is not a U.S. Holder and certain other conditions are met or the beneficial owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the beneficial owner's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

FATCA Requirements Affecting Taxation of Notes Held By or Through Foreign Entities

Legislation was enacted on March 18, 2010, commonly referred to as Foreign Account Tax Compliance Act ("**FATCA**") provisions, that under Sections 1471 to 1474 of the Code generally imposes a withholding tax of 30 percent on interest income (including OID) from debt obligations of U.S. issuers and the gross proceeds of a disposition of such obligations paid to a foreign financial institution (other than with respect to interest (including OID) or gross proceeds that are effectively connected with the conduct of a trade or business within the United States), unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners).

The FATCA legislation also generally imposes a withholding tax of 30 percent on interest income from such obligations and the gross proceeds of a disposition of such obligations paid to a non-financial foreign entity (other than with respect to interest or gross proceeds that are effectively connected with the conduct of a trade or business within the United States) unless such entity provides

the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances (for example, if the recipient is resident in a country having a tax treaty with the United States), a holder of such obligation might be eligible for refunds or credits of such taxes. Under proposed Treasury regulations, this new withholding tax would not apply to interest (including OID) on a debt obligation that is paid on or before December 31, 2013 or (ii) to gross proceeds from the sale or other disposition of a debt obligation paid on or before December 31, 2014. Furthermore, under proposed Treasury regulations, the new withholding tax generally would not apply with respect to any debt obligation outstanding on January 1, 2013, unless such debt obligation undergoes a "significant modification" (within the meaning of Section 1.1001-3 of Treasury regulations) after such date. The Issuer will not be required to pay Additional Amounts with respect to any taxes withheld from payments on the Notes as a result of the enactment and implementation of the FATCA provisions. The legislation also imposes new U.S. return disclosure obligations (and related penalties for failure to disclose) on individuals required to file U.S. federal income tax returns that hold certain specified foreign financial assets (which include financial accounts in foreign financial institutions). Investors are urged to consult with their own tax advisors regarding the possible implications of this recently enacted legislation on their investment in the Notes.

THE PRECEDING U.S. FEDERAL INCOME TAX DISCUSSION IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. OR OTHER TAX LAWS.

EU Savings Directive

Under European Union Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-European Union countries and territories, including Switzerland, have adopted similar measures (*e.g.* a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment is made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person is obliged to pay Additional Amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer has agreed to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

NEITHER THE ISSUER NOR ANY OF THE DEALERS MAKES ANY COMMENT ABOUT THE TREATMENT FOR TAXATION PURPOSES OF PAYMENTS OR RECEIPTS IN RESPECT OF THE NOTES. EACH INVESTOR CONTEMPLATING ACQUIRING NOTES UNDER THE PROGRAM IS ADVISED TO CONSULT A PROFESSIONAL ADVISOR IN CONNECTION WITH THE CONSEQUENCES RELATING TO THE ACQUISITION, RETENTION AND DISPOSITION OF NOTES.

ERISA CONSIDERATIONS

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX MATTERS IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE UNITED STATES TAX LAWS; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230) OF THE MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ERISA and Section 4975 of the Code impose certain requirements on (i) employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA ("**ERISA Plans**"), (ii) plans and retirement arrangements subject to Section 4975 of the Code, including individual retirement accounts and annuities, and Keogh plans (together with ERISA Plans, "**Plans**" and each a "**Plan**") and (iii) any entity, including certain collective investment funds or insurance company general or separate accounts, whose underlying assets include the assets of any such Plans ("**Plan Assets**"). Each fiduciary of a Plan should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether such an investment is permitted under the documents and instruments governing the Plan and whether the investment would satisfy the prudence and diversification requirements of ERISA.

Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving Plan Assets and persons ("**parties in interest**" under ERISA and "disqualified persons" under the Code, collectively, "Parties in Interest") with specified relationships to a Plan, unless a statutory or administrative exemption is available. Parties in Interest that participate in a prohibited transaction may be subject to a penalty imposed under ERISA and/or an excise tax imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b) of ERISA), though not subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may be subject to Similar Laws.

Subject to the considerations described herein, the Notes are eligible for purchase with Plan Assets of any Plan.

Any fiduciary or other Plan investor considering whether to purchase the Notes with Plan Assets should determine whether such purchase is consistent with its fiduciary duties and whether such purchase would constitute or result in a non-exempt prohibited transaction under ERISA and/or Section 4975 of the Code. Because the acquisition and holding of a Note may be deemed to be an indirect extension of credit between an investor and MetLife Insurance Company of Connecticut, and MetLife Insurance Company of Connecticut may be a Party in Interest to a number of Plans, the acquisition and holding of a Note could constitute a prohibited transaction. Accordingly, any fiduciary or other Plan investor considering whether to purchase or hold the Notes should consult with its counsel regarding the availability of exemptive relief under Department of Labor ("**DOL**") Prohibited Transaction Class Exemption ("**PTCE**") 96-23 (relating to transactions determined by "in-house asset managers"), 95-60 (relating to transactions involving insurance company general accounts), 91-38 (relating to transactions involving bank collective investment funds), 90-1 (relating to transactions involving insurance company pooled separate accounts) or 84-14 (relating to transactions determined by independent "qualified professional asset managers") or any other applicable PTCE. In addition to the foregoing, a statutory exemption, codified in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, together with any related regulations promulgated by the DOL (all of the foregoing herein referred to as the "**Service Provider Exemption**"), may provide exemptive relief. Any Plan fiduciary relying on the Service Provider Exemption in connection with the purchase of Notes will have to make a determination that (x) the Plan is paying no more than, and is receiving no less than, adequate consideration in connection with the transaction and (y) neither the Issuer nor MetLife Insurance Company of Connecticut nor any of their respective affiliates directly or indirectly exercises any discretionary authority or control or renders investment advice with respect to the assets of the Plan which such fiduciary is using to purchase Notes, both of which are necessary preconditions to utilizing the Service Provider Exemption. A purchaser of the Notes should be aware, however, that even if the conditions specified in one or more of the above-referenced exemptions are met, the scope of the exemptive relief provided by the exemption might not cover all acts which might be construed as prohibited transactions. In this regard, the Notes may not be purchased or held by any Plan, or any person acting on behalf of or investing Plan Assets of any Plan, if MetLife Insurance Company of Connecticut or any of its affiliates (a) has investment or administrative discretion with respect to the Plan Assets used to effect such purchase; or (b) has authority or responsibility to give, or regularly gives, investment advice with respect to such Plan Assets, for a fee and pursuant to an agreement or understanding that such advice (1) will serve as a primary basis for investment decisions with respect to such Plan Assets, and (2) will be based on the particular investment needs of such Plan.

In any event, each purchaser or Holder of the Notes or any interest therein will be deemed to have represented by its purchase and holding thereof that either (i) it is not, and is not acting on behalf of or investing the assets of, a Plan or a governmental, church or foreign plan that is subject to any Similar Laws, or (ii) its acquisition, holding and disposition of the Notes or any beneficial interest

therein will not constitute or result in (A) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or foreign plan, any Similar Laws) by reason of the exemptive relief available under one or more applicable statutory or administrative exemptions, or (B) any other violation of ERISA or Similar Laws.

The DOL has promulgated a regulation, 29 C.F.R. §2510.3-101 (the "**Plan Asset Regulation**") as modified by Section 3(42) of ERISA, describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of the fiduciary responsibility provisions of Title I of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation by "benefit plan investors," within the meaning of Section 3(42) of ERISA, is not "significant." The Plan Asset Regulations provide, however, that where the value of a Plan's equity interest in an entity relates solely to identified property of the entity, such property shall be treated as the sole property of a separate entity.

The Plan Asset Regulation defines an "equity interest" as an interest other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. There is very little pertinent authority on the issue of what constitutes an equity security for purposes of the Plan Asset Regulation. Accordingly, whether the Notes would be treated as debt or equity for purposes of the Plan Asset Regulation is unclear. Since, however, the Holders of a Series of Notes will have recourse only to the relevant Trust Estate that secures such Series of Notes, if the Notes were treated as equity interests, the related Funding Agreement would be treated as assets of any Plan holding a Note.

Even if the Notes were treated as equity interests for purposes of the Plan Asset Regulation, because (a) the Issuer expects that the Funding Agreements will be treated as debt, rather than equity, for federal tax purposes and (b) the Funding Agreements should not be deemed to have any "substantial equity features," none of the assets underlying the Funding Agreements should be treated as Plan Assets for purposes of the Plan Asset Regulation. Those conclusions are based, in part, upon the traditional debt features of the Funding Agreements including the reasonable expectation of purchasers of the Notes that the amounts payable under the Funding Agreements will be paid when due, as well as the absence of conversion rights, warrants and other typical equity features.

Moreover, since the Delaware Trustee and the Administrator have no discretionary authority with respect to the Funding Agreements even if the Funding Agreements are treated as Plan Assets of a Plan holding a Note, neither the Delaware Trustee nor the Administrator should be treated as having acted in a fiduciary capacity under ERISA with respect to the Funding Agreements and the treatment of the Funding Agreements as Plan Assets should not, absent other factors that do not appear to be present, give rise to a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code.

Any fiduciary or other Plan investor considering whether to purchase any Notes on behalf of or with Plan Assets of any Plan should consult with its counsel regarding the potential consequences under ERISA, the Code or, if applicable, Similar Law, of an investment in the Notes considering their specific circumstances.

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank, 510 U.S. 86 (1993)*, and under any subsequent guidance that may become available relating to that decision. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the DOL for transactions involving insurance company general accounts in PTCE 95-60 and Section 401(c) of ERISA.

Due to the complexity of these rules and the penalties that may be imposed upon Parties in Interest in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing Notes on behalf of, or with Plan Assets of, any Plan consult with their counsel regarding the potential consequences of such purchase and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, any other applicable PTCE or the Service Provider Exemption, and determine on their own whether all of the conditions of one of more of the foregoing prohibited transaction exemptions (or any other applicable statutory or administrative exemption) have been satisfied and that the Plan's purchase, holding and disposition of the Notes will be entitled to full exemptive relief. The fiduciary of an employee benefit plan that is not subject to ERISA or Section 4975 of the Code proposing to invest in the Notes must make its own determination that such investment is permitted under applicable Similar Laws.

The sale of any Notes to a Plan is in no respect a representation by any party or entity that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel before making any offer, resale, pledge or other transfer of Notes.

The distribution of this Offering Circular, any supplements hereto and any Final Terms and the offering, sale and delivery of Notes in certain jurisdictions may be restricted or prohibited by law. In particular, except for the listing of certain Notes on the relevant stock exchange as may be specified in the applicable Final Terms, the Issuer, the Arranger and the Dealers have not and will not take any action that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular, any supplements hereto and any Final Terms, nor any other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Circular, any supplements hereto and any Final Terms or any other offering material and must obtain any consent, approval or permission required of it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor the Dealers shall have responsibility therefor.

Persons into whose possession this Offering Circular, any supplements hereto and any Final Terms, or any other offering material comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to comply with any such restrictions.

Selling and transfer restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Offering Circular.

Each Holder of Notes and each person purchasing or holding a beneficial interest in any Notes will be deemed to have represented and warranted or, in the case of purchases by an agent or fiduciary acting for the beneficial owner of an account for which such agent or fiduciary exercises investment discretion, such agent or fiduciary will be deemed to have confirmed on behalf of such beneficial owner as follows:

- It (i) is purchasing the Notes for its own account or for a beneficial owner for which such person is acting as a fiduciary or agent with investment discretion with respect to each account maintained for such beneficial owner, and (ii) has full power and authority to make the acknowledgments, representations, warranties and agreements contained herein on behalf of each such account.
- It understands that the Notes have not been and will not be registered under the Securities Act or any applicable state or foreign securities laws, and that the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**").
- It acknowledges that this Offering Circular is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes.
- It is not purchasing the Notes with a view to any public resale or distribution thereof.
- It either is (i)(a) not a "U.S. person" as defined under Regulation S (a "**U.S. Person**"); and (b) not purchasing the Notes in the United States or any of its territories or possessions; or (ii) a Qualified Institutional Buyer purchasing the Notes for its own account, or for the account of persons who are Qualified Institutional Buyers.
- Either (i) it is not, and is not acting on behalf of or investing assets of, (a) an employee benefit plan or other plan or retirement arrangement that is subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or Section 4975 of the Code or (b) a governmental, church or foreign plan that is subject to provisions of non-U.S., federal, state or local law substantially similar to Section 406 of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**"); or (ii) its acquisition, holding and disposition of the Notes or any beneficial interest therein will not constitute or result in (a) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or foreign plan, any Similar Laws) by reason of the exemptive relief available under one or more applicable statutory or administrative exemptions, or (b) any other violation of ERISA or Similar Laws.
- It is not an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department. It understands that the Notes may

not be offered, sold, pledged or otherwise transferred to an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department. Any Person described in the foregoing sentence who acquires a Note shall not be entitled to receive any payments thereunder. It also understands that the Indiana Insurance Department has stated that Indiana domestic insurers should contact the Indiana Insurance Department before purchasing the Notes.

- It is its intent, and it understands it is the intent of the Issuer, for purposes of United States federal, state and local income taxes, that the Notes be treated as debt of MetLife Insurance Company of Connecticut, and it agrees to such treatment and to take no action inconsistent with such treatment.
- It will inform each person to whom the Notes or any interests therein are offered, resold, pledged or otherwise transferred of the restrictions on the transfer of the Notes set forth in this "Notice to Investors."
- It understands and agrees that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may only be offered, sold, pledged or otherwise transferred (i)(a) to a person reasonably believed by it to be a Qualified Institutional Buyer purchasing for its own account or for the account of persons who are Qualified Institutional Buyers, in a transaction in compliance with Rule 144A; or (b) to a person who is not a U.S. Person, outside the United States or any of its territories or possessions, in accordance with Regulation S; and (ii) in each case, in accordance with all applicable securities laws of the United States, any state of the United States and any other applicable jurisdiction.
- It understands that Bearer Notes that are not treated as being in "registered form" for United States federal income tax purposes and that have a maturity at issue in excess of one year, are subject to United States tax law requirements and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to United States persons (within the meaning of Section 7701(a)(30) of the Code).
- It understands that the Notes will bear a legend substantially to the following effect, unless the Issuer determines otherwise consistent with applicable law, and that the transfer restrictions contained therein apply to the Notes:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE OR FOREIGN SECURITIES LAWS, AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT").

THE NOTES EVIDENCED HEREBY SHALL ONLY BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO OR HELD BY (A)(1) A PERSON WHO IS (I) A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), AND (II) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS, AND (III) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A SO LONG AS THE NOTES EVIDENCED HEREBY ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A IN ACCORDANCE WITH RULE 144A; OR (2) A PERSON THAT IS NOT A U.S. PERSON, OUTSIDE THE UNITED STATES OR ANY OF ITS TERRITORIES OR POSSESSIONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT; AND (B) IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES, ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

THE NOTES EVIDENCED HEREBY SHALL NOT BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO A PERSON WHO IS AN INSURER DOMICILED IN THE STATE OF ARKANSAS, A HEALTH MAINTENANCE ORGANIZATION, FARMERS' MUTUAL AID ASSOCIATION OR OTHER ARKANSAS DOMESTIC COMPANY REGULATED BY THE ARKANSAS INSURANCE DEPARTMENT. ANY PERSON DESCRIBED IN THE FOREGOING SENTENCE WHO ACQUIRES A NOTE SHALL NOT BE ENTITLED TO RECEIVE ANY PAYMENTS THEREUNDER. THE INDIANA INSURANCE DEPARTMENT HAS STATED THAT INDIANA DOMESTIC INSURERS SHOULD CONTACT THE INDIANA INSURANCE DEPARTMENT BEFORE PURCHASING THE NOTES.

BY ITS ACCEPTANCE OF THE NOTES, EACH HOLDER OF THE NOTES SHALL BE DEEMED TO HAVE REPRESENTED TO THE ISSUER THAT (A) SUCH HOLDER IS EITHER (1) (I) NOT A U.S. PERSON; AND (II) NOT PURCHASING THE NOTES IN THE UNITED STATES OR ANY OF ITS TERRITORIES OR POSSESSIONS; OR (2) (I) A QUALIFIED INSTITUTIONAL BUYER; (II) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS; AND (B) EITHER (X) IT IS NOT, AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF, (i) AN EMPLOYEE BENEFIT PLAN OR OTHER PLAN OR RETIREMENT ARRANGEMENT THAT IS SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

(THE "CODE"), OR (ii) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN THAT IS SUBJECT TO PROVISIONS OF NON-U.S., FEDERAL, STATE OR LOCAL LAW SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (COLLECTIVELY "SIMILAR LAWS"), OR (Y) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES OR ANY BENEFICIAL INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN (i) A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR FOREIGN PLAN, ANY SIMILAR LAWS) BY REASON OF THE EXEMPTIVE RELIEF AVAILABLE UNDER ONE OR MORE APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTIONS, OR (ii) ANY OTHER VIOLATION OF ERISA OR SIMILAR LAWS; (B) SUCH HOLDER IS NOT AN INSURER DOMICILED IN THE STATE OF ARKANSAS, A HEALTH MAINTENANCE ORGANIZATION, FARMERS' MUTUAL AID ASSOCIATION OR OTHER ARKANSAS DOMESTIC COMPANY REGULATED BY THE ARKANSAS INSURANCE DEPARTMENT; AND (C) IT IS SUCH HOLDER'S INTENT AND SUCH HOLDER UNDERSTANDS IT IS THE ISSUER'S INTENT, FOR PURPOSES OF UNITED STATES FEDERAL INCOME, STATE AND LOCAL INCOME TAXES THAT THE NOTES BE TREATED AS DEBT, AND SUCH HOLDER AGREES TO SUCH TREATMENT AND TO TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT.

IN CONNECTION WITH ANY TRANSFER OF THE NOTES, THE PROPOSED TRANSFEREE WILL BE REQUIRED TO DELIVER TO THE INDENTURE TRUSTEE SUCH CERTIFICATES, OPINIONS AND OTHER INFORMATION AS THE ISSUER (BASED ON THE WRITTEN ADVICE OF THE ISSUER'S COUNSEL) MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

The following legend will also appear on any Global Bearer Notes and Definitive Bearer Notes, and any Coupons appertaining thereto:

NOTES IN BEARER FORM, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO UNITED STATES PERSONS, AS DEFINED IN SECTION 7701(a)(30) OF THE CODE.

ANY UNITED STATES PERSON (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO THE LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE CODE.

- It acknowledges that no person has been authorized to give any information or to make any representation concerning the Issuer, MICC or the Notes other than those contained in this Offering Circular, any supplement hereto and any applicable Final Terms, and, if given or made, such other information or representation was not relied upon in making its decision to invest in the Notes.
- It has the legal power, authority and right to purchase the Notes.
- It has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in and holding the Notes.
- It has (i) been given the opportunity to ask questions of, and receive answers from, the Issuer concerning the terms and conditions of the offering of, and other matters pertaining to an investment in, the Notes; (ii) been given the opportunity to request and review such additional information necessary to evaluate the merits and risks of a purchase of the Notes and to verify the accuracy of or to supplement the information contained in this Offering Circular to the extent the Issuer possesses such information; and (iii) received all documents and information reasonably necessary to make such an investment decision.
- It understands that there is no market for the Notes and there is no assurance that such a market will develop. The Dealers are not under any obligation to make a market in the Notes and, to the extent that such market making is commenced by any Dealer, it may be discontinued at any time, and there is no assurance that a secondary trading market for the Notes will develop and the purchaser must be able to bear the risks of holding the Notes until their maturity.
- It understands that the Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "**Commission**"), the State of Connecticut Insurance Department (the "**Connecticut Department**"), the Delaware Department of Insurance, or any other regulatory authority, nor have any of them passed upon the adequacy or accuracy of this Offering Circular or any Final Terms. The Offering Circular has been approved by the Central Bank of Ireland for the purposes of the Prospectus Directive.
- It understands that each Series of Notes is a non-recourse obligation of the Issuer, payable only from the relevant Trust Estate (as hereinafter defined) relating to such Series of Notes under the Indenture (as hereinafter defined), and that if an Event of Default (as hereinafter defined) under the Indenture shall occur with respect to a particular Series of Notes, the relevant Series Agent (as hereinafter defined) and the Indenture Trustee, on behalf of the relevant Holders, will be limited to a proceeding against the

relevant Trust Estate. The relevant Trust Estate for each Series of Notes will consist primarily of (i) one or more Funding Agreements issued by MetLife Insurance Company of Connecticut and (ii) one or more Support and Expenses Agreements (subject to the subrogation rights of MetLife Insurance Company of Connecticut set forth therein) entered into between MetLife Insurance Company of Connecticut and the Issuer; *provided*, *however*, that the Holders of Notes are not holders of the Funding Agreements or parties under any Support and Expenses Agreements, have no direct rights against MetLife Insurance Company of Connecticut under any Funding Agreement or any Support and Expenses Agreement, and will not be entitled to exercise the rights of a holder of any Funding Agreement or a party under any Support and Expenses Agreement.

- It understands that, in the event of MetLife Insurance Company of Connecticut's insolvency, (i) the claims under each Funding Agreement would rank (a) *pari passu* with the claims of policyholders of MetLife Insurance Company of Connecticut and in a superior position to the claims of general creditors of MetLife Insurance Company of Connecticut with respect to payments of principal and interest under the Funding Agreement and (b) *pari passu* with the claims of general creditors of MetLife Insurance Company of Connecticut with respect to any payment of Additional Amounts (as hereinafter defined) under the Funding Agreement, and (ii) the claims under the Support and Expenses Agreements would rank *pari passu* with the claims of general creditors of MetLife Insurance Company of Connecticut.
- IT UNDERSTANDS THAT (I) CLAIMS UNDER THE FUNDING AGREEMENTS IN EXCESS OF STATUTORILY PRESCRIBED AMOUNTS AND (II) ALL CLAIMS UNDER THE SUPPORT AND EXPENSES AGREEMENTS WILL NOT BE COVERED BY THE CONNECTICUT LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION.
- IT FURTHER UNDERSTANDS THAT THE OBLIGATIONS OF METLIFE INSURANCE COMPANY OF CONNECTICUT UNDER THE FUNDING AGREEMENTS AND THE SUPPORT AND EXPENSES AGREEMENTS ARE NOT OBLIGATIONS OF, AND ARE NOT GUARANTEED BY, ANY OTHER PERSON.
- IT FURTHER UNDERSTANDS THAT BECAUSE EACH SERIES OF NOTES WILL BE SECURED BY ONE OR MORE FUNDING AGREEMENTS ISSUED BY A LIFE INSURANCE COMPANY, THERE IS A RISK THAT IF THE NOTES WERE DEEMED TO BE CONTRACTS OF INSURANCE, THE TRANSFER OF THE NOTES COULD SUBJECT THE PARTIES TO SUCH TRANSFER TO REGULATION UNDER THE INSURANCE LAWS OF THE JURISDICTION IMPLICATED BY THE TRANSFER. AMONG OTHER THINGS, IF THE NOTES WERE DEEMED TO BE CONTRACTS OF INSURANCE, THE ABILITY OF A HOLDER TO OFFER, SELL OR OTHERWISE TRANSFER THE NOTES IN SECONDARY MARKET TRANSACTIONS OR OTHERWISE WOULD BE SUBSTANTIALLY IMPAIRED AND, TO THE EXTENT SUCH OFFER, SALE OR TRANSFER COULD BE EFFECTED, THE PROCEEDS REALIZED FROM SUCH OFFER, SALE OR TRANSFER COULD BE MATERIALLY AND ADVERSELY AFFECTED. SEE "RISK FACTORS — NOTES COULD BE DEEMED TO BE PARTICIPATIONS IN THE FUNDING AGREEMENTS OR COULD OTHERWISE BE DEEMED TO BE CONTRACTS OF INSURANCE."
- IT FURTHER UNDERSTANDS THAT NO PERSON IS PERMITTED TO DISTRIBUTE, MARKET, SELL, REPRESENT OR OTHERWISE REFER TO THE NOTES AS AN INSURANCE PRODUCT, CONTRACT OR POLICY OR FUNDING AGREEMENT OR AS A DIRECT INTEREST IN ANY INSURANCE PRODUCT, CONTRACT OR POLICY OR FUNDING AGREEMENT.

SUBSCRIPTION AND SALE

General

Notes may be sold from time to time by the Issuer to any one or more of Deutsche Bank Securities Inc. and certain other Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in the Dealership Agreement, as supplemented with respect to the Notes of each Tranche by a Relevant Agreement. The Issuer has agreed to indemnify the several Dealers against certain liabilities, including liabilities under the Securities Act. Each Relevant Agreement will, among other things, make provision for the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Program or in relation to a particular Tranche of Notes. The offering of the Notes by the Dealers is subject to receipt and acceptance and subject to the Dealers' right to reject any order in whole or in part.

Application will be made to the Irish Stock Exchange for Notes issued under the Program during the twelve months from the date of this Offering Circular to be admitted to the Official List and trading on the Regulated Market of the Irish Stock Exchange. However, Notes may also be (i) admitted to trading on another Regulated Market, (ii) listed on a securities exchange which is not a Regulated Market or (iii) not admitted to trading or listed on any Regulated Market or any other securities exchange. Each applicable Final Terms will indicate whether or not the Notes of that Series will be admitted to trading or listed, and, on which Regulated Market or securities exchange.

In connection with the issue of any Tranche of Notes under the Program, the Dealers have reserved the right to appoint one or more of them to act as Stabilizing Agents. In connection with the issue of any Tranche of Notes under the Program, each Stabilizing Agent (or any person acting for the Stabilizing Agent), may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Agent (or any person acting for the Stabilizing Agent) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it shall, in any event, end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any such stabilizing shall be conducted in compliance with all applicable laws, rules and regulations.

The Dealers also may impose a penalty bid. This occurs when a particular Dealer repays to the Dealers a portion of the underwriting discount received by it because the Relevant Dealer(s) have repurchased Notes sold by or for the account of such Dealer in stabilizing or short covering transactions.

The Dealer(s) and the Arranger are under no obligation to make a market in the Notes, and to the extent that such market making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide Holders of the Notes with liquidity of investment or that it will continue for any period of time. Investors should proceed on the assumption that they may have to hold the Notes until their maturity.

No action has been or will be taken by the Issuer, the Arranger or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required, except that the Notes may be listed on the stock exchange of a country or jurisdiction other than Ireland as may be specified in the applicable Final Terms. Persons into whose hands this Offering Circular or any Final Terms comes are required by the Issuer, the Arranger and the Dealers to comply with all applicable laws and regulations applicable to the issuance and sale of securities in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Dealers and their affiliates from time to time may have provided investment banking services and/or other financial services to MetLife Insurance Company of Connecticut or its affiliates, and may do so in the future. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of MetLife Insurance Company of Connecticut or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with MetLife Insurance Company of Connecticut routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of MetLife Insurance Company of Connecticut or its affiliates, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent

research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (hereinafter described) to the extent that such restrictions shall, as a result of change(s) in or change(s) in official interpretation of, after the date thereof, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Each Dealer has agreed and each further Dealer appointed under the Program will be required to agree that, to the best of its knowledge and belief, it will comply with all applicable laws and regulations in force in any jurisdiction in or from which it places, offers, sells, procures the purchase of or delivers the Notes or possesses or distributes this Offering Circular or other offering material related to the Notes and will obtain any consent, approval or permission required by it under the laws and regulations in force in any jurisdiction to which it is subject or in which it places, offers or sells the Notes, in all cases at such Dealer's own expense.

Selling and transfer restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Offering Circular.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except in certain transactions exempt from the registration requirements of the Securities Act. All sales and resales in the United States or to, or for the account or benefit of, U.S. Persons, whether in the initial distribution or in secondary trading, will be limited to Qualified Institutional Buyers in compliance with Rule 144A under the Securities Act.

The Notes may only be offered, sold, pledged or otherwise transferred to (i) (a) a person reasonably believed to be a Qualified Institutional Buyer, and, if such person is a U.S. Person, in a transaction meeting the requirements of Rule 144A; or (b) a person who is not a U.S. Person, outside the United States or any of its territories or possessions, in accordance with Regulation S; and (ii) in each case, in accordance with all applicable securities laws of the United States, any state of the United States and any other applicable jurisdiction.

In addition, the Notes may not be offered, sold, pledged or otherwise transferred to an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department.

The Notes may not be sold to or held by a person who is a Plan, or who is acting on behalf of a Plan or investing Plan Assets, unless the acquisition, holding and disposition of the Notes by such person will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code by reason of the exemptive relief available under one or more applicable statutory or administrative exemptions.

With respect to any Notes which are offered or sold outside the United States in reliance on Regulation S, each Dealer has represented, warranted and agreed that, except as permitted in the Dealership Agreement, it has not offered and sold the Notes, and will not offer and sell any Notes (a) as part of its distribution of Notes at any time or (b) otherwise until the date that is the first day following the expiration of the Distribution Compliance Period, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration in respect of sales of the Notes that purchases Notes from it during the Restricted Period (as hereinafter defined) a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons.

In addition, until expiration of the Distribution Compliance Period, an offer or sale of Notes within the United States by a Dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Issuer is presently not subject to the informational requirements of the Exchange Act. To the extent the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Issuer has agreed to furnish to Holders of Notes and to prospective purchasers designated by such Holders, upon request, such information as may be required by Rule 144A(d)(4) under the Securities Act.

No general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) will be used in the United States in connection with the offering or sale of the Notes.

For the life of the Notes, the Notes (including Notes which are originally offered or sold outside the United States in reliance on Regulation S), (i) may not be offered, sold or resold in the United States, to, or for the account or the benefit of, U.S. Persons (as defined in Regulation S) except to a Qualified Institutional Buyer, in a transaction in compliance with Rule 144A and (ii) may be

offered, sold or resold to non-U.S. Persons in transactions outside the United States only in reliance on Regulation S. Any resale other than in compliance with the foregoing by a Dealer or otherwise may violate the Securities Act.

Except as otherwise defined in the preceding paragraphs, terms used therein have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

The Bearer Notes that are not treated as being in registered form for United States federal income tax purposes, are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person (within the meaning of Section 7701 (a)(30) of the Code), except in certain transactions permitted by United States tax regulations.

With respect to each Tranche of Bearer Notes it is offering outside the United States in reliance on Regulation S, each Dealer has represented and agreed that: (i) (a) except to the extent permitted under United States Treasury Regulation Section 1.163-5(c)(2)(i)(D) or any successor rules to the rules in such regulation for purposes of Section 4701 of the Code (the "**D Rules**"), it has not offered or sold, and during the Restricted Period will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person (within the meaning of Section 7701(a)(30) of the Code), and (b) it has not delivered and will not deliver within the United States or its possessions Bearer Notes that are sold during the Restricted Period; (ii) it has, and throughout the Restricted Period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person (within the meaning of Section 7701(a)(30) of the Code), except as permitted by the D Rules; and (iii) if it is a United States person (within the meaning of Section 7701(a)(30) of the Code), it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes for its own account, it will do so only in accordance with sub-paragraph (6) of the D Rules and (iv) with respect to each Affiliate (if any) that acquires Bearer Notes from such Dealer for the purposes of offering or selling such Bearer Notes during the restricted period, such Dealer either (A) will provide on behalf of such Affiliate (if any), prior to such acquisition the representations and agreements to the effect set forth in sub-paragraphs (i), (ii) and (iii) of this paragraph or (B) will obtain from such Affiliate (if any) for the benefit of the Issuer, prior to such acquisition, the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) of this paragraph.

"**Restricted Period**" as used in the preceding paragraphs shall be the period beginning on the earlier of the first date the Notes of a Tranche are offered to persons other than distributors or the issue date and ending on the date 40 day after the issue date; *provided*, *however*, that all offers and sales of the Notes held by distributors as part of an unsold allotment shall be deemed to be made during the Restricted Period. Except as otherwise defined in this section, terms used in this paragraph and the preceding two paragraphs have the meanings given to them by the Code and the D Rules. Whether or not an offer, sale or delivery is treated as made within the United States or its possessions or to a United States person (within the meaning of Section 7701 (a)(30) of the Code) for purposes of this and the preceding two paragraphs will depend upon application of the D Rules.

United Kingdom

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involves them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purpose of their businesses of who it is reasonable to expect to acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "**FIEL**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not, directly or indirectly, offered or sold and that it will not, directly or indirectly offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Public Offer Selling Restrictions Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes, which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto, to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State at any time:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Relevant Dealer(s) nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Notes may not and will not be publicly offered, distributed or re-distributed in or from Switzerland and neither this Offering Circular, any accompanying supplement to this Offering Circular nor any other offering material relating to the Notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations. This Offering Circular, any accompanying supplement to this Offering Circular or any other offering material relating to the Notes may not be copied, reproduced, distributed or passed on to others without our prior written consent. This Offering Circular, any accompanying supplement to this Offering Circular or any other offering material relating to the Notes do not constitute a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to the Listing Rules of the SWX Swiss Exchange (and may not comply with the information standards required thereunder). No application for a listing of the Notes on any Swiss stock exchange or other Swiss regulated market has been or will be made, and this Offering Circular, any accompanying supplement to this Offering Circular or any other offering material relating to the Notes may not comply with the information required under the relevant listing rules.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance

(Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

GENERAL INFORMATION

Admission to Trading

Application will be made to the Irish Stock Exchange for the Notes issued during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and trading on its Regulated Market. However, Notes may also be (i) admitted to trading on any other Regulated Market, (ii) listed on a securities exchange which is not a Regulated Market, or (iii) not admitted to trading or listed on any Regulated Market or any other securities exchange.

Application will be made to the Irish Stock Exchange for admission of the Notes to the Official List and trading on the Regulated Market of the Irish Stock Exchange, through Arthur Cox Listing Services Limited. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer and is not itself seeking admission of the Notes to trading on the Official List of the Irish Stock Exchange or to trading on its Regulated Market for the purposes of Prospectus Directive.

If any European and/or national legislation is adopted and is implemented or takes effect in Ireland in a manner that would require the Issuer and/or Metlife Insurance Company of Connecticut to publish or produce its financial statements according to accounting principles or standards that are different from GAAP, or that would otherwise impose requirements on the Issuer that the Issuer in good faith determines are impracticable or burdensome, the Issuer may de-list any Notes admitted to trading on the Irish Stock Exchange. The Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system within or outside the European Union, as it may decide. If such an alternative admission is not available to the Issuer or is, in the opinion of the Issuer, burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in the Terms and Conditions.

Authorizations

The Issuer's participation in the Program is authorized under the Trust Agreement. MetLife Insurance Company of Connecticut's acts in connection with the establishment of the Program, and its ongoing acts thereunder, were authorized pursuant to resolutions adopted by the Board of Directors of MetLife Insurance Company of Connecticut on April 20, 2007.

Clearance

The Notes have been accepted for clearance through Euroclear and Clearstream Luxembourg. In addition, the Issuer will make an application with respect to the Notes to be accepted for trading in book-entry form by DTC. With respect to each Series of Notes, any applicable CUSIP number, the ISIN and the common code will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Litigation

Except as disclosed in this Offering Circular, or in any supplement hereto, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) relating to claims or amounts which are significant in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Except as disclosed in this Offering Circular, or in any supplement hereto, MetLife Insurance Company of Connecticut is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MetLife Insurance Company of Connecticut is aware) relating to claims or amounts which are significant in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of MetLife Insurance Company of Connecticut.

Language

The language of this Offering Circular is English.

Independent Registered Public Accounting Firm

The consolidated financial statements, and the related financial statement schedules, of MetLife Insurance Company of Connecticut and subsidiaries, included in this Offering Circular in Annex B hereto, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report dated March 22, 2012 (which expresses an unqualified opinion on such consolidated financial statements and financial statement schedules, includes an explanatory paragraph regarding changes in MICC's method of accounting for the recognition and presentation of other-than-temporary impairment losses for certain investments as required by accounting guidance adopted on April 1, 2009, and is dated May 31, 2012 as to the effects of the retrospective application of accounting guidance adopted on January 1, 2012 relating to the presentation of comprehensive income, the accounting for costs associated with acquiring or renewing insurance contracts and the reorganization of MICC's segments which are described in Note 1, and the subsequent events described in Note 16), which is also included in this Offering Circular.

No Material Adverse Change

Except as disclosed in this Offering Circular, or in any supplement hereto, including any Final Terms, there has been no material adverse change in prospects of MICC since December 31, 2011 (the date of the last published annual audited financial statements of MICC) and there has been no significant change in the financial or trading position of MICC since June 30, 2012 (the date of the last published interim unaudited financial statements of MICC).

Transferability

The Notes will be freely transferable, subject to the selling restrictions described under "Notice to Investors" and "Subscription and Sale."

Available Information

For the life of the Offering Circular, upon request, the Issuer will provide, without charge:

- a copy of all supplements to this Offering Circular or any new offering circular, as the case may be, prepared by the Issuer from time to time;
- the audited Consolidated Balance Sheets of MICC and the related audited Consolidated Statements of Operations, Changes in Stockholders' Equity and Cash Flows, in each case included in the May 31 Form 8-K, filed with the Commission on May 31, 2012 and attached hereto as Annex B;
- the unaudited Interim Condensed Consolidated Balance Sheets of MICC and the related unaudited Interim Condensed Consolidated Statements of Operations, Changes in Stockholders' Equity and Cash Flows, in each case included in MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed with the Commission on August 10, 2012 and attached hereto as Annex C;
- a copy of any Final Terms relating to Notes listed on the Irish Stock Exchange or any other Regulated Market;
- a copy of the Indenture and Trust Agreement;
- a copy of the Charter and By-Laws of MetLife Insurance Company of Connecticut; and
- copies of the forms of the Funding Agreement and the Support and Expenses Agreement to be entered into in connection with a particular Tranche of Notes.

In addition, such documents will be available in physical format free of charge from the principal office in Ireland of the Irish Paying Agent.

The reports, proxy statements and other information filed by MetLife Insurance Company of Connecticut with the Commission, other than any information included as an Annex to this Offering Circular or any supplement hereto, is not a part of this Offering Circular and is not and will not be incorporated by reference herein. However, every significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular, which is capable of affecting the assessment of the Notes and which arises or is noted between the time that this Offering Circular has been approved by the Central Bank of Ireland and the final closing of the offer of the Notes to the public or, as the case may be, the time when trading on a Regulated Market begins, shall be mentioned in a supplement to this Offering Circular. The information contained in any such supplement will automatically update and, where applicable, supersede any information contained in this Offering Circular or any prior supplements hereto.

Other than as set forth herein under "Available Information" or as provided in any supplement hereto, including any Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

MetLife Insurance Company of Connecticut files reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Prospective investors may call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including MICC.

Requests for available information may be made by contacting the Issuer at MetLife Institutional Funding II c/o AMACAR Pacific Corp., 6525 Morrison Boulevard, Suite 318, Charlotte, NC 28211, and by contacting the Irish Paying Agent.

This Offering Circular and any supplement to this Offering Circular or new offering circular, as the case may be, will be published on the website of the Central Bank of Ireland at www.centralbank.ie.

The information on any website mentioned in this Offering Circular or any website directly or indirectly linked to any website mentioned in this Offering Circular is not a part of, or incorporated by reference into, this Offering Circular and you should not rely on it.

Legal Matters

Certain matters regarding the Notes and their offering will be passed on for MetLife Insurance Company of Connecticut by Matthew M. Ricciardi, Chief Counsel — Public Company and Corporate Law, of MetLife Group, Inc., an affiliate of MetLife, Inc. (as to New York law), Willkie Farr & Gallagher LLP (as to New York and United States federal law), and Day Pitney LLP (as to Connecticut law), for the Dealers by Skadden, Arps, Slate, Meagher & Flom LLP (as to New York and United States federal law), and for the Issuer by Richards, Layton & Finger, P.A. (as to Delaware law). Certain United States federal income tax matters regarding the ownership and disposition of the Notes will be passed on for MetLife Insurance Company of Connecticut and the Issuer by Willkie Farr & Gallagher LLP. Willkie Farr & Gallagher LLP has, from time to time, represented, currently represents, and may continue to represent, some or all of the Dealers in connection with various legal matters. Skadden, Arps, Slate, Meagher & Flom LLP has, from time to time, represented, currently represents, and may continue to represent MetLife, Inc. and its affiliates in connection with various legal matters. Willkie Farr & Gallagher LLP maintains various group and other insurance policies with Metropolitan Life Insurance Company, an affiliate of MetLife Insurance Company of Connecticut. Skadden, Arps, Slate, Meagher & Flom LLP maintains group life insurance policy and short- and long-term disability policies with Metropolitan Life Insurance Company.

FORM OF FINAL TERMS

The following is a form of Final Terms for an issue of Notes by MetLife Institutional Funding II under the Global Note Issuance Program with a denomination of at least €100,000 (or its equivalent in another currency):

Final Terms No. [ ] dated [ ]

MetLife Institutional Funding II

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes] secured by a Funding Agreement issued by

MetLife Insurance Company of Connecticut

under the $7,000,000,000 Global Medium Term Note Issuance Program

This Final Terms should be read in conjunction with the accompanying Offering Circular dated September 7, 2012 (the "**Base Prospectus**") [as supplemented by the Base Prospectus Supplement dated [●] (as so supplemented, the "**Offering Circular**")] relating to the $7,000,000,000 Global Medium Term Note Issuance Program of MetLife Institutional Funding II (the "**Issuer**").

PART A — CONTRACTUAL TERMS

Terms used herein and not otherwise defined herein shall have the meanings ascribed in the Offering Circular, which together with this Final Terms constitute a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with the Offering Circular. Full information regarding the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing in physical format during normal business hours at the registered office of the Issuer located at c/o U. S. Bank Trust National Association, 300 Delaware Avenue, 9th Floor, Wilmington, DE 19801. In addition, copies of the Offering Circular and these Final Terms will be available free of charge from the principal office of the Irish Paying Agent for Notes admitted to trading on the Official List of the Irish Stock Exchange and from the Paying Agent with respect to Notes not listed on any securities exchange. In addition, the Offering Circular, comprising the Base Prospectus and any Base Prospectus Supplements, will be published on the website of the Central Bank of Ireland at www.centralbank.ie.

[Include whichever of the following apply. Italics denote directions for completing the Final Terms.]

[For Notes denominated in Sterling, if the notes have a maturity of less than one year from the date of their issue, the minimum Specified Denomination of the Notes must be £100,000, or the equivalent thereof in another currency at the time of issue.]

1.	(i) Issuer: (ii) Funding Agreement Provider:	MetLife Institutional Funding II MetLife Insurance Company of Connecticut
2.	Series Number:	[ ]
3.	Tranche Number:	[ ]
4.	Specified Currency or Currencies:	[ ]
5.	Aggregate Principal Amount:	[ ]
6.	(i)Issue Price:	[ ] percent of the Aggregate Principal Amount
	(ii)Net proceeds:	[ ] (after payment of underwriting commissions and before payment of certain expenses)
	(iii) Estimated Expenses of the Issuer:	[ ]
7.	Specified Denominations:	[ ] and integral multiples of [ ] in excess thereof up to and including [ ] *(NB. Notes listed on the Irish Stock Exchange or any other regulated market as defined under Directive 2004/39/EC shall have minimum Specified Denominations of at least €100,000 (or the equivalent thereof in another currency at the time of issue). If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be*

		published under the Prospectus Directive or not offered within the European Economic Area, Specified Denominations of at least €100,000 (or the equivalent thereof in another currency at the time of issue).)
8.	[(i)] Issue Date: [(ii)] Interest Commencement Date (if different from the Issue Date):	[ ]
9.	Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year*]
10.	Closing Date:	[ ]
11.	Interest Basis:	[percent Fixed Rate] [[specify Base Rate]+/ — percent Floating Rate] [Zero Coupon] [further particulars specified below)]
12.	Redemption/Payment Basis:	[Redemption at par] [Dual Currency] [Partly Paid] [Installment]
13.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
14.	Status of the Notes:	Secured Limited Recourse Notes
15.	Method of distribution:	[Syndicated/non Syndication]

Provisions Relating to Interest (If Any) Payable

16.	Fixed Rate Notes Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate(s) of Interest:	[ ] percent per annum [payable annually/semi-annually/quarterly/monthly] in arrears]
	(ii) Interest Payment Date(s):	[ ] in each year
	(iii) Fixed Coupon Amount[s]:	[ ] per [ ] in Nominal Amount
	(iv) Broken Amount(s):	*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)]]*
	(v) Indication of Yield:	[ ]
	(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ FRN Convention]
	(vii) Day Count Fraction:	[Specify day count fraction]
	(viii) Interest Determination Date(s):	[Insert day(s) and month(s) on which interest is normally paid (if more than year, then insert such dates in the alternative)]
17.	Floating Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub -paragraphs of this paragraph. Also consider what is the appropriate Base Rate)*
	(i) Interest Period(s)/Interest Payment Dates:	[ ]
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ FRN Convention]

	(iii) Interest Rate Determination:	
	- Base Rate:	[ ]
	- Relevant Margin(s):	[ ]
	- Interest Determination Date(s):	[TARGET] [Business/Banking] dates in [*specify city*] for [*specify currency*] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
	- Relevant Screen Page/Primary Source for Floating Rate:	[*specify relevant screen page*]
	- Relevant Financial Center(s):	[The financial center most closely connected to the Benchmark — *specify if not London*] See Base Rate above
	- Specified Duration:	[ ]
	(iv) Calculation Agent, if any, responsible for calculating the Interest Rate(s) and Interest Amount(s)(if not the Indenture Trustee):	[ ]
	(v) ISDA Determination:	
	- Floating Rate Option:	[ ]
	- Designated Maturity:	[ ]
	- Reset Date:	[ ]
	- ISDA Definitions (if different from those set out in the Offering Circular):	[ ]
	(vi) Minimum Interest Rate:	[ ]
	(vii) Maximum Interest Rate:	[ ]
	(viii) Day Count Fraction:	[ ]
18.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) [Amortization/Accrual] Yield:	[ ] percent per annum
	(ii) Day Count Fraction:	[ ]
	(iii) Reference Price:	[ ]
19.	Dual Currency Note Provisions:	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Rate of Exchange:	[ ]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[ ]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]
	(v) Day Count Fraction:	*[choose from Condition 7.09]*

Provisions Relating to Redemption

20.	Optional Redemption by the Issuer:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
	(iii) Notice period:[1]	[ ]

[1] If setting notice periods which are different to those provided in the Offering Circular, the practicalities of distribution of information through intermediaries should be considered, for example, clearing systems and custodians, as well as any other notice requirements which may apply.

21.	Repayment at Option of Noteholder:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub -paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
	(iii) Notice period:[2]	[ ]
	(iv) Determination Date(s):	[ ]
22.	Early Redemption Amount Early Redemption Amount(s), Installment Amount(s), Mandatory Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same:	[ ]

General Provisions Applicable to the Notes

23.	Form of Notes:	Registered Notes: [*Specify*] Bearer Notes: [*Specify*] *[So long as the Bearer Notes are represented by a Temporary Global Bearer Note or Permanent Global Bearer Note and the relevant clearing system(s) so permit, such Notes shall be tradable only in principal amounts of at least [the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination)] provided hereon and integral multiples of the tradable amount in excess thereof provided in the relevant Final Terms.] [In relation to any issue of Notes that are in the form of Global Notes exchangeable for Definitive Notes at the option of the holders of the Notes, such Definitive Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).]*
24.	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
25.	Additional Relevant Financial Center(s) or other special provisions relating to Payment Dates:	[ ]
26.	Definitive Notes at Request of Holder:	[Applicable/Not Applicable]

Distribution

27.	(i) If syndicated, names of Managers and Relevant Dealer(s) / Lead Manager (if any):	[Not Applicable/*give name*]
	(ii) Stabilizing Manager(s) (if any):	[Not Applicable/*give name*]
28.	If non-syndicated, name of Dealer:	[ ]
29.	Selling Restrictions:	The Selling Restrictions contained in "Subscription and Sale" in the Offering Circular are applicable.

Operational Information

30.	ISIN:	[ ]
31.	Common Code:	[ ]
32.	CUSIP Number:	[ ]
33.	CINS Number:	[ ]
34.	Any clearing system(s) other than DTC, Euroclear and Clearstream and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
35.	Delivery:	Delivery [against/free of] payment

36. Additional Paying Agent(s) if any: [ ]

Other

37. Funding Agreement Number: [ ]
38. Funding Agreement Maturity Date: [ ]
39. Funding Agreement Deposit Amount: [ ]
40. Ratings of the Series:
    (i) Moody's: [ ]
    (ii) Standard & Poor's: [ ]

Insert one (or more) of the following options, as applicable:

[[*Insert credit rating agency/ies*] [is/are] established in the European Union and [has/have each] applied for registration under Regulation (EC) No. 1060/2009, although the result of such application has not yet been notified by the relevant competent authority]

[[*Insert credit rating agency/ies*] [is/are] established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency/ies*] [is/are] not established in the European Union and [is/are] not registered in accordance with Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency/ies*] [is/are] not established in the European Union and [has/have] not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of *[insert the name of the relevant EU CRA affiliate that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert credit rating agency/ies*].]

[[*Insert credit rating agency/ies*] [is/are] not established in the European Union and [has/have] not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [*insert the name of the relevant EU-registered credit rating agency/ies*] in accordance with Regulation (EC) No. 1060/2009. [*Insert the name of the relevant EU-registered credit rating agency/ies*] [is/are] established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency/ies*] [is/are] not established in the European Union and [has/have] not applied for registration under Regulation (EC) No. 1060/2009, but [it is/they are] certified in accordance with such Regulation.]

PART B — OTHER INFORMATION

1. LISTING

(i) Listing:	[The Irish Stock Exchange/other (specify)/None]
(ii) Admission to trading:	[Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from [ ]] [Not Applicable]
(iii) Estimate of total expenses related to admission to trading:	[ ]

2. USE OF PROCEEDS

The proceeds from the current sale of the Notes, net of certain expenses, underwriting discounts and commissions or similar applicable compensation will be used by the Issuer to purchase of the Relevant Funding Agreement from MetLife Insurance Company of Connecticut.

3. [NOTIFICATION

The Central Bank of Ireland has provided the competent authority(ies) of [insert details of relevant Host Member State(s)] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the provisions of the Prospectus Directive and Commission Regulation (EC) No 809/2004.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE AND THE OFFER OF THE NOTES

(It is required that a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest be included in the Final Terms.) [Except as discussed in "Subscription and Sale" in the Offering Circular or immediately below, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue and the offer of the Notes.]

5. AUTHORIZATION

The Issuer authorized the issuance and sale of the Notes on [ ].

LISTING AND ADMISSION TO TRADING APPLICATION

This Final Terms comprises the final terms required to list and have admitted to trading the issue of Notes described herein on the Irish Stock Exchange pursuant to the $7,000,000,000 Global Medium Term Note Issuance Program of the Issuer.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Final Terms.

METLIFE INSTITUTIONAL FUNDING II

By: U.S. Bank Trust National Association, not in its individual capacity, but solely as Delaware Trustee

By: _____
Name:
Title:

INDEX TO ANNEXES

Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Commission on March 22, 2012, which has been modified herein solely to omit Part II, Item 8. Financial Statements and Supplementary Data thereof	Annex A
Current Report on Form 8-K, filed with the Commission on May 31, 2012	Annex B
Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 filed with the Commission on August 10, 2012	Annex C

Annex A

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

or

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

For the transition period from to

Commission file number: 33-03094

MetLife Insurance Company of Connecticut

(Exact name of registrant as specified in its charter)

Connecticut	**06-0566090**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1300 Hall Boulevard, Bloomfield, Connecticut	**06002**
(Address of principal executive offices)	*(Zip Code)*

(860) 656-3000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer ☐ Accelerated filer ☐

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

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

At March 22, 2012, 34,595,317 shares of the registrant's common stock, $2.50 par value per share, were outstanding, of which 30,000,000 shares were owned directly by MetLife, Inc. and the remaining 4,595,317 shares were owned by MetLife Investors Group, Inc., a wholly-owned subsidiary of MetLife, Inc.

REDUCED DISCLOSURE FORMAT

The registrant meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

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As used in this Form 10-K, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife").

Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife Insurance Company of Connecticut and its subsidiaries. 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 Insurance Company of Connecticut's filings with the U.S. Securities and Exchange Commission (the "SEC"). These factors include: (1) difficult conditions in the global capital markets; (2) concerns over U.S. fiscal policy and the trajectory of the national debt of the U.S., as well as rating agency downgrades of U.S. Treasury securities; (3) uncertainty about the effectiveness of governmental and regulatory actions to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (4) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access MetLife's credit facilities; (5) impact of comprehensive financial services regulation reform, including regulation of MetLife by the Federal Reserve, on us; (6) exposure to financial and capital market risk, including as a result of the disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (7) 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; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) impairments of goodwill and realized losses or market value impairments to illiquid assets; (11) defaults on our mortgage loans; (12) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (13) our ability to address unforeseen liabilities, asset impairments, or rating actions arising from acquisitions or dispositions and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (14) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (15) downgrades in our claims paying ability, financial strength ratings or MetLife's credit ratings; (16) ineffectiveness of MetLife's risk management policies and procedures; (17) availability and effectiveness of reinsurance or indemnification arrangements, as well as default or failure of counterparties to perform; (18) 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; (19) catastrophe losses; (20) 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; (21) unanticipated changes in industry trends; (22) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (23) changes in accounting standards, practices and/or policies; (24) increased expenses relating to pension and postretirement benefit plans for employees and retirees of MetLife and its subsidiaries, as well as health care and other employee benefits; (25) 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; (26) adverse results or other consequences from litigation, arbitration or regulatory investigations; (27) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (28) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (29) regulatory, legislative or tax changes that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to the employees who conduct our business; (30) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems, cyber- or other information security systems and management continuity planning; (31) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (32) other risks and uncertainties described from time to time in MetLife Insurance Company of Connecticut's filings with the SEC.

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

Note Regarding Reliance on Statements in Our Contracts

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

Part I

Item 1. *Business*

As used in this Form 10-K, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife").

MICC is organized into three segments: Retirement Products, Corporate Benefit Funding and Insurance Products. The segments are managed separately because they either provide different products and services, require different strategies or have different technology requirements. In addition, the Company reports certain of its results of operations in Corporate & Other. On November 21, 2011, MetLife announced that it will be reorganizing its business into three broad geographic regions and creating a global employee benefits business. While MetLife has initiated certain changes in response to this announcement, including the appointment of certain executive leadership into some of the roles designed for the reorganized structure, the Company continued to evaluate the performance of its operating segments under the existing segment structure as of December 31, 2011. In addition, the Company continues to evaluate its segment performance and allocated resources and may adjust such measurements in the future to better reflect segment profitability.

Retirement Products offers a variety of variable and fixed annuities that are primarily sold to individuals and employees of corporations and other institutions. Variable and fixed annuities provide for both asset accumulation and asset distribution needs.

Corporate Benefit Funding includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets.

Insurance Products offers a broad range of protection products and services aimed at serving the financial needs of our customers throughout their lives. These products are sold to individuals and corporations, as well as other institutions and their respective employees. Our Insurance Products segment is organized into two distinct businesses: Individual Life and Non-Medical Health. Individual Life insurance products and services include variable life, universal life, term life and whole life products, including participating business. Non-Medical Health includes individual disability income products.

Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Operating revenues derived from any customer did not exceed 10% of consolidated operating revenues in any of the last three years. Financial information, including revenues, expenses, operating earnings, and total assets by segment, is provided in Note 14 of the Notes to the Consolidated Financial Statements. Operating revenues and operating earnings are performance measures that are not based on accounting principles generally accepted in the United States of America ("GAAP"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for definitions of such measures.

Sales Distribution

We market our products and services through various distribution groups. Our life insurance and retirement products targeted to individuals are sold via sales forces, comprised of MetLife employees, in addition to third-party organizations. Our corporate benefit funding and non-medical health products are sold via sales forces primarily comprised of MetLife employees. MetLife sales employees work with all distribution groups to better reach and service customers, brokers, consultants and other intermediaries.

Individual Distribution

Our individual distribution sales group targets the large middle-income market, as well as affluent individuals, owners of small businesses and executives of small- to medium-sized companies. We have also been successful in selling our products in various multi-cultural markets. The individual distribution sales group is comprised of three channels: the MetLife distribution channel, a career agency system, the New England financial distribution channel, a general agency system, and MetLife Resources, a career agency system.

Retirement Products are sold through our individual distribution sales group and also through various third-party organizations such as regional broker-dealers, New York Stock Exchange brokerage firms, financial planners and banks.

Insurance Products are sold through our individual distribution sales group and also through various third-party organizations utilizing two models. In the coverage model, wholesalers sell to high net worth individuals and small- to medium-sized businesses through independent general agencies, financial advisors, consultants, brokerage general agencies and other independent marketing organizations under contractual arrangements. In the point of sale model, wholesalers sell through financial intermediaries, including regional broker-dealers, brokerage firms, financial planners and banks.

Group Distribution

Retirement Products markets its retirement, savings, investment and payout annuity products and services to sponsors and advisors of benefit plans of all sizes. These products and services are offered to private and public pension plans, collective bargaining units, nonprofit organizations, recipients of structured settlements and the current and retired members of these and other institutions.

Corporate Benefit Funding products and services are distributed through dedicated sales teams and relationship managers located in offices around the country. In addition, the retirement & benefits funding organization works with individual distribution and non-medical health distribution areas to better reach and service customers, brokers, consultants and other intermediaries.

Insurance Products distributes its non-medical health products and services through a sales force that is segmented by the size of the target customer. Marketing representatives sell either directly to corporate and other group customers or through an intermediary, such as a broker or consultant. Voluntary products are sold through the same sales channels, as well as by specialists for these products. Employers have been emphasizing such voluntary products and, as a result, we have increased our focus on communicating and marketing to such employees in order to further foster sales of those products.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet our policy obligations when a policy matures or is surrendered, an insured dies or becomes disabled or upon the occurrence of other covered events, or to provide for future annuity payments. Amounts for actuarial liabilities are computed and reported in the consolidated financial statements in conformity with GAAP. For more details on Policyholder Liabilities see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Liability for Future Policy Benefits."

In establishing actuarial liabilities for life and non-medical health insurance policies and annuity contracts, we distinguish between short and long duration contracts. Long duration contracts primarily consist of traditional whole life, guaranteed renewable term life, universal life, annuities and individual disability income and long-term care ("LTC").

Actuarial liabilities for term life, whole life, LTC and limited pay contracts such as single premium immediate individual annuities, structured settlement annuities and certain group pension annuities are equal to the present value of future benefit payments and related expenses less the present value of future net premiums plus premium deficiency reserves, if any. For limited pay contracts, we also defer the excess of the gross

premium over the net premium and recognize such excess into income in a constant relationship with insurance in-force for life insurance contracts and in relation to anticipated future benefit payments for annuity contracts.

We determine actuarial liabilities for long duration contracts using assumptions based on experience, plus a margin for adverse deviation. For these long duration contracts, assumptions such as mortality, morbidity and interest rates are "locked in" upon the issuance of new business. However, significant adverse changes in experience on such contracts may require us to establish premium deficiency reserves. Such reserves are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

The actuarial liabilities established for the above products include future policy benefits (associated with base policies and riders, unearned mortality charges and future disability benefits), other policyholder liabilities (associated with unearned revenues and claims payable) and for unearned revenue (the unamortized portion of front-end loads charged). We also establish liabilities for minimum benefit guarantees relating to certain annuity contracts and secondary guarantees relating to certain life policies.

Liabilities for investment-type and universal life-type products primarily consist of policyholder account balances. Investment-type products include individual annuity contracts in the accumulation phase and certain group pension contracts that have limited or no mortality risk. Universal life-type products consist of universal and variable life contracts and contain group pension contracts. For universal life-type contracts with front-end loads, we defer the charge and amortize the unearned revenue using the product's estimated gross profits.

Pursuant to state insurance laws and country regulators, we establish statutory reserves, reported as liabilities, to meet our obligations on our respective policies. These statutory reserves are established in amounts sufficient to meet policy and contract obligations, when taken together with expected future premiums and interest at assumed rates. Statutory reserves and actuarial liabilities for future policy benefits generally differ based on accounting guidance.

The Connecticut State Insurance Law and regulations require us to submit to the Connecticut Commissioner of Insurance ("Connecticut Commissioner"), or other state insurance departments, with each annual report, an opinion and memorandum of a "qualified actuary" that the statutory reserves and related actuarial amounts recorded in support of specified policies and contracts, and the assets supporting such statutory reserves and related actuarial amounts, make adequate provision for our statutory liabilities with respect to these obligations. See "— Regulation — Insurance Regulation — Policy and Contract Reserve Adequacy Analysis."

Due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of actuarial liabilities, we cannot precisely determine the amounts that will ultimately be paid with respect to these actuarial liabilities, and the ultimate amounts may vary from the estimated amounts, particularly when payments may not occur until well into the future.

However, we believe our actuarial liabilities for future benefits are adequate to cover the ultimate benefits required to be paid to policyholders. We periodically review our estimates of actuarial liabilities for future benefits and compare them with our actual experience. We revise estimates, to the extent permitted or required under GAAP, if we determine that future expected experience differs from assumptions used in the development of actuarial liabilities.

Underwriting and Pricing

Underwriting

Underwriting generally involves an evaluation of applications for Retirement Products, Corporate Benefit Funding, and Insurance Products by a professional staff of underwriters and actuaries, who determine the type and the amount of risk that we are willing to accept. We employ detailed underwriting policies, guidelines and procedures designed to assist the underwriter to properly assess and quantify risks before issuing policies to qualified applicants or groups.

Insurance underwriting considers not only an applicant's medical history, but also other factors such as financial profile, foreign travel, vocations and alcohol, drug and tobacco use. Group underwriting generally evaluates the risk characteristics of each prospective insured group, although with certain voluntary products and for certain coverages, members of a group may be underwritten on an individual basis. We generally perform our own underwriting; however, certain policies are reviewed by intermediaries under guidelines established by us. Generally, we are not obligated to accept any risk or group of risks from, or to issue a policy or group of policies to, any employer or intermediary. Requests for coverage are reviewed on their merits and generally a policy is not issued unless the particular risk or group has been examined and approved by our underwriters.

The underwriting conducted by our remote underwriting offices and intermediaries, as well as our corporate underwriting office, are subject to periodic quality assurance reviews to maintain high-standards of underwriting and consistency. Such offices are also subject to periodic external audits by reinsurers with whom we do business.

We have established senior level oversight of the underwriting process that facilitates quality sales and serves the needs of our customers, while supporting our financial strength and business objectives. Our goal is to achieve the underwriting, mortality and morbidity levels reflected in the assumptions in our product pricing. This is accomplished by determining and establishing underwriting policies, guidelines, philosophies and strategies that are competitive and suitable for the customer, the agent and us.

Subject to very few exceptions, agents in each of the distribution channels have binding authority for risks which fall within its published underwriting guidelines. Risks falling outside the underwriting guidelines may be submitted for approval to the underwriting department; alternatively, agents in such a situation may call the underwriting department to obtain authorization to bind the risk themselves. In most states, we generally have the right within a specified period (usually the first 60 days) to cancel any policy.

Pricing

Pricing reflects our corporate underwriting standards. Product pricing is based on the expected payout of benefits calculated through the use of assumptions for mortality, morbidity, expenses, persistency and investment returns, as well as certain macroeconomic factors, such as inflation. Investment-oriented products are priced based on various factors, which may include investment return, expenses, persistency and optionality. For certain investment oriented products in the U.S. and certain business sold internationally, pricing may include prospective and retrospective experience rating features. Prospective experience rating involves the evaluation of past experience for the purpose of determining future premium rates and all prior year gains and losses are borne by us. Retrospective experience rating also involves the evaluation of past experience for the purpose of determining the actual cost of providing insurance for the customer; however, the contract includes certain features that allow us to recoup certain losses or distribute certain gains back to the policyholder based on actual prior years' experience.

Products offered by Corporate Benefit Funding are priced frequently and are very responsive to bond yields, and such prices include additional margin in periods of market uncertainty. This business is predominantly illiquid, because a majority of the policyholders have no contractual rights to cash values and no options to change the form of the product's benefits. Rates for non-medical health products are based on anticipated results for the book of business being underwritten. Renewals are generally reevaluated annually or biannually and are repriced to reflect actual experience on such products.

Rates for individual life insurance products are highly regulated and must be approved by the regulators of the jurisdictions in which the product is sold. Generally such products are renewed annually and may include pricing terms that are guaranteed for a certain period of time. Fixed and variable annuity products are also highly regulated and approved by the respective regulators. Such products generally include penalties for early withdrawals and policyholder benefit elections to tailor the form of the product's benefits to the needs of the

opting policyholder. We periodically reevaluate the costs associated with such options and will periodically adjust pricing levels on our guarantees. Further, from time to time, we may also reevaluate the type and level of guarantee features currently being offered.

We continually review our underwriting and pricing guidelines so that our policies remain competitive and supportive of our marketing strategies and profitability goals. Management does not expect the current economic environment, with its volatility and uncertainty, to materially impact the pricing of our products.

Reinsurance Activity

We participate in reinsurance activities in order to limit losses, minimize exposure to significant risks, and provide additional capacity for future growth. We enter into various agreements with reinsurers that cover individual risks, group risks or defined blocks of business, primarily on a coinsurance, yearly renewable term, excess or catastrophe excess basis. These reinsurance agreements spread risk and minimize the effect of losses. The extent of each risk retained by us depends on our evaluation of the specific risk, subject, in certain circumstances, to maximum retention limits based on the characteristics of coverages. We also cede first dollar mortality risk under certain contracts. In addition to reinsuring mortality risk, we reinsure other risks, as well as specific coverages. We obtain reinsurance for capital requirement purposes and also when the economic impact of the reinsurance agreement makes it appropriate to do so.

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse us for the ceded amount in the event a claim is paid. Cessions under reinsurance agreements do not discharge our obligations as the primary insurer. In the event that reinsurers do not meet their obligations under the terms of the reinsurance agreements, reinsurance balances recoverable could become uncollectible.

We reinsure our business through a diversified group of well-capitalized, highly rated reinsurers for both affiliated and unaffiliated reinsurance. We analyze recent trends in arbitration and litigation outcomes in disputes, if any, with our reinsurers. We monitor ratings and evaluate the financial strength of our reinsurers by analyzing their financial statements. In addition, the reinsurance recoverable balance due from each reinsurer is evaluated as part of the overall monitoring process. Recoverability of reinsurance recoverable balances is evaluated based on these analyses. We generally secure large reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit.

Retirement Products

Our Retirement Products segment reinsures 100% of the living and death benefit guarantees associated with our variable annuities issued since 2006 to an affiliated reinsurer and certain portions of the living and death benefit guarantees associated with our variable annuities issued prior to 2006 to affiliated and unaffiliated reinsurers. Under these reinsurance agreements, we pay a reinsurance premium generally based on fees associated with the guarantees collected from policyholders, and receive reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations. We also reinsure 90% of our new production of fixed annuities to an affiliated reinsurer.

Corporate Benefit Funding

Our Corporate Benefit Funding segment has periodically engaged in reinsurance activities, as considered appropriate.

Insurance Products

For our individual life insurance products, we have historically reinsured the mortality risk primarily on an excess of retention basis or a quota share basis. We currently reinsure 90% of the mortality risk in excess of

$1 million for most products and reinsure up to 90% of the mortality risk for certain other products. In addition to reinsuring mortality risk as described above, we reinsure other risks, as well as specific coverages. Placement of reinsurance is done primarily on an automatic basis and also on a facultative basis for risks with specified characteristics. On a case by case basis, we may retain up to $5 million per life on single life individual policies and reinsure 100% of amounts in excess of the amount we retain. We evaluate our reinsurance programs routinely and may increase or decrease our retention at any time. We also reinsure the risk associated with secondary death benefit guarantees on certain universal life insurance policies to an affiliate.

For other policies within the Insurance Products segment, we generally retain most of the risk and only cede particular risks on certain client arrangements.

Corporate & Other

We also reinsure through 100% quota share reinsurance agreements certain run-off LTC and workers' compensation business written by MetLife Insurance Company of Connecticut.

Catastrophe Coverage

We have exposure to catastrophes, which could contribute to significant fluctuations in our results of operations. We also use excess of retention and quota share reinsurance agreements to provide greater diversification of risk and minimize exposure to larger risks.

Reinsurance Recoverables

For information regarding ceded reinsurance recoverable balances, included in premiums, reinsurance and other receivables in the consolidated balance sheets, see Note 8 of the Notes to the Consolidated Financial Statements.

Regulation

Insurance Regulation

MetLife Insurance Company of Connecticut, a Connecticut domiciled insurer, has all material licenses to transact business in, and is subject to regulation and supervision by, all 50 states, the District of Columbia, Guam, Puerto Rico, the Bahamas, the U.S. Virgin Islands, and the British Virgin Islands. Each of our insurance companies is regulated and has all material licenses in each U.S. and international jurisdiction where it conducts insurance business. The extent of such regulation varies, but most jurisdictions have laws and regulations governing the financial aspects of insurers, including standards of solvency, statutory reserves, reinsurance and capital adequacy, and the business conduct of insurers. In addition, statutes and regulations usually require the licensing of insurers and their agents, the approval of policy forms and certain other related materials and, for certain lines of insurance, the approval of rates. Such statutes and regulations also prescribe the permitted types and concentration of investments. See "Risk Factors — Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth."

We are required to file reports, generally including detailed annual financial statements, with insurance regulatory authorities in each of the jurisdictions in which our insurance companies do business, and their operations and accounts are subject to periodic examination by such authorities. We must also file, and in many jurisdictions and in some lines of insurance obtain regulatory approval for, rules, rates and forms relating to the insurance written in the jurisdictions in which our insurance companies operate.

State and federal insurance and securities regulatory authorities and other state law enforcement agencies and attorneys general from time to time make inquiries regarding our compliance with insurance, securities and other laws and regulations regarding the conduct of our insurance and securities businesses. We cooperate with such inquiries and take corrective action when warranted. See Note 11 of the Notes to the Consolidated Financial Statements.

Holding Company Regulation. We are subject to regulation under the insurance holding company laws of various U.S. jurisdictions. The insurance holding company laws and regulations vary from jurisdiction to jurisdiction, but generally require a controlled insurance company (insurers that are subsidiaries of insurance holding companies) to register with state regulatory authorities and to file with those authorities certain reports, including information concerning its capital structure, ownership, financial condition, certain intercompany transactions and general business operations.

State insurance statutes also typically place restrictions and limitations on the amount of dividends or other distributions payable by insurance company subsidiaries to their parent companies, as well as on transactions between an insurer and its affiliates. See "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

Guaranty Associations and Similar Arrangements. Most of the jurisdictions in which our insurance companies are admitted to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay certain contractual insurance benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets.

In the past five years, the aggregate assessments levied against us have not been material. We have established liabilities for guaranty fund assessments that we consider adequate. See Note 11 of the Notes to the Consolidated Financial Statements for additional information on the insolvency assessments.

Statutory Insurance Examination. As part of their regulatory oversight process, state insurance departments conduct periodic detailed examinations of the books, records, accounts, and business practices of insurers domiciled in their states. State insurance departments also have the authority to conduct examinations of nondomiciliary insurers that are licensed in their states. During the three-year period ended December 31, 2011, we have not received any material adverse findings resulting from state insurance department examinations of our insurance companies conducted during this three-year period.

Regulatory authorities in a small number of states, Financial Industry Regulatory Authority ("FINRA") and, occasionally, the U.S. Securities and Exchange Commission ("SEC"), have had investigations or inquiries relating to sales of individual life insurance policies or annuities or other products by us and our subsidiary, Tower Square Securities, Inc. ("Tower Square"). These investigations often focus on the conduct of particular financial services representatives and the sale of unregistered or unsuitable products or the misuse of client assets. Over the past several years, these and a number of investigations by other regulatory authorities were resolved for monetary payments and certain other relief, including restitution payments. We may continue to resolve investigations in a similar manner.

Policy and Contract Reserve Adequacy Analysis. Annually, our U.S. insurance companies are required to conduct an analysis of the sufficiency of all statutory reserves. In each case, a qualified actuary must submit an opinion which states that the statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the insurer must set up additional reserves by moving funds from surplus. Since inception of this requirement, our U.S. insurance companies have provided such opinions without qualifications.

NAIC. The National Association of Insurance Commissioners ("NAIC") is an organization, the mandate of which is to benefit state insurance regulatory authorities and consumers by promulgating model insurance laws and regulations for adoption by the states. The NAIC provides standardized insurance industry accounting and reporting guidance through its Accounting Practices and Procedures Manual (the "Manual"). However, statutory accounting principles continue to be established by individual state laws, regulations and permitted practices. Changes to the Manual or modifications by the various state insurance departments may impact the statutory capital and surplus of our U.S. insurance companies.

Surplus and Capital; Risk-Based Capital. Insurers are required to maintain their capital and surplus at or above minimum levels. Regulators have discretionary authority, in connection with the continued licensing of our U.S. insurance companies, to limit or prohibit an insurer's sales to policyholders if, in their judgment, the regulators determine that such insurer has not maintained the minimum surplus or capital or that the further transaction of business will be hazardous to policyholders. Each of our U.S. insurance companies reports its risk-based capital ("RBC") requirements based on a formula calculated by applying factors to various asset, premium and statutory reserve items, as well as taking into account the risk characteristics of the insurer. The major categories of risk involved are asset risk, insurance risk, interest rate risk, market risk and business risk. The formula is used as an early warning regulatory tool to identify possible inadequately capitalized insurers for purposes of initiating regulatory action, and not as a means to rank insurers generally. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose RBC ratio does not meet or exceed certain RBC levels. As of the date of the most recent annual statutory financial statements filed with insurance regulators, the RBC of each of our U.S. insurance companies was in excess of each of those RBC levels.

In late 2009, following rating agency downgrades of virtually all residential mortgage-backed securities ("RMBS") from certain vintages, the NAIC engaged PIMCO Advisory ("PIMCO"), a provider of investment advisory services, to analyze approximately 20,000 RMBS held by insurers and evaluate the likely loss that holders of those securities would suffer in the event of a default. PIMCO's analysis showed that the severity of expected losses on those securities evaluated that are held by our U.S. insurance companies was significantly less than would be implied by the rating agencies' ratings of such securities. The NAIC incorporated the results of PIMCO's analysis into the RBC charges assigned to the evaluated securities, with a beneficial impact on the RBC of our U.S. insurance companies. The NAIC utilized the solution again for 2010. The NAIC adopted a similar solution for 2010 for commercial mortgage-backed securities ("CMBS") by selecting BlackRock Solutions, a provider of investment advisory services, to assist in the RBC determination process. BlackRock Solutions served as a third-party modeler of the 7,000 CMBS holdings of U.S. insurance companies, including our U.S. insurance companies. The impact of the implementation for 2010 of the modeling solution for CMBS on our U.S. insurance companies was minimal. Any revisions to the modeling bases for 2011 are not anticipated to have a material impact on the RBC of our U.S. insurance companies.

In 2011, the NAIC adopted a proposal that permits RBC recognition for the risk mitigation value of the use of derivatives for hedging asset (fixed maturity and equity securities) risk. The adopted measure is effective December 31, 2011 and is anticipated to have a modest, positive impact on the RBC of our U.S. insurance companies.

Regulation of Investments. Each of our U.S. insurance companies is subject to state laws and regulations that require diversification of our investment portfolios and limit the amount of investments in certain asset categories, such as below investment grade fixed income securities, equity real estate, other equity investments, and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring surplus and, in some instances, would require divestiture of such non-qualifying investments. We believe that the investments made by each of our U.S. insurance companies complied, in all material respects, with such regulations at December 31, 2011.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") includes provisions that may impact our investments and investment activities, including the federal regulation of such activities. Until the various final regulations are promulgated pursuant to Dodd-Frank, and perhaps for some time thereafter, the full impact of Dodd-Frank on such activities will remain unclear. Such provisions and regulations include, but are not limited to, the regulation of the over-the-counter ("OTC") derivatives markets and prohibitions on covered banking entities engaging in proprietary trading and sponsoring or investing in hedge funds or private equity funds (commonly known as the Volcker Rule). See "— Dodd-Frank and Other Legislative and Regulatory Developments — Regulation of Over-the-Counter Derivatives" and "— Dodd-Frank and Other Legislative and Regulatory Developments — Volcker Rule."

Federal Initiatives. Although the insurance business in the United States is primarily regulated by the states, federal initiatives often have an impact on our business in a variety of ways. From time to time, federal measures are proposed which may significantly affect the insurance business. These areas include financial services regulation, securities regulation, pension regulation, health care regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies. See "— Dodd-Frank and Other Legislative and Regulatory Developments."

Regulation of MetLife as a Bank Holding Company

Currently, as the owner of MetLife Bank, National Association ("MetLife Bank"), a federally-chartered bank, MetLife is regulated as a bank holding company and financial holding company by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") and the Federal Reserve Bank of New York (collectively with the Federal Reserve Board, the "Federal Reserve"). In December 2011, MetLife Bank and MetLife entered into a definitive agreement to sell most of the depository business of MetLife Bank. The transaction is expected to close in the second quarter of 2012, subject to certain regulatory approvals and other customary closing conditions. Once MetLife Bank has completely exited its depository business, MetLife plans to terminate MetLife Bank's Federal Deposit Insurance Corporation ("FDIC") insurance, putting MetLife in a position to be able to deregister as a bank holding company. Upon completion of the foregoing, MetLife will no longer be regulated as a bank holding company or subject to enhanced supervision and prudential standards as a bank holding company with assets of $50 billion or more. However, if, in the future, MetLife is designated by the Financial Stability Oversight Council ("FSOC") as a non-bank systemically important financial institution ("non-bank systemically important financial institution" or "non-bank SIFI"), it could once again be subject to regulation by the Federal Reserve and enhanced supervision and prudential standards. See "Risk Factors — Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth" for information regarding enhanced prudential standards applicable to bank holding companies and, possibly, non-bank SIFIs. Regulation of MetLife as a bank holding company or possibly as a non-bank systemically important financial institution could affect our business. For example, enhanced capital requirements applicable to MetLife may adversely affect our ability to compete with other insurers that are not subject to those requirements, and counterparty exposure limits may affect our ability to engage in hedging activities. See "Risk Factors — As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position" for information regarding capital requirements applicable to bank holding companies and, possibly, non-bank SIFIs, as well as the results of MetLife's participation in the Federal Reserve's 2012 Comprehensive Capital Analysis and Review. At December 31, 2011, MetLife was in compliance with applicable capital requirements currently in effect.

Securities, Broker-Dealer and Investment Adviser Regulation

Some of our activities in offering and selling variable insurance products are subject to extensive regulation under the federal securities laws administered by the SEC. We issue variable annuity contracts and variable life

insurance policies through separate accounts that are registered with the SEC as investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Each registered separate account is generally divided into sub-accounts, each of which invests in an underlying mutual fund which is itself a registered investment company under the Investment Company Act. In addition, the variable annuity contracts and variable life insurance policies issued by these registered separate accounts are registered with the SEC under the Securities Act of 1933, as amended (the "Securities Act"). Our subsidiary, Tower Square, is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is a member of, and subject to regulation by, FINRA. Further, Tower Square is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and is also registered as an investment adviser in various states, as applicable. Certain variable contract separate accounts sponsored by us are exempt from registration, but may be subject to other provisions of the federal securities laws.

Federal and state securities regulatory authorities and FINRA from time to time make inquiries and conduct examinations regarding our compliance with securities and other laws and regulations. We cooperate with such inquiries and examinations and take corrective action when warranted.

Federal and state securities laws and regulations are primarily intended to protect investors in the securities markets and generally grant regulatory agencies broad rulemaking and enforcement powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. See "— Dodd-Frank and Other Legislative and Regulatory Developments — Regulation of Brokers and Dealers."

Environmental Considerations

As an owner and operator of real property, we are subject to extensive federal, state and local environmental laws and regulations. Inherent in such ownership and operation is also the risk that there may be potential environmental liabilities and costs in connection with any required remediation of such properties. In addition, we hold equity interests in companies that could potentially be subject to environmental liabilities. We routinely have environmental assessments performed with respect to real estate being acquired for investment and real property to be acquired through foreclosure. We cannot provide assurance that unexpected environmental liabilities will not arise. However, based on information currently available to us, we believe that any costs associated with compliance with environmental laws and regulations or any remediation of such properties will not have a material adverse effect on our business, results of operations or financial condition.

Employee Retirement Income Security Act of 1974 ("ERISA") Considerations

We provide products and services to certain employee benefit plans that are subject to ERISA, or the Internal Revenue Code of 1986, as amended (the "Code"). As such, our activities are subject to the restrictions imposed by ERISA and the Code, including the requirement under ERISA that fiduciaries must perform their duties solely in the interests of ERISA plan participants and beneficiaries and the requirement under ERISA and the Code that fiduciaries may not cause a covered plan to engage in prohibited transactions with persons who have certain relationships with respect to such plans. The applicable provisions of ERISA and the Code are subject to enforcement by the Department of Labor ("DOL"), the Internal Revenue Service ("IRS") and the Pension Benefit Guaranty Corporation.

In *John Hancock Mutual Life Insurance Company v. Harris Trust and Savings Bank (1993),* the U.S. Supreme Court held that certain assets in excess of amounts necessary to satisfy guaranteed obligations under a participating group annuity general account contract are "plan assets." Therefore, these assets are subject to certain fiduciary obligations under ERISA, which requires fiduciaries to perform their duties solely in the interest of ERISA plan participants and beneficiaries. On January 5, 2000, the Secretary of Labor issued final regulations indicating, in cases where an insurer has issued a policy backed by the insurer's general account to or for an employee benefit plan, the extent to which assets of the insurer constitute plan assets for purposes of ERISA and

the Code. The regulations apply only with respect to a policy issued by an insurer on or before December 31, 1998 ("Transition Policy"). No person will generally be liable under ERISA or the Code for conduct occurring prior to July 5, 2001, where the basis of a claim is that insurance company general account assets constitute plan assets. An insurer issuing a new policy that is backed by its general account and is issued to or for an employee benefit plan after December 31, 1998 will generally be subject to fiduciary obligations under ERISA, unless the policy is a guaranteed benefit policy.

The regulations indicate the requirements that must be met so that assets supporting a Transition Policy will not be considered plan assets for purposes of ERISA and the Code. These requirements include detailed disclosures to be made to the employee benefits plan and the requirement that the insurer must permit the policyholder to terminate the policy on 90 days notice and receive without penalty, at the policyholder's option, either (i) the unallocated accumulated fund balance (which may be subject to market value adjustment) or (ii) a book value payment of such amount in annual installments with interest. We have taken and continue to take steps designed to ensure compliance with these regulations.

Dodd-Frank and Other Legislative and Regulatory Developments

Dodd-Frank effected the most far-reaching overhaul of financial regulation in the U.S. in decades. The full impact of Dodd-Frank on us will depend on the numerous rulemaking initiatives required or permitted by Dodd-Frank and the various studies mandated by Dodd-Frank, which are scheduled to be completed over the next few years. See "Risk Factors — Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth."

Federal Regulation. Dodd-Frank established the Federal Insurance Office within the Department of the Treasury, which has the authority to participate in the negotiations of international insurance agreements with foreign regulators for the U.S., as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office will perform various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. The director is also required to submit a report to Congress regarding how to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states.

Enhanced Prudential Standards. As a large, interconnected bank holding company with assets of $50 billion or more or, if designated as such by the FSOC, a non-bank systemically important financial institution, MetLife will be subject to enhanced prudential standards imposed on such companies. As noted above, prudential standards imposed on MetLife could affect our competitive position relative to insurers that are not subject to those standards. The FSOC has proposed rules governing the process of how it would designate non-bank financial companies that would be subject to enhanced supervision by the Federal Reserve, but these rules have not become final and no non-bank financial companies have been so designated. See "Risk Factors — Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth."

Regulation of Over-the-Counter Derivatives. Dodd-Frank also includes a new framework of regulation of the OTC derivatives markets which will require clearing of certain types of transactions currently traded OTC and could potentially impose additional costs, including new capital, reporting and margin requirements and additional regulation on the Company. Increased margin requirements on our part, combined with restrictions on securities that will qualify as eligible collateral, could reduce our liquidity and require an increase in our holdings of cash and government securities with lower yields causing a reduction in income. We use derivatives to mitigate a wide range of risks in connection with our businesses, including the impact of increased benefit exposures from our annuity products that offer guaranteed benefits. The derivative clearing requirements of Dodd-Frank could increase the cost of our risk mitigation and expose us to the risk of a default by a

clearinghouse with respect to our cleared derivative transactions. In addition, we have always been subject to the risk that hedging and other management procedures might prove ineffective in reducing the risks to which insurance policies expose us or that unanticipated policyholder behavior or mortality, combined with adverse market events, produces economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by higher costs of writing derivatives (including customized derivatives) and the reduced availability of customized derivatives that might result from the enactment of Dodd-Frank.

Volcker Rule. Dodd-Frank restricts the ability of insured depository institutions and of companies, such as MetLife, that control an insured depository institution, and their affiliates, to engage in proprietary trading and to sponsor or invest in funds (hedge funds and private equity funds) that rely on certain exemptions from the Investment Company Act. Dodd-Frank provides an exemption for investment activity by a regulated insurance company or its affiliates solely for the general account of such insurance company if such activity is in compliance with the insurance company investment laws of the state or jurisdiction in which such company is domiciled and the appropriate Federal regulators after consultation with relevant insurance commissioners have not jointly determined such laws to be insufficient to protect the safety and soundness of the institution or the financial stability of the U.S. Other exemptions, including, but not limited to, activities for risk-mitigating hedging and activities on behalf of customers, may be available for the general account or separate account activities of insurance companies. Notwithstanding the foregoing, the appropriate Federal regulatory authorities are permitted under the legislation to impose, as part of rulemaking, additional capital requirements and other restrictions on any exempted activity. Dodd-Frank provides for a period of rulemaking during which the effects of the statutory language may be clarified. Among other things, one task of the rulemaking is to appropriately accommodate the business of insurance within an insurance company subject to regulation in accordance with relevant insurance company investments laws. Until the rulemaking is complete, including the scope of the statutory exemptions to be applied to insurance companies for each of the prohibitions on proprietary trading and fund sponsoring or investing, it is unclear whether we may have to alter any of our future activities to comply, including continuing to invest in private investment funds for our general accounts or to issue certain insurance products backed by our separate accounts. See "Risk Factors – Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth."

Consumer Protection Laws. Dodd-Frank established the CFPB that supervises and regulates institutions providing certain financial products and services to consumers. Although the consumer financial services to which this legislation applies exclude insurance business of the kind in which we engage, the CFPB has authority to regulate non-insurance consumer services provided throughout the MetLife enterprise.

Orderly Liquidation Authority. Under the provisions of Dodd-Frank relating to the resolution or liquidation of certain types of financial institutions, including bank holding companies, if MetLife were to become insolvent or were in danger of defaulting on its obligations, it could be compelled to undergo liquidation with the FDIC as receiver. For this new regime to be applicable, a number of determinations would have to be made, including that a default by the affected company would have serious adverse effects on financial stability in the U.S. If the FDIC were to be appointed as the receiver for such a company, the liquidation of that company would occur under the provisions of the new liquidation authority, and not under the Bankruptcy Code. In such a liquidation, the holders of such company's debt could in certain respects be treated differently than under the Bankruptcy Code. In particular, unsecured creditors and shareholders are intended to bear the losses of the company being liquidated. As required by Dodd-Frank, the FDIC has established rules relating to the priority of creditors' claims and the potentially dissimilar treatment of similarly situated creditors. These provisions could apply to some financial institutions whose outstanding debt securities we hold in our investment portfolios. Dodd-Frank also provides for the assessment of bank holding companies with assets of $50 billion or more, non-bank SIFIs, and other financial companies with assets of $50 billion or more to cover the costs of liquidating any financial company subject to the new liquidation authority.

Regulation of Brokers and Dealers. Dodd-Frank also authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail and other customers.

This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice.

We cannot predict what other proposals may be made, what legislation may be introduced or enacted or the impact of any such legislation on our business, results of operations and financial condition.

Item 1A. ***Risk Factors***

Difficult Conditions in the Global Capital Markets and the Economy Generally May Materially Adversely Affect Our Business and Results of Operations and These Conditions May Not Improve in the Near Future

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Stressed conditions, volatility and disruptions in global capital markets, particular markets, or financial asset classes can have an adverse effect on us, in part because we have a large investment portfolio and our insurance liabilities are sensitive to changing market factors. Global market factors, including interest rates, credit spreads, equity prices, real estate markets, foreign currency exchange rates, consumer spending, business investment, government spending, the volatility and strength of the capital markets, deflation and inflation, all affect the business and economic environment and, ultimately, the amount and profitability of our business. Disruptions in one market or asset class can also spread to other markets or asset classes. Upheavals in the financial markets can also affect our business through their effects on general levels of economic activity, employment and customer behavior.

Volatile conditions have continued to characterize financial markets at times, and not all global financial markets are functioning normally. Significant market volatility, and government actions taken in response, may exacerbate some of the risks we face. Beginning in 2010 and continuing throughout 2011, concerns increased about capital markets and the solvency of certain European Union member states, including Portugal, Ireland, Italy, Greece and Spain ("Europe's perimeter region"), and of financial institutions that have significant direct or indirect exposure to debt issued by these countries. This, in turn, created market volatility which will continue to affect the performance of various asset classes in 2012, and perhaps longer, until there is an ultimate resolution of these sovereign debt-related concerns. As a result of concerns about the ability of Europe's perimeter region to service their sovereign debt, these countries have experienced credit ratings downgrades, including the downgrade of Greece's sovereign debt in July 2011 by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") to Ca and CC ratings, respectively – rating designations of likely in, or very near, default. On February 27, 2012, S&P downgraded Greece's credit rating to SD, a rating of selective default. On March 2, 2012, Moody's further downgraded Greece's credit rating from Ca to C, which is the lowest Moody's credit rating. On March 9, 2012, Fitch Ratings ("Fitch") downgraded Greece's credit rating to RD, a rating of "restricted default." On March 13, 2012, Fitch upgraded Greece's credit rating from RD to B-, reflecting the completion of its sovereign debt exchange with private investors. Despite support programs for Europe's perimeter region, concerns about the ability to service sovereign debt subsequently expanded to other European Union member states. As a result, in late 2011 and early 2012, several other European Union member states have experienced credit ratings downgrades or have had their credit ratings outlook changed to negative. Although the August 2011 downgrade by S&P of U.S. Treasury securities initially had an adverse effect on financial markets, the extent of the longer-term impact cannot be predicted. In November 2011, Fitch warned that it may in the future downgrade the U.S. credit rating unless action is taken to reduce the national debt of the U.S. It is possible that the August 2011 S&P downgrade and any future downgrades, as well as continued concerns about U.S. fiscal policy and the trajectory of the national debt of the U.S., could have severe repercussions to the U.S. and global credit and financial markets, further exacerbate concerns over sovereign debt of other countries and could disrupt economic activity in the U.S. and elsewhere. See "— Concerns Over U.S. Fiscal Policy and the Trajectory of the National Debt of the U.S., as well as Rating Agency Downgrades of U.S. Treasury Securities, Could Have an Adverse Effect on Our Business, Financial Condition and Results of Operations."

Our revenues and net investment income are likely to remain under pressure in uncertain financial market conditions and as a result of low interest rates and our profit margins could erode. Also, in the event of extreme

prolonged market events, such as the recent global credit crisis, we could incur significant capital and/or operating losses. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility.

We are a significant writer of variable insurance products and certain other products issued through separate accounts. The account values of these products decrease as a result of declining equity markets. Decreases in account values reduce fees generated by these products, cause the amortization of deferred policy acquisition costs ("DAC") to accelerate and could increase the level of insurance liabilities we must carry to support such products issued with any associated guarantees.

Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets, deflation and inflation all affect the business and economic environment and, ultimately, the amount and profitability of our business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. Group insurance, in particular, is affected by the higher unemployment rate. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could affect earnings negatively and could have a material adverse effect on our business, results of operations and financial condition.

The recent financial crisis has precipitated, and may continue to raise the possibility of, legislative, judicial, regulatory and other governmental actions. We cannot predict whether or when such actions may occur, nor can we predict what ultimate impact, if any, either such actions or any of the legislative, judicial, regulatory and other governmental actions of the last several years could have on our business, results of operations and financial condition. See "— Governmental and Regulatory Actions for the Purpose of Stabilizing and Revitalizing the Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect the Competitive Position of MetLife and Its Subsidiaries, Including Us," "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," "— As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position," "— Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth," and "— Competitive Factors May Adversely Affect Our Market Share and Profitability."

Concerns Over U.S. Fiscal Policy and the Trajectory of the National Debt of the U.S., as well as Rating Agency Downgrades of U.S. Treasury Securities, Could Have an Adverse Effect on Our Business, Financial Condition and Results of Operations

Concerns over U.S. fiscal policy and the trajectory of the national debt could have severe repercussions to the U.S. and global credit and financial markets, further exacerbate concerns over sovereign debt of other countries and disrupt economic activity in the U.S. and elsewhere. As a result, our access to, or cost of, liquidity may deteriorate.

In August 2011, S&P downgraded the AAA rating on U.S. Treasury securities to AA+ with a negative outlook, while Moody's affirmed the Aaa rating on U.S. Treasury securities, but with a negative outlook. In October 2011, Moody's affirmed its August 2011 ratings, but revised its negative outlook to stable. In November 2011, Fitch affirmed its AAA rating on U.S. Treasury securities but changed its U.S. credit rating outlook to negative from stable, citing the failure of a special Congressional committee to agree on certain deficit reduction measures and warning that it may in the future downgrade the U.S. credit rating unless action is taken to reduce the national debt of the U.S.

As a result of downgrades of U.S. Treasury securities, the market value of some of our investments may decrease, and our capital adequacy could be adversely affected, which could require us to raise additional capital

during a period of distress in financial markets, potentially at a higher cost. Further downgrades, together with the sustained current trajectory of the national debt of the U.S., would significantly exacerbate the risks we face and any resulting adverse effects on our business, financial condition and results of operations, including those described under "— Difficult Conditions in the Global Capital Markets and the Economy Generally May Materially Adversely Affect Our Business and Results of Operations and These Conditions May Not Improve in the Near Future," "— Adverse Capital and Credit Market Conditions May Significantly Affect Our Ability to Meet Liquidity Needs, Access to Capital and Cost of Capital," "— Our Participation in a Securities Lending Program Subjects Us to Potential Liquidity and Other Risks" and "— The Determination of the Amount of Allowances and Impairments Taken on Our Investments is Subjective and Could Materially Impact Our Results of Operations or Financial Position." We cannot predict whether or when these adverse consequences may occur, what other unforeseen consequences may result, or the extent, severity and duration of the impact of such consequences on our business, results of operations and financial condition.

Governmental and Regulatory Actions for the Purpose of Stabilizing and Revitalizing the Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect the Competitive Position of MetLife and Its Subsidiaries, Including Us

In recent years, Congress, the Federal Reserve, the FDIC, the U.S. Treasury and other agencies of the U.S. federal government have taken a number of increasingly aggressive actions (including a series of interest rate reductions that began in the second half of 2007) intended to provide liquidity to financial institutions and markets, to avert a loss of investor confidence in particular troubled institutions, to prevent or contain the spread of the financial crisis and to spur economic growth. Most of these programs have largely run their course or been discontinued. More likely to be relevant to us are the monetary policy implemented by the Federal Reserve and the implementation of Dodd-Frank, which will significantly change financial regulation in the U.S. in a number of areas that could affect us. Given the large number of provisions of Dodd-Frank that must be implemented through regulatory action and the delay with which some aspects of this implementation are taking place, we cannot predict what impact this could have on our business, results of operations and financial condition. The impact of Dodd-Frank implementation will also be affected by MetLife Bank's pending actions to exit the depository business, MetLife Bank's decision to exit the forward mortgage origination business, MetLife's intention to deregister as a bank holding company, and Dodd-Frank rulemaking initiatives relating to non-bank systemically important financial institutions. See "— Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth" and "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments."

The Federal Reserve Board has taken a number of actions in recent years to spur economic activity by keeping interest rates low and may take further actions to influence interest rates in the future, which may have an impact on the pricing levels of risk-bearing investments, and may adversely impact the level of product sales. There can be no assurance that these actions will have the intended effect or what impact, if any, these actions could have on our business, results of operations and financial condition.

We cannot predict whether the funds made available by the U.S. federal government and its agencies, or other actions taken by the government, will stabilize or further revive the financial markets or harm them or, if the U.S. federal government decides to distribute additional amounts, either by Federal Reserve Board action or by Congressional appropriation, whether those additional actions will have positive or negative effects.

The choices made by the U.S. Treasury, the Federal Reserve Board and the FDIC in their distribution of funds under any future asset purchase programs, as well as any decisions made regarding the imposition of additional regulation on large financial institutions may have, over time, the effect of supporting or burdening some aspects of the financial services industry more than others. Some of our competitors have received, or may in the future receive, benefits under one or more of the federal government's programs. This could adversely affect our competitive position. See "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," "— Governmental and Regulatory Actions for the Purpose of Stabilizing and Revitalizing the

Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect the Competitive Position of MetLife and Its Subsidiaries, Including Us," and "— Competitive Factors May Adversely Affect Our Market Share and Profitability."

Adverse Capital and Credit Market Conditions May Significantly Affect Our Ability to Meet Liquidity Needs, Access to Capital and Cost of Capital

The capital and credit markets are sometimes subject to periods of extreme volatility and disruption. Such volatility and disruption could cause liquidity and credit capacity for certain issuers to be limited.

We need liquidity to pay our operating expenses, interest on our debt and dividends on our capital stock, maintain our securities lending activities and replace certain maturing liabilities. Without sufficient liquidity, we will be forced to curtail our operations, and our business will suffer. The principal sources of our liquidity are insurance premiums, annuity considerations, deposit funds, and cash flow from our investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash. Sources of liquidity in normal markets also include short-term instruments such as funding agreements and commercial paper. Sources of capital in normal markets include external borrowings, borrowings from MetLife or other affiliates and capital contributions from MetLife.

In the event market or other conditions have an adverse impact on our capital and liquidity, or any required regulatory stress-testing indicates that such conditions could have such an impact beyond expectations and our current resources do not satisfy our needs or regulatory requirements, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, regulatory considerations, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. Our internal sources of liquidity may prove to be insufficient and, in such case, we may not be able to successfully obtain additional financing on favorable terms, or at all.

Our liquidity requirements may change if, among other things, we are required to return significant amounts of cash collateral on short notice under securities lending agreements.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business, most significantly, our insurance operations. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities; satisfy regulatory capital requirements (under both insurance and banking laws); and access the capital necessary to grow our business. See "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," "— As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position," "— Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth" and "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments." As a result, we may be forced to delay raising capital, issue different types of securities than we would have otherwise, less effectively deploy such capital, issue shorter tenor securities than we prefer, or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility. Our results of operations, financial condition, cash flows and statutory capital position could be materially adversely affected by disruptions in the financial markets.

Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth

Insurance Regulation. Our insurance operations are subject to a wide variety of insurance and other laws and regulations. See "Business — Regulation — Insurance Regulation." State insurance laws regulate most aspects of our U.S. insurance businesses, and our U.S insurance companies are regulated by the insurance regulators of the states in which they are domiciled and the states in which they are licensed.

State laws in the U.S. grant insurance regulatory and other state authorities broad administrative powers with respect to, among other things:

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving policy forms;
- regulating unfair trade and claims practices, including through the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements, and identifying and paying to the states benefits and other property that is not claimed by the owners;
- regulating advertising;
- protecting privacy;
- establishing statutory capital and reserve requirements and solvency standards;
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types, amounts and valuation of investments.

State insurance guaranty associations have the right to assess insurance companies doing business in their state for funds to help pay the obligations of insolvent insurance companies to policyholders and claimants. Because the amount and timing of an assessment is beyond our control, the liabilities that we have currently established for these potential liabilities may not be adequate. See "Business — Regulation — Insurance Regulation — Guaranty Associations and Similar Arrangements."

State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations, or in interpretations thereof, that are made for the benefit of the consumer sometimes lead to additional expense for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations.

U.S. Federal Regulation Affecting Insurance. Currently, the U.S. federal government does not directly regulate the business of insurance. However, Dodd-Frank allows federal regulators to compel state insurance regulators to liquidate an insolvent insurer under some circumstances if the state regulators have not acted within a specific period. The Federal Reserve Board has also proposed that it be given authority to compel insurance companies to take prompt corrective action in certain circumstances if they are part of a large bank holding company or of a company that has been designated by the FSOC as a non-bank systemically important financial institution. It also establishes the Federal Insurance Office within the Department of the Treasury, which has the authority to participate in the negotiations of international insurance agreements with foreign regulators for the U.S., as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office will perform various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. The director is also required to submit a report to Congress regarding how to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states.

Federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, derivatives regulation, mortgage regulation, pension regulation, health care regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies. Other aspects of our insurance operations could also be affected by Dodd-Frank. For example, Dodd-Frank imposes restrictions on the ability of affiliates of insured depository institutions (such as MetLife Bank) to engage in proprietary trading or sponsor or invest in hedge funds or private equity funds. See "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments — Volcker Rule."

Regulation of Brokers and Dealers. Dodd-Frank also authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail and other customers. This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice. See "Business — Regulation — Securities, Broker-Dealer and Investment Adviser Regulation" and "— Changes in U.S. Federal and State Securities Laws and Regulations, and State Insurance Regulations Regarding Suitability of Annuity Product Sales, May Affect Our Operations and Our Profitability."

International Regulation. Our international insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are located or operate. The authority of our international operations to conduct business is subject to licensing requirements, permits and approvals, and these authorizations are subject to modification and revocation. See "— Our International Operations Face Political, Legal, Operational and Other Risks, Including Exposure to Local and Regional Economic Conditions, That Could Negatively Affect Those Operations or Our Profitability" and "Business — Regulation."

Summary. From time to time, regulators raise issues during examinations or audits of us and our regulated subsidiaries that could, if determined adversely, have a material impact on us. We cannot predict whether or when regulatory actions may be taken that could adversely affect our operations. In addition, the interpretations of regulations by regulators may change and statutes may be enacted with retroactive impact, particularly in areas such as accounting or statutory reserve requirements. We are also subject to other regulations and may in the future become subject to additional regulations. See "Business — Regulation."

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase our direct and indirect compliance and other expenses of doing business, thus having a material adverse effect on our financial condition and results of operations.

As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position

Currently, as the owner of MetLife Bank, MetLife is regulated as a bank holding company and financial holding company by the Federal Reserve. In December 2011, MetLife Bank and MetLife entered into a definitive agreement to sell most of the depository business of MetLife Bank. The transaction is expected to close in the second quarter of 2012, subject to certain regulatory approvals and other customary closing conditions. Once MetLife Bank has completely exited its depository business, MetLife plans to terminate MetLife Bank's FDIC insurance, putting MetLife in a position to be able to deregister as a bank holding company. Upon completion of the foregoing, MetLife will no longer be regulated as a bank holding company or subject to enhanced supervision and prudential standards as a bank holding company with assets of $50 billion or more. However, if, in the future, MetLife is designated by the FSOC as a non-bank systemically important financial institution (as discussed below), it would once again be subject to regulation by the Federal Reserve and enhanced supervision and prudential standards, such as Regulation YY (see "— Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth"). Regulation of MetLife as a bank holding company or possibly as a non-bank systemically important financial institution could affect our business. For example, enhanced capital requirements applicable to MetLife may adversely affect our ability to compete with other insurers that are not subject to those requirements, and counterparty exposure limits may affect our ability to engage in hedging activities. In addition, it could give the Federal Reserve Board the right to require that any of our insurance companies, or insurance company affiliates, take prompt action to correct any financial weaknesses.

The FSOC issued a notice of proposed rulemaking in October 2011, outlining the process it will follow and the criteria it will use to assess whether a non-bank financial company should be subject to enhanced supervision by the Federal Reserve as a non-bank systemically important financial institution. If MetLife meets the quantitative thresholds set forth in the proposal, the FSOC will continue with a further analysis using qualitative and quantitative factors.

Capital. MetLife is subject to risk-based and leverage capital guidelines issued by the Federal Reserve for bank holding companies which may adversely affect our ability to compete with other insurers that are not subject to those requirements. The Federal Reserve is required by law to take specific prompt corrective actions with respect to institutions that do not meet minimum capital standards. As a bank holding company with more than $50 billion in assets, MetLife is subject to capital planning requirements administered by the Federal Reserve, including the Federal Reserve's capital plan rule which requires MetLife to submit annual capital plans which include projections of MetLife's capital levels under baseline and stress scenarios over a nine-quarter period. Under the capital plan rule, the Federal Reserve will approve or object to a company's proposed capital actions, such as dividends and stock repurchases, based on the results of those capital plans and the Federal Reserve's assessment of the robustness of the company's capital planning processes. In addition, in recent years, the Federal Reserve has conducted its own assessment of bank holding companies' internal capital planning processes, capital adequacy and proposed capital distributions. MetLife participated in the assessment conducted by the Federal Reserve in 2012, the Comprehensive Capital Analysis and Review. Based on its assessment, the Federal Reserve objected to MetLife's incremental capital distribution plan, which included a proposed stock repurchase and dividend increase. If MetLife remains a bank holding company, or if it is designated a non-bank systemically important financial institution and is required to submit capital plans to the Federal Reserve in the future, there can be no assurance that the Federal Reserve will approve its future capital plans. Capital planning requirements could have the effect, in practice, of increasing the amounts of capital held by companies subject to the requirements, including MetLife, which could affect their competitive position.

If it remains a bank holding company, MetLife may become required to comply with further requirements relating to the calculation of capital, commonly referred to as "Basel II," as well as increased capital and liquidity requirements (commonly referred to as "Basel III") for bank holding companies. It is possible that even more stringent capital and liquidity requirements could be imposed under Basel III and Dodd-Frank as long as MetLife

remains a bank holding company or if, in the future, it is designated by the FSOC as a non-bank systemically important financial institution. Certain of our international operations could also be affected by Solvency II, a new capital adequacy regime for the European insurance industry.

Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth

On July 21, 2010, President Obama signed Dodd-Frank. Various provisions of Dodd-Frank could affect our business operations, capital requirements and profitability and limit our growth. See "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments."

The addition of a new regulatory regime over MetLife and its subsidiaries, including us, the likelihood of additional regulations, and the other changes discussed below and in "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments" could require changes to the operations of MetLife and its subsidiaries, including us. Whether such changes would affect our competitiveness in comparison to other institutions is uncertain, since the Federal Reserve has stated that at least some of our competitors, in particular insurance holding companies that control thrifts, rather than banks, will be similarly affected. Competitive effects are possible, however, if MetLife were required to pay any new or increased assessments and/or satisfy additional capital requirements but its competitors were not, and to the extent any new prudential supervisory standards are imposed on MetLife but not on its competitors. See "— As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position." The impact could be different if MetLife is no longer subject to regulation as a bank holding company, although it could still be subject to enhanced supervision and prudential standards as a non-bank systemically important financial institution, as discussed further below.

Enhanced Prudential Standards. As a large, interconnected bank holding company with assets of $50 billion or more or, if designated as such by the FSOC, a non-bank systemically important financial institution, MetLife will be subject to enhanced prudential standards imposed on such companies. Prudential standards imposed on MetLife could affect our competitive position relative to insurers that are not subject to those standards. The FSOC has proposed rules governing the process of how it would designate non-bank financial companies that would be subject to enhanced supervision by the Federal Reserve, but these rules have not become final and no non-bank financial companies have been so designated.

In December 2011, the Federal Reserve Board issued a release proposing the adoption of enhanced prudential standards required by Dodd-Frank ("Regulation YY"). Regulation YY would impose (i) enhanced RBC requirements, (ii) leverage limits, (iii) liquidity requirements, (iv) single counterparty exposure limits, (v) governance requirements for risk management, (vi) stress test requirements, and (vii) special debt-to-equity limits for certain companies, and would establish a procedure for early remediation based on the failure to comply with these requirements. The Federal Reserve Board invited comment on, among other things, whether and how to apply these standards to non-bank systemically important financial institutions.

In addition, if it were determined that MetLife posed a substantial threat to U.S. financial stability, the applicable federal regulators would have the right to require it to take one or more other mitigating actions to reduce that risk, including limiting its ability to merge with or acquire another company, terminating activities, restricting its ability to offer financial products or requiring it to sell assets or off-balance sheet items to unaffiliated entities. Enhanced standards would also permit, but not require, regulators to establish requirements with respect to contingent capital, enhanced public disclosures and short-term debt limits. These standards are described as being more stringent than those otherwise imposed on bank holding companies; however, the Federal Reserve Board is permitted to apply them on an institution-by-institution basis, depending on its determination of the institution's riskiness.

MetLife, as a bank holding company, will have to meet minimum leverage ratio and RBC requirements on a consolidated basis to be established by the Federal Reserve Board that are not less than those applicable to insured depository institutions under so-called prompt corrective action regulations as in effect on the date of the enactment of Dodd-Frank.

Under Dodd-Frank, all bank holding companies that have elected to be treated as financial holding companies, such as MetLife, are required to be "well capitalized" and "well managed" as defined by the Federal Reserve, on a consolidated basis, and not just at their depository institution(s), a higher standard than was applicable to financial holding companies before Dodd-Frank. If MetLife is unable to meet these standards, then it could be subject to activity restrictions and could ultimately be required to divest certain operations. See "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth."

We cannot predict whether other proposals will be adopted, or what impact, if any, the adoption of Dodd-Frank or other proposals and the resulting regulations could have on our business, financial condition or results of operations or on our dealings with other financial companies. See also "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth."

Moreover, Dodd-Frank potentially affects such a wide range of the activities and markets in which we engage and participate that it may not be possible to anticipate all of the ways in which it could affect us. For example, many of our methods for managing risk and exposures are based upon the use of observed historical market behavior or statistics based on historical models. Historical market behavior may be altered by the enactment of Dodd-Frank. As a result of this enactment and otherwise, these methods may not fully predict future exposures, which could be significantly greater than our historical measures indicate.

The Resolution of Several Issues Affecting the Financial Services Industry Could Have a Negative Impact on Our Reported Results or on Our Relations with Current and Potential Customers

We will continue to be subject to legal and regulatory actions in the ordinary course of our business, both in the U.S. and internationally. This could result in a challenge of business sold in the past under previously acceptable market practices at the time. Regulators are increasingly interested in the approach that product providers use to select third-party distributors and to monitor the appropriateness of sales made by them. In some cases, product providers can be held responsible for the deficiencies of third-party distributors. In addition, regulators are auditing compliance by life insurers with state unclaimed property laws. See "— Litigation and Regulatory Investigations Are Increasingly Common in Our Businesses and May Result in Significant Financial Losses and/or Harm to Our Reputation."

As a result of publicity relating to widespread perceptions of industry abuses, there have been numerous regulatory inquiries and proposals for legislative and regulatory reforms.

We Are Exposed to Significant Financial and Capital Markets Risk Which May Adversely Affect Our Results of Operations, Financial Condition and Liquidity, and May Cause Our Net Investment Income to Vary from Period to Period

We are exposed to significant financial and capital markets risk, including changes in interest rates, credit spreads, equity prices, real estate markets, foreign currency exchange rates, market volatility, the performance of the global economy in general, the performance of the specific obligors, including governments, included in our portfolio and other factors outside our control.

Our exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in interest rates will impact the net unrealized gain or loss position of our

fixed income investment portfolio. If long-term interest rates rise dramatically within a six to 12 month time period, certain of our life insurance businesses and fixed annuity business may be exposed to disintermediation risk. Disintermediation risk refers to the risk that our policyholders may surrender their contracts in a rising interest rate environment, requiring us to liquidate fixed income investments in an unrealized loss position. Due to the long-term nature of the liabilities associated with certain of our life insurance businesses, guaranteed benefits on variable annuities, and structured settlements, sustained declines in long-term interest rates may subject us to reinvestment risks and increased hedging costs. In other situations, declines in interest rates may result in increasing the duration of certain life insurance liabilities, creating asset-liability duration mismatches.

Our investment portfolio also contains interest rate sensitive instruments, such as fixed income securities, which may be adversely affected by changes in interest rates from governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Changes in interest rates will impact both the net unrealized gain or loss position of our fixed income portfolio and the rates of return we receive on funds invested. Our mitigation efforts with respect to interest rate risk are primarily focused towards maintaining an investment portfolio with diversified maturities that has a weighted average duration that is approximately equal to the duration of our estimated liability cash flow profile. For certain of our liability portfolios, it is not possible to invest assets to the full liability duration, thereby creating some amount of ALM mismatch. For this and other reasons, we also use derivative instruments to mitigate interest rate risk. However, our estimate of the liability cash flow profile may be inaccurate and we may be forced to liquidate fixed income investments prior to maturity at a loss in order to cover the cash flow profile of the liability. Although we take measures to manage the economic risks of investing in a changing interest rate environment, we may not be able to mitigate the interest rate risk of our fixed income investments relative to our liabilities. See also "— Changes in Market Interest Rates May Significantly Affect Our Profitability."

Our exposure to credit spreads primarily relates to market price volatility and cash flow variability associated with changes in credit spreads. A widening of credit spreads will adversely impact both the net unrealized gain or loss position of the fixed-income investment portfolio, will increase losses associated with credit-based non-qualifying derivatives where we assume credit exposure, and, if issuer credit spreads increase significantly or for an extended period of time, will likely result in higher other-than-temporary impairments ("OTTI"). Credit spread tightening will reduce net investment income associated with new purchases of fixed maturity securities. In addition, market volatility can make it difficult to value certain of our securities if trading becomes less frequent. As such, valuations may include assumptions or estimates that may have significant period-to-period changes which could have a material adverse effect on our results of operations or financial condition. If there is a resumption of significant volatility in the markets, it could cause changes in credit spreads and defaults and a lack of pricing transparency which, individually or in tandem, could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows through realized investment losses, impairments, and changes in unrealized loss positions.

Our primary exposure to equity risk relates to the potential for lower earnings associated with certain of our insurance businesses where fee income is earned based upon the estimated fair value of the assets under management. Downturns and volatility in equity markets can have a material adverse effect on the revenues and investment returns from our savings and investment products and services. Because these products and services generate fees related primarily to the value of assets under management, a decline in the equity markets could reduce our revenues from the reduction in the value of the investments we manage. The retail variable annuity business in particular is highly sensitive to equity markets, and a sustained weakness in the equity markets could decrease revenues and earnings in variable annuity products. Furthermore, certain of our variable annuity products offer guaranteed benefits which increase our potential benefit exposure should equity markets decline. We use derivatives and reinsurance to mitigate the impact of such increased potential benefit exposures. We are also exposed to interest rate and equity risk based upon the discount rate and expected long-term rate of return assumptions associated with our pension and other postretirement benefit obligations. Sustained declines in long-term interest rates or equity returns likely would have a negative effect on the funded status of these plans. Lastly, we invest a portion of our investments in public and private equity securities, leveraged buy-out funds,

hedge funds and other private equity funds and the estimated fair value of such investments may be impacted by downturns or volatility in equity markets.

Our primary exposure to real estate risk relates to commercial and agricultural real estate. Our exposure to commercial and agricultural real estate risk stems from various factors. These factors include, but are not limited to, market conditions including the demand and supply of leasable commercial space, creditworthiness of tenants and partners, capital markets volatility and the inherent interest rate movement. In addition, our real estate joint venture development program is subject to risks, including, but not limited to, reduced property sales and decreased availability of financing which could adversely impact the joint venture developments and/or operations. The state of the economy and speed of recovery in fundamental and capital market conditions in the commercial and agricultural real estate sectors will continue to influence the performance of our investments in these sectors. These factors and others beyond our control could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows through net investment income, realized investment losses and levels of valuation allowances.

Our investment portfolio contains investments in financial institutions that have significant direct or indirect exposure to debt issued by Portugal, Ireland, Italy and Spain. Recently, the European Union member states have experienced above average public debt, inflation and unemployment as the global economic downturn has developed. A number of member states are significantly impacted by the economies of their more influential neighbors, such as Germany. In addition, financial troubles of one nation can lead to troubles in others. Our investment portfolio also contains investments in revenue bonds issued under the auspices of U.S. states and municipalities and a limited amount of general obligation bonds of U.S. states and municipalities (collectively, "Municipal Bonds"). Recently, certain U.S. states and municipalities have faced budget deficits and financial difficulties. There can be no assurance that the financial difficulties of such U.S. states and municipalities would not have an adverse impact on our Municipal Bond portfolio.

A possible result of the disruption in Europe is the withdrawal of one or more countries from the Euro zone. The extent to which our results of operations, financial condition, liquidity and net investment income would be affected by any such withdrawal will depend on a number of factors, including the identity of the withdrawing country and the likelihood that other counties will follow suit. Risks related to any such withdrawal could include overall economic disruption; capital flight, with attendant risks to the integrity of the European Union banking system; conversion to a national currency, which may be subject to devaluation; inflation risks; increased costs and diminished effectiveness in hedging against declines in the value of the Euro; declines in the value of our investments; credit losses; and an increase in foreign currency exchange rate risks, among others. Foreign currency exchange rate risk will increase if a country withdraws from the Euro zone. The national currency to which such a country may revert will likely be devalued and contracts using the Euro will need to be renegotiated. It is possible that any such devaluation could be significant. We cannot predict the extent of such a devaluation, or the effect of it on our contracts, on our investments in bonds governed by the law of any such country, or on our investments in financial institutions that have significant direct or indirect exposure to debt issued by any such country. Any operations we may have in any such withdrawing country could also be materially adversely affected by legal or governmental actions related to conversion from the Euro to a national currency. See "— Fluctuations in Foreign Currency Exchange Rates Could Negatively Affect Our Profitability" for a discussion of our primary foreign currency exchange risks.

A portion of our investments is made in leveraged buy-out funds, hedge funds and other private equity funds, many of which make private equity investments. The amount and timing of net investment income from such investment funds tends to be uneven as a result of the performance of the underlying investments, including private equity investments. The timing of distributions from the funds, which depends on particular events relating to the underlying investments, as well as the funds' schedules for making distributions and their needs for cash, can be difficult to predict. As a result, the amount of net investment income that we record from these investments can vary substantially from quarter to quarter. Significant volatility could adversely impact returns and net investment income on these alternative investment classes. In addition, the extent to which we can continue to invest in such funds is uncertain under Dodd-Frank.

Continuing challenges include continued weakness in the U.S. real estate market, investor anxiety over the U.S. and European economies, defaults or declines in the value of sovereign or financial institution debt, rating agency downgrades of various structured products and financial issuers, unresolved issues with structured investment vehicles and monoline financial guarantee insurers, deleveraging of financial institutions and hedge funds, sustained high levels of unemployment and the continuing recovery in the inter-bank market. Significant volatility in the markets could cause changes in interest rates, declines in equity prices, and the strengthening or weakening of foreign currencies against the U.S. dollar which, individually or in tandem, could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows through realized investment losses, impairments, increased valuation allowances and changes in unrealized gain or loss positions.

Changes in Market Interest Rates May Significantly Affect Our Profitability

Some of our products, principally traditional whole life insurance, fixed annuities and guaranteed interest contracts, expose us to the risk that changes in interest rates will reduce our investment margin or "spread," or the difference between the amounts that we are required to pay under the contracts in our general account and the rate of return we are able to earn on general account investments intended to support obligations under the contracts. Our spread is a key component of our net income.

As interest rates decrease or remain at low levels, we may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, reducing our investment margin. Moreover, borrowers may prepay or redeem the fixed income securities, commercial or agricultural mortgage loans and mortgage-backed securities in our investment portfolio with greater frequency in order to borrow at lower market rates, which exacerbates this risk. Lowering interest crediting rates can help offset decreases in investment margins on some products. However, our ability to lower these rates could be limited by competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields. As a result, our spread could decrease or potentially become negative. Our expectation for future spreads is an important component in the amortization of DAC and value of business acquired ("VOBA"), and significantly lower spreads may cause us to accelerate amortization, thereby reducing net income in the affected reporting period. In addition, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive investments to consumers, resulting in increased premium payments on products with flexible premium features, repayment of policy loans and increased persistency, or a higher percentage of insurance policies remaining in force from year to year, during a period when our new investments carry lower returns. A decline in market interest rates could also reduce our return on investments that do not support particular policy obligations. During periods of sustained lower interest rates, policy liabilities may not be sufficient to meet future policy obligations and may need to be strengthened. Accordingly, declining and sustained lower interest rates may materially affect our results of operations, financial position and cash flows and significantly reduce our profitability. In January 2012, the Federal Reserve Board announced its plans to keep interest rates low until at least through late 2014, 18 months longer than previously planned.

Increases in market interest rates could also negatively affect our profitability. In periods of rapidly increasing interest rates, we may not be able to replace, in a timely manner, the investments in our general account with higher yielding investments needed to fund the higher crediting rates necessary to keep interest sensitive products competitive. We, therefore, may have to accept a lower spread and, thus, lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, policy loans, surrenders and withdrawals may tend to increase as policyholders seek investments with higher perceived returns as interest rates rise. This process may result in cash outflows requiring that we sell investments at a time when the prices of those investments are adversely affected by the increase in market interest rates, which may result in realized investment losses. Unanticipated withdrawals and terminations may cause us to accelerate the amortization of DAC and VOBA, which reduces net income. An increase in market interest rates could also have a material adverse effect on the value of our investment portfolio, for example, by decreasing the estimated fair values of the fixed income securities that comprise a substantial portion of our investment portfolio. Finally, an increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds.

Some of Our Investments Are Relatively Illiquid and Are in Asset Classes That Have Been Experiencing Significant Market Valuation Fluctuations

We hold certain investments that may lack liquidity, such as privately-placed fixed maturity securities, mortgage loans, policy loans and leveraged leases, equity real estate, including real estate joint ventures and funds, and other limited partnership interests. These asset classes represented 27.4% of the carrying value of our total cash and investments at December 31, 2011. In recent years, even some of our very high quality investments experienced reduced liquidity during periods of market volatility or disruption. If we require significant amounts of cash on short notice in excess of normal cash requirements or are required to post or return cash collateral in connection with our investment portfolio, derivatives transactions or securities lending program, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both. The reported value of our relatively illiquid types of investments, our investments in the asset classes described above and, at times, our high quality, generally liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If we were forced to sell certain of our investments in the global market, there can be no assurance that we will be able to sell them for the prices at which we have recorded them and we could be forced to sell them at significantly lower prices. Some provisions of Dodd-Frank may lower the prices for certain fund investments by forcing them to be sold over a relatively short period of time.

Our Participation in a Securities Lending Program Subjects Us to Potential Liquidity and Other Risks

We participate in a securities lending program 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. We obtain collateral, usually cash, in an amount generally 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. Returns of loaned securities by the third parties would require us to return the collateral associated with such loaned securities. In addition, in some cases, the maturity of the securities held as invested collateral (i.e., securities that we have purchased with cash collateral received from the third parties) may exceed the term of the related securities on loan and the estimated fair value may fall below the amount of cash received as collateral and invested. If we are required to return significant amounts of cash collateral on short notice and we are forced to sell securities to meet the return obligation, we may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than we otherwise would have been able to realize under normal market conditions, or both. In addition, under stressful capital market and economic conditions, liquidity broadly deteriorates, which may further restrict our ability to sell securities. If we decrease the amount of our securities lending activities over time, the amount of net investment income generated by these activities will also likely decline. See Note 2 of the Notes to the Consolidated Financial Statements.

Our Requirements to Pledge Collateral or Make Payments Related to Declines in Estimated Fair Value of Specified Assets May Adversely Affect Our Liquidity and Expose Us to Counterparty Credit Risk

Some of our transactions with financial and other institutions specify the circumstances under which the parties are required to pledge collateral related to any decline in the estimated fair value of the specified assets. In addition, under the terms of some of our transactions, we may be required to make payments to our counterparties related to any decline in the estimated fair value of the specified assets. The amount of collateral we may be required to pledge and the payments we may be required to make under these agreements may increase under certain circumstances and will likely increase under Dodd-Frank, which could adversely affect our liquidity. See “Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments” and Note 11 of the Notes to the Consolidated Financial Statements.

Gross Unrealized Losses on Fixed Maturity and Equity Securities and Defaults, Downgrades or Other Events May Result in Future Impairments to the Carrying Value of Such Securities, Resulting in a Reduction in Our Net Income

Fixed maturity securities represent a significant portion of our investment portfolio. Fixed maturity and equity securities classified as available-for-sale are reported at their estimated fair value. Unrealized gains or losses on available-for-sale securities are recognized as a component of other comprehensive income (loss) and are, therefore, excluded from net income. Our gross unrealized gains and gross unrealized losses on fixed maturity and equity securities available for sale at December 31, 2011 were $4.4 billion and $834 million, respectively. The portion of the $834 million of gross unrealized losses for fixed maturity and equity securities where the estimated fair value has declined and remained below amortized cost or cost by 20% or more for six months or greater was $193 million at December 31, 2011. The accumulated change in estimated fair value of these available-for-sale securities is recognized in net income when the gain or loss is realized upon the sale of the security or in the event that the decline in estimated fair value is determined to be other-than-temporary and an impairment charge to earnings is taken.

The occurrence of a major economic downturn, acts of corporate malfeasance, widening risk spreads, or other events that adversely affect the issuers, guarantors or underlying collateral of structured securities could cause the estimated fair value of our fixed maturity securities portfolio and our earnings to decline and the default rate of the fixed maturity securities in our investment portfolio to increase. A ratings downgrade affecting issuers or guarantors of particular securities, or similar trends that could worsen the credit quality of issuers, such as the corporate issuers of securities in our investment portfolio, could also have a similar effect. With economic uncertainty, credit quality of issuers or guarantors could be adversely affected. Similarly, a ratings downgrade affecting a security we hold could indicate the credit quality of that security has deteriorated and could increase the capital we must hold to support that security to maintain our RBC levels. Levels of writedowns or impairments are impacted by our assessment of intent to sell, or whether it is more likely than not that we will be required to sell, fixed maturity securities and the intent and ability to hold equity securities which have declined in value until recovery. If we determine to reposition or realign portions of the portfolio so as not to hold certain equity securities, or intend to sell or determine that it is more likely than not that we will be required to sell, certain fixed maturity securities in an unrealized loss position prior to recovery, then we will incur an OTTI charge in the period that the decision was made not to hold the equity security to recovery, or to sell, or the determination was made it is more likely than not that we will be required to sell the fixed maturity security. Realized losses or impairments may have a material adverse effect on our net income in a particular quarterly or annual period.

The Determination of the Amount of Allowances and Impairments Taken on Our Investments is Subjective and Could Materially Impact Our Results of Operations or Financial Position

The determination of the amount of allowances and impairments varies by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. We update our evaluations regularly and reflect changes in allowances and impairments in net investment losses as such evaluations are revised. Additional impairments may need to be taken or allowances provided for in the future. Furthermore, historical trends may not be indicative of future impairments or allowances.

For example, the cost of our fixed maturity and equity securities is adjusted for impairments deemed to be other-than-temporary. The assessment of whether impairments have occurred is based on our case-by-case evaluation of the underlying reasons for the decline in estimated fair value. The review of our fixed maturity and equity securities for impairment includes an analysis of gross unrealized losses by three categories of securities: (i) securities where the estimated fair value has declined and remained below cost or amortized cost by less than 20%; (ii) securities where the estimated fair value has declined and remained below cost or amortized cost by 20% or more for less than six months; and (iii) securities where the estimated fair value has declined and remained below cost or amortized cost by 20% or more for six months or greater.

Additionally, we consider a wide range of factors about the security issuer and use our best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in our evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations in the impairment evaluation process include, but are not limited to: (i) the length of time and the extent to which the estimated fair value has been below cost or amortized cost; (ii) the potential for impairments of securities when the issuer is experiencing significant financial difficulties; (iii) the potential for impairments in an entire industry sector or sub-sector; (iv) the potential for impairments in certain economically depressed geographic locations; (v) the potential for impairments of securities where the issuer, series of issuers or industry has suffered a catastrophic type of loss or has exhausted natural resources; (vi) with respect to fixed maturity securities, whether we have the intent to sell or will more likely than not be required to sell a particular security before recovery of the decline in estimated fair value below cost or amortized cost; (vii) with respect to equity securities, whether we have the ability and intent to hold a particular security for a period of time sufficient to allow for the recovery of its estimated fair value to an amount at least equal to its cost; (viii) with respect to structured securities, changes in forecasted cash flows after considering the quality of the underlying collateral; timing of expected prepayment; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security; and (ix) other subjective factors, including concentrations and information obtained from regulators and rating agencies.

Defaults on Our Mortgage Loans and Volatility in Performance May Adversely Affect Our Profitability

Our mortgage loans face default risk and are principally collateralized by commercial and agricultural properties. We establish valuation allowances for estimated impairments at the balance sheet date. Such valuation allowances are based on the excess carrying value of the loan over the present value of expected future cash flows discounted at the loan's original effective interest rate, the estimated fair value of the loan's collateral if the loan is in the process of foreclosure or otherwise collateral dependent, or the loan's observable market price. We also establish valuation allowances for loan losses for pools of loans with similar risk characteristics, such as property types, loan-to-value ratios and debt service coverage ratios when, based on past experience, it is probable that a credit event has occurred and the amount of the loss can be reasonably estimated. These valuation allowances are based on loan risk characteristics, historical default rates and loss severities, real estate market fundamentals and outlook, as well as other relevant factors. At December 31, 2011, there were no mortgage loans that were either delinquent or in the process of foreclosure. The performance of our mortgage loan investments, however, may fluctuate in the future. In addition, substantially all of our mortgage loans held-for-investment have balloon payment maturities. An increase in the default rate of our mortgage loan investments could have a material adverse effect on our business, results of operations and financial condition through realized investment losses or increases in our valuation allowances.

Further, any geographic or sector concentration of our mortgage loans may have adverse effects on our investment portfolios and consequently on our results of operations or financial condition. While we seek to mitigate this risk by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region or sector may have a greater adverse effect on the investment portfolios to the extent that the portfolios are concentrated. Moreover, our ability to sell assets relating to such particular groups of related assets may be limited if other market participants are seeking to sell at the same time. In addition, legislative proposals that would allow or require modifications to the terms of mortgage loans could be enacted. We cannot predict whether these proposals will be adopted, or what impact, if any, such proposals or, if enacted, such laws, could have on our business or investments.

The Defaults or Deteriorating Credit of Other Financial Institutions Could Adversely Affect Us

We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, hedge funds and other investment funds and other institutions. Many of these transactions expose us to

credit risk in the event of default of our counterparty. In addition, with respect to secured transactions, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to us. We also have exposure to these financial institutions in the form of unsecured debt instruments, non-redeemable and redeemable preferred securities, derivative transactions, joint venture, hedge fund and equity investments. Further, potential action by governments and regulatory bodies in response to the financial crisis affecting the global banking system and financial markets, such as investment, nationalization, conservatorship, receivership and other intervention, whether under existing legal authority or any new authority that may be created, or lack of action by European Union member governments and central banks, as well as deterioration in the banks' credit standing, could negatively impact these instruments, securities, transactions and investments or limit the Company's ability to trade with them. There can be no assurance that any such losses or impairments to the carrying value of these investments or other changes would not materially and adversely affect our business and results of operations.

We Face Unforeseen Liabilities, Asset Impairments or Rating Actions Arising from Acquisitions and Dispositions of Businesses or Difficulties Integrating and Managing Growth of Such Businesses

We have engaged in dispositions and acquisitions of businesses in the past, and expect to continue to do so in the future. Acquisition and disposition activity exposes us to a number of risks.

There could be unforeseen liabilities or asset impairments, including goodwill impairments, that arise in connection with the businesses that we may sell or the businesses that we may acquire in the future.

In addition, there may be liabilities or asset impairments that we fail, or are unable, to discover in the course of performing due diligence investigations on each business that we have acquired or may acquire. Furthermore, even for obligations and liabilities that we do discover during the due diligence process, neither the valuation adjustment nor the contractual protections we negotiate may be sufficient to fully protect us from losses.

Furthermore, the use of our own funds as consideration in any acquisition would consume capital resources, which could render those funds unavailable for other corporate purposes. We also may not be able to raise sufficient funds to consummate an acquisition if, for example, we are unable to sell our securities or close related bridge credit facilities. Moreover, as a result of uncertainty and risks associated with potential acquisitions and dispositions of businesses, rating agencies may take certain actions with respect to the ratings assigned to MetLife and/or its subsidiaries.

Our ability to achieve certain benefits we anticipate from any acquisitions of businesses will depend in large part upon our ability to successfully integrate such businesses in an efficient and effective manner. We may not be able to integrate such businesses smoothly or successfully, and the process may take longer than expected. The integration of operations and differences in operational culture may require the dedication of significant management resources, which may distract management's attention from day-to-day business. If we are unable to successfully integrate the operations of such acquired businesses, we may be unable to realize the benefits we expect to achieve as a result of such acquisitions and our business and results of operations may be less than expected.

The success with which we are able to integrate acquired operations will depend on our ability to manage a variety of issues, including the following:

- Loss of key personnel or higher than expected employee attrition rates could adversely affect the performance of the acquired business and our ability to integrate it successfully.

- Customers of the acquired business may reduce, delay or defer decisions concerning their use of its products and services as a result of the acquisition or uncertainty related to the consummation of the acquisition, including, for example, potential unfamiliarity with the MetLife brand in regions where we did not have a market presence prior to the acquisition.

- If the acquired business relies upon independent distributors to distribute its products, these distributors may not continue to generate the same volume of business for us after the acquisition. Independent distributors may reexamine the scope of their relationship with the acquired business or us as a result of the acquisition and decide to curtail or eliminate distribution of our products.

- Integrating acquired operations with our existing operations may require us to coordinate geographically separated organizations, address possible differences in corporate culture and management philosophies, merge financial processes and risk and compliance procedures, combine separate information technology platforms and integrate operations that were previously closely tied to the former parent of the acquired business or other service providers.

- In cases where we or an acquired business operates in certain markets through joint ventures, the acquisition may affect the continued success and prospects of the joint venture. Our ability to exercise management control or influence over these joint venture operations and our investment in them will depend on the continued cooperation between the joint venture participants and on the terms of the joint venture agreements, which allocate control among the joint venture participants. We may face financial or other exposure in the event that any of these joint venture partners fail to meet their obligations under the joint venture, encounter financial difficulty or elect to alter, modify or terminate the relationship.

- We may incur significant costs in connection with any acquisition and the related integration. The costs and liabilities actually incurred in connection with an acquisition and subsequent integration process may exceed those anticipated.

The prospects of our business also may be materially and adversely affected if we are not able to manage the growth of any acquired business successfully.

There can be no assurance that we will be successful in managing future growth of any acquired business. In particular, there may be difficulties in hiring and training sufficient numbers of customer service personnel and agents to keep pace with any future growth in the number of customers in our developing or developed markets. In addition, we may experience difficulties in upgrading, developing and expanding information technology systems quickly enough to accommodate any future growth. If we are unable to manage future growth, our prospects may be materially and adversely affected.

Fluctuations in Foreign Currency Exchange Rates Could Negatively Affect Our Profitability

We are exposed to risks associated with fluctuations in foreign currency exchange rates against the U.S. dollar resulting from our holdings of non-U.S. dollar denominated investments, investments in foreign subsidiaries and net income from foreign operations and issuance of non-U.S. dollar denominated instruments, including guaranteed interest contracts and funding agreements. These risks relate to potential decreases in estimated fair value and income resulting from a strengthening or weakening in foreign exchange rates versus the U.S. dollar. In general, the weakening of foreign currencies versus the U.S. dollar will adversely affect the estimated fair value of our non-U.S. dollar denominated investments, our investments in foreign subsidiaries, and our net income from foreign operations. Although we use foreign currency derivatives to mitigate foreign currency exchange rate risk, we cannot provide assurance that these methods will be effective or that our counterparties will perform their obligations. See "Quantitative and Qualitative Disclosures About Market Risk."

Historically, we have matched substantially all of our foreign currency liabilities in our foreign subsidiaries with investments denominated in their respective foreign currency, which limits the effect of currency exchange rate fluctuation on local operating results; however, fluctuations in such rates affect the translation of these results into our U.S. dollar basis consolidated financial statements. Although we take certain actions to address this risk, foreign currency exchange rate fluctuation could have an adverse impact on our reported results due to

unhedged positions or the failure of hedges to effectively offset the impact of the foreign currency exchange rate fluctuation. See "Quantitative and Qualitative Disclosures About Market Risk."

Due to our international operations, during periods when any foreign currency in which we derive our revenues weakens, translating amounts expressed in that currency into U.S. dollars causes fewer U.S. dollars to be reported. When the relevant foreign currency strengthens, translating such currency into U.S. dollars causes more U.S. dollars to be reported. Any unrealized foreign currency translation adjustments are reported in accumulated other comprehensive income (loss). The weakening of a foreign currency relative to the U.S. dollar will generally adversely affect the value of investments in U.S. dollar terms and reduce the level of reserves denominated in that currency.

Our International Operations Face Political, Legal, Operational and Other Risks, Including Exposure to Local and Regional Economic Conditions, That Could Negatively Affect Those Operations or Our Profitability

Our international operations are exposed to increased political, legal, financial, operational and other risks. Our international operations may be materially adversely affected by the actions and decisions of foreign authorities and regulators, such as through nationalization or expropriation of assets, the imposition of limits on foreign ownership of local companies, changes in laws (including tax laws and regulations), their application or interpretation, political instability, dividend limitations, price controls, changes in applicable currency, currency exchange controls or other restrictions that prevent us from transferring funds from these operations out of the countries in which they operate or converting local currencies we hold into U.S. dollars or other currencies, as well as other adverse actions by foreign governmental authorities and regulators, such as the retroactive application of new requirements to sales made prior to their introduction. Such actions may negatively affect our business in these jurisdictions and could indirectly affect our business in other jurisdictions as well. See "— Our Insurance and Brokerage Businesses Are Heavily Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth" and "Quantitative and Qualitative Disclosures About Market Risk." In addition, we rely on local sales forces in these countries and may encounter labor problems resulting from workers' associations and trade unions in some countries. If our business model is not successful in a particular country, we may lose all or most of our investment in building and training the sales force in that country.

Our international operations may require considerable management time, as well as start-up expenses for market development before any significant revenues and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable, and expansion in existing markets may be affected by local economic and market conditions. Therefore, as we expand internationally, we may not achieve expected operating margins and our results of operations may be negatively impacted.

A Downgrade or a Potential Downgrade in Our Financial Strength Ratings or Those of MetLife's Other Insurance Subsidiaries, or MetLife's Credit Ratings, Could Result in a Loss of Business and Materially Adversely Affect Our Financial Condition and Results of Operations

Financial strength ratings, which various Nationally Recognized Statistical Rating Organizations ("NRSRO") publish as indicators of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintaining public confidence in our products, our ability to market our products and our competitive position.

Downgrades in our financial strength ratings could have a material adverse effect on our financial condition and results of operations in many ways, including:

- reducing new sales of insurance products, annuities and other investment products;
- adversely affecting our relationships with our sales force and independent sales intermediaries;

- materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders;

- requiring us to reduce prices for many of our products and services to remain competitive; and

- adversely affecting our ability to obtain reinsurance at reasonable prices or at all.

In addition to the financial strength ratings of MetLife's insurance subsidiaries, various NRSROs also publish credit ratings for MetLife and several of its subsidiaries. Credit ratings are indicators of a debt issuer's ability to meet the terms of debt obligations in a timely manner and are important factors in MetLife's overall funding profile and ability to access certain types of liquidity. Downgrades in MetLife's credit ratings could have a material adverse effect on our financial condition and results of operations in many ways, including adversely limiting our access to capital markets, potentially increasing the cost of debt, and requiring us to post collateral. See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the impact of a one-notch downgrade with respect to derivative transactions with credit rating downgrade triggers. Also, at December 31, 2011, $188 million of liabilities associated with funding agreements and other capital market products were subject to credit ratings downgrade triggers that permit early termination subject to a notice period of 90 days.

In view of the difficulties experienced by many financial institutions as a result of the global recession, including our competitors in the insurance industry, we believe it is possible that the NRSROs will continue to heighten the level of scrutiny that they apply to such institutions, will continue to increase the frequency and scope of their credit reviews, will continue to request additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the NRSRO models for maintenance of certain ratings levels. Rating agencies use an "outlook statement" of "positive," "stable," "negative" or "developing" to indicate a medium- or long-term trend in credit fundamentals which, if continued, may lead to a ratings change. A rating may have a "stable" outlook to indicate that the rating is not expected to change; however, a "stable" rating does not preclude a rating agency from changing a rating at any time, without notice. Certain rating agencies assign rating modifiers such as "CreditWatch" or "Under Review" to indicate their opinion regarding the potential direction of a rating. These ratings modifiers are generally assigned in connection with certain events such as potential mergers and acquisitions, or material changes in a company's results, in order for the rating agencies to perform their analyses to fully determine the rating implications of the event.

We cannot predict what actions rating agencies may take, or what actions we may take in response to the actions of rating agencies, which could adversely affect our business. As with other companies in the financial services industry, our ratings could be downgraded at any time and without any notice by any NRSRO.

An Inability to Access MetLife's Credit Facilities Could Result in a Reduction in Our Liquidity and Lead to Downgrades in Our Credit and Financial Strength Ratings

In August 2011, MetLife entered into a $3 billion unsecured five-year credit agreement by amending and restating its October 2010 unsecured 364-day credit agreement, and reduced the outstanding commitment under its October 2010 unsecured three-year credit facility to $1 billion. MetLife also has other facilities which it enters into in the ordinary course of business.

MetLife relies on its credit facilities as a potential source of liquidity. The availability of these facilities to MetLife could be critical to MetLife's credit ratings, as well as our financial strength ratings and our ability to meet our obligations as they come due in a market when alternative sources of credit are tight. The credit facilities contain certain administrative, reporting, legal and financial covenants. MetLife must comply with covenants under its credit facilities, including a requirement to maintain a specified minimum consolidated net worth.

MetLife's right to borrow funds under these facilities is subject to the fulfillment of certain important conditions, including its compliance with all covenants, and its ability to borrow under these facilities is also

subject to the continued willingness and ability of the lenders that are parties to the facilities to provide funds. MetLife's failure to comply with the covenants in the credit facilities or fulfill the conditions to borrowings, or the failure of lenders to fund their lending commitments (whether due to insolvency, illiquidity or other reasons) in the amounts provided for under the terms of the facilities, would restrict MetLife's ability to access these credit facilities when needed and, consequently, could have a material adverse effect on our financial condition and results of operations.

MetLife's Risk Management Policies and Procedures May Leave Us Exposed to Unidentified or Unanticipated Risk, Which Could Negatively Affect Our Business

Management of risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. MetLife has devoted significant resources to develop and periodically update risk management policies and procedures for itself and its subsidiaries, including us, to reflect ongoing review of risks and expects to continue to do so in the future. Nonetheless, these policies and procedures may not be comprehensive. Many of MetLife's methods for managing risk and exposures are based upon the use of observed historical market behavior or statistics based on historical models. As a result, these methods may not fully predict future exposures, which can be significantly greater than historical measures indicate. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or otherwise accessible to MetLife. This information may not always be accurate, complete, up-to-date or properly evaluated. In addition, more extensive and perhaps different risk management policies and procedures might have to be implemented under Regulation YY. See "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," "— Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth" and "Quantitative and Qualitative Disclosures About Market Risk."

Reinsurance May Not Be Available, Affordable or Adequate to Protect Us Against Losses

As part of our overall risk management strategy, we purchase reinsurance for certain risks underwritten by our various business segments. See "Business — Reinsurance Activity." While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond our control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also increase. Any decrease in the amount of reinsurance will increase our risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce our earnings. Accordingly, we may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect our ability to write future business or result in the assumption of more risk with respect to those policies we issue.

If the Counterparties to Our Reinsurance or Indemnification Arrangements or to the Derivative Instruments We Use to Hedge Our Business Risks Default or Fail to Perform, We May Be Exposed to Risks We Had Sought to Mitigate, Which Could Materially Adversely Affect Our Financial Condition and Results of Operations

We use reinsurance, indemnification and derivative instruments to mitigate our risks in various circumstances. In general, reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit risk with respect to our reinsurers and indemnitors. We cannot provide assurance that our reinsurers will pay the reinsurance recoverables owed to us or that indemnitors will honor their obligations now or in the future or that they will pay these recoverables on a timely basis. A reinsurer's or indemnitor's insolvency, inability or unwillingness to make payments under the terms of reinsurance agreements or indemnity agreements with us could have a material adverse effect on our financial condition and results of operations.

In addition, we use derivative instruments to hedge various business risks. We enter into a variety of derivative instruments, including options, forwards, interest rate, credit default and currency swaps with a number of counterparties. If our counterparties fail or refuse to honor their obligations under these derivative instruments, our hedges of the related risk will be ineffective. This is a more pronounced risk to us in view of the stresses suffered by financial institutions over the past few years. Such failure could have a material adverse effect on our financial condition and results of operations.

Differences Between Actual Claims Experience and Underwriting and Reserving Assumptions May Adversely Affect Our Financial Results

Our earnings significantly depend upon the extent to which our actual claims experience is consistent with the assumptions we use in setting prices for our products and establishing liabilities for future policy benefits and claims. Our liabilities for future policy benefits and claims are established based on estimates by actuaries of how much we will need to pay for future benefits and claims. For life insurance and annuity products, we calculate these liabilities based on many assumptions and estimates, including estimated premiums to be received over the assumed life of the policy, the timing of the event covered by the insurance policy, the amount of benefits or claims to be paid and the investment returns on the investments we make with the premiums we receive. To the extent that actual claims experience is less favorable than the underlying assumptions we used in establishing such liabilities, we could be required to increase our liabilities.

Due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of liabilities for future policy benefits and claims, we cannot determine precisely the amounts which we will ultimately pay to settle our liabilities. Such amounts may vary from the estimated amounts, particularly when those payments may not occur until well into the future. We evaluate our liabilities periodically based on accounting requirements, which change from time to time, the assumptions used to establish the liabilities, as well as our actual experience. We charge or credit changes in our liabilities to expenses in the period the liabilities are established or re-estimated. If the liabilities originally established for future benefit payments prove inadequate, we must increase them. Such increases could affect earnings negatively and have a material adverse effect on our business, results of operations and financial condition.

Catastrophes May Adversely Impact Liabilities for Policyholder Claims and Reinsurance Availability

Our insurance operations are exposed to the risk of catastrophic events. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes, earthquakes, tsunamis and man-made catastrophes may produce significant loss of life in larger areas, especially those that are heavily populated. Claims resulting from natural or man-made catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. Also, catastrophic events could harm the financial condition of issuers of obligations we hold in our investment portfolio, resulting in impairments to these obligations, and the financial condition of our reinsurers and thereby increase the probability of default on reinsurance recoveries. Large-scale catastrophes may also reduce the overall level of economic activity in affected countries which could hurt our business and the value of our investments. Our ability to write new business could also be affected.

Our life insurance operations are exposed to the risk of catastrophic mortality, such as a pandemic or other event that causes a large number of deaths. Significant influenza pandemics have occurred three times in the last century; however the likelihood, timing, and severity of a future pandemic cannot be predicted. A significant pandemic could have a major impact on the global economy or the economies of particular countries or regions, including travel, trade, tourism, the health system, food supply, consumption, overall economic output and, eventually, on the financial markets. In addition, a pandemic that affected our employees or the employees of our distributors or of other companies with which we do business could disrupt our business operations. The effectiveness of external parties, including governmental and non-governmental organizations, in combating the

spread and severity of such a pandemic could have a material impact on the losses experienced by us. In our group insurance operations, a localized event that affects the workplace of one or more of our group insurance customers could cause a significant loss due to mortality or morbidity claims. These events could cause a material adverse effect on our results of operations in any period and, depending on their severity, could also materially and adversely affect our financial condition.

Most of the jurisdictions in which our insurance companies are admitted to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. In addition, certain states have government owned or controlled organizations providing life insurance to their citizens. The activities of such organizations could also place additional stress on the adequacy of guaranty fund assessments. Many of these organizations also have the power to levy assessments similar to those of the guaranty associations described above. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets. See "Business — Regulation — Insurance Regulation — Guaranty Associations and Similar Arrangements."

While in the past five years, the aggregate assessments levied against us have not been material, it is possible that a large catastrophic event could render such guaranty funds inadequate and we may be called upon to contribute additional amounts, which may have a material impact on our financial condition or results of operations in a particular period. We have established liabilities for guaranty fund assessments that we consider adequate, but additional liabilities may be necessary. See Note 11 of the Notes to the Consolidated Financial Statements.

Consistent with industry practice and accounting standards, we establish liabilities for claims arising from a catastrophe only after assessing the probable losses arising from the event. We cannot be certain that the liabilities we have established will be adequate to cover actual claim liabilities. While we attempt to limit our exposure to acceptable levels, subject to restrictions imposed by insurance regulatory authorities, a catastrophic event or multiple catastrophic events could have a material adverse effect on our business, results of operations and financial condition.

Our ability to manage this risk and the profitability of our life insurance business depends in part on our ability to obtain catastrophe reinsurance, which may not be available at commercially acceptable rates in the future. See "— Reinsurance May Not Be Available, Affordable or Adequate to Protect Us Against Losses."

Competitive Factors May Adversely Affect Our Market Share and Profitability

Our segments are subject to intense competition. We believe that this competition is based on a number of factors, including service, product features, scale, price, financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition. We compete with a large number of other insurance companies, as well as non-insurance financial services companies, such as banks, broker-dealers and asset managers, for individual consumers, employers and other group customers and agents and other distributors of insurance and investment products. Some of these companies offer a broader array of products, have more competitive pricing or, with respect to other insurance companies, have higher claims paying ability ratings. Some may also have greater financial resources with which to compete. National banks, which may sell annuity products of life insurers in some circumstances, also have pre-existing customer bases for financial services products. Many of our group insurance products are underwritten annually, and, accordingly, there is a risk that group purchasers may be able to obtain more favorable terms from competitors rather than renewing coverage with us. The effect of competition may, as a result, adversely affect the persistency of these and other products, as well as our ability to sell products in the future.

In addition, the investment management and securities brokerage businesses have relatively few barriers to entry and continually attract new entrants.

Finally, numerous aspects of our business are subject to regulation. Legislative and other changes affecting the regulatory environment can affect our competitive position within the life insurance industry and within the broader financial services industry. See "Business — Regulation," "— Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation May Reduce Our Profitability and Limit Our Growth," "— Governmental and Regulatory Actions for the Purpose of Stabilizing and Revitalizing the Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect the Competitive Position of MetLife and Its Subsidiaries, Including Us" and "— Changes in U.S. Federal and State Securities Laws and Regulations, and State Insurance Regulations Regarding Suitability of Annuity Product Sales, May Affect Our Operations and Our Profitability."

Industry Trends, Including the Consolidation of Distributors of Insurance Products, Could Adversely Affect the Profitability of Our Business

Our segments continue to be influenced by a variety of trends that affect the insurance industry, including competition with respect to product features, price, distribution capability, customer service and information technology. The insurance industry distributes many of its individual products through other financial institutions such as banks and broker-dealers. An increase in bank and broker-dealer consolidation activity may negatively impact the industry's sales, and such consolidation could increase competition for access to distributors, result in greater distribution expenses and impair our ability to market insurance products to our current customer base or to expand our customer base. Consolidation of distributors and/or other industry changes may also increase the likelihood that distributors will try to renegotiate the terms of any existing selling agreements to terms less favorable to us.

The impact on our business and on the life insurance industry generally of the volatility and instability of the financial markets is difficult to predict, and our business plans, financial condition and results of operations may be negatively impacted or affected in other unexpected ways. The Federal Reserve Board has taken a number of actions in recent years to spur economic activity by keeping interest rates low and may take further actions to influence interest rates in the future, which may have an impact on the pricing levels of risk-bearing investments, and may adversely impact the level of product sales. See "— Governmental and Regulatory Actions for the Purpose of Stabilizing and Revitalizing the Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect the Competitive Position of MetLife and Its Subsidiaries, Including Us." In addition, the life insurance industry is subject to state regulation and, as complex products are introduced, regulators may refine capital requirements and introduce new reserving standards. Dodd-Frank and other U.S. and international regulatory initiatives may also lead to changes in regulation that may benefit or disadvantage us relative to some of our competitors. See "— Our Insurance and Brokerage Businesses Are Heavily Regulated, and Changes in Regulation May Reduce Our Profitability and Limit Our Growth" and "— Competitive Factors May Adversely Affect Our Market Share and Profitability."

Our Valuation of Fixed Maturity, Equity and Other Securities and Short-Term Investments May Include Methodologies, Estimations and Assumptions Which Are Subject to Differing Interpretations and Could Result in Changes to Investment Valuations That May Materially Adversely Affect Our Results of Operations or Financial Condition

Fixed maturity, equity and other securities and short-term investments which are reported at estimated fair value on the consolidated balance sheets represent the majority of our total cash and investments. We have categorized these securities into a three-level hierarchy, based on the priority of the inputs to the respective valuation technique.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification

within the fair value hierarchy is based on the lowest level significant input to its valuation. See Note 1 of the Notes to the Consolidated Financial Statements for information regarding the three input levels.

At December 31, 2011, 16.3%, 78.6% and 5.1% of these securities represented Level 1, Level 2 and Level 3, respectively. The Level 1 securities primarily consist of certain 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 and short-term money market securities, including U.S. Treasury bills. The Level 2 assets include fixed maturity and equity securities priced principally through independent pricing services using observable inputs. These fixed maturity securities include most U.S. Treasury and agency securities, as well as the majority of U.S. and foreign corporate securities, RMBS, foreign government securities, CMBS, state and political subdivision securities, foreign government securities, and asset-backed securities ("ABS"). Equity securities classified as Level 2 primarily consist of non-redeemable preferred securities and certain equity securities where market quotes are available but are not considered actively traded and are priced by independent pricing services. We review the valuation methodologies used by the independent pricing services on an ongoing basis and ensure that any changes to valuation methodologies are justified. Level 3 assets include fixed maturity securities priced principally through independent non-binding 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. Level 3 consists of less liquid fixed maturity securities with very limited trading activity or where less price transparency exists around the inputs to the valuation methodologies including: U.S. and foreign corporate securities — including below investment grade private placements; RMBS; CMBS; ABS and foreign government securities. Equity securities classified as Level 3 securities consist principally of nonredeemable preferred stock and common stock of companies that are privately held or companies for which there has been very limited trading activity or where less price transparency exists around the inputs to the valuation.

Prices provided by independent pricing services and independent non-binding broker quotations can vary widely even for the same security. The determination of estimated fair values by management in the absence of quoted market prices is based on: (i) valuation methodologies; (ii) securities we deem to be comparable; and (iii) assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. Factors considered in estimating fair value include: coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer, and quoted market prices of comparable securities. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts. During periods of market disruption including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain of our securities, for example sub-prime mortgage-backed securities, mortgage-backed securities where the underlying loans are alternative residential mortgage loans and CMBS, if trading becomes less frequent and/or market data becomes less observable. In times of financial market disruption, certain asset classes that were in active markets with significant observable data may become illiquid. In such cases, more securities may fall to Level 3 and thus require more subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation, as well as valuation methods which are more sophisticated or require greater estimation thereby resulting in estimated fair values which may be greater or less than the amount at which the investments may be ultimately sold. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported within our consolidated financial statements and the period-to-period changes in estimated fair value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

If Our Business Does Not Perform Well, We May Be Required to Recognize an Impairment of Our Goodwill or Other Long-Lived Assets or to Establish a Valuation Allowance Against the Deferred Income Tax Asset, Which Could Adversely Affect Our Results of Operations or Financial Condition

We were allocated a portion of goodwill representing the excess of the amounts MetLife paid to acquire subsidiaries and other businesses over the estimated fair value of their net assets at the date of acquisition. Goodwill is not amortized but is tested for impairment at least annually, or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that the implied fair value of the reporting unit is less than the carrying value of that reporting unit. We perform our annual goodwill impairment testing during the third quarter of each year based upon data as of the close of the second quarter. Goodwill associated with a business acquisition is not tested for impairment during the year the business is acquired unless there is a significant identified impairment event. Impairment testing is performed using the fair value approach, which requires the use of estimates and judgment, at the "reporting unit" level. A reporting unit is the operating segment or a business one level below the operating segment, if discrete financial information is prepared and regularly reviewed by management at that level.

The estimated fair value of the reporting unit is impacted by the performance of the business. The performance of our businesses may be adversely impacted by prolonged market declines. If it is determined that the goodwill has been impaired, we must write down the goodwill by the amount of the impairment, with a corresponding charge to net income. Such writedowns could have an adverse effect on our results of operation or financial position. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Goodwill" and Note 6 of the Notes to the Consolidated Financial Statements.

Long-lived assets, including assets such as real estate, also require impairment testing to determine whether changes in circumstances indicate that we will be unable to recover the carrying amount of the asset group through future operations of that asset group or market conditions that will impact the estimated fair value of those assets. Such writedowns could have a material adverse effect on our results of operations or financial position.

Deferred income tax represents the tax effect of the differences between the book and tax basis of assets and liabilities. Deferred tax assets are assessed periodically by management to determine if they are realizable. Factors in management's determination include the performance of the business including the ability to generate future taxable income. If based on available information, it is more likely than not that the deferred income tax asset will not be realized then a valuation allowance must be established with a corresponding charge to net income. Such charges could have a material adverse effect on our results of operations or financial position.

If Our Business Does Not Perform Well or if Actual Experience Versus Estimates Used in Valuing and Amortizing DAC, Deferred Sales Inducements ("DSI") and VOBA Vary Significantly, We May Be Required to Accelerate the Amortization and/or Impair the DAC, DSI and VOBA Which Could Adversely Affect Our Results of Operations or Financial Condition

We incur significant costs in connection with acquiring new and renewal insurance business. Costs that vary with and relate to the production of new and renewal insurance business are deferred as DAC. Bonus amounts credited to certain policyholders, either immediately upon receiving a deposit or as excess interest credits for a period of time, are referred to as DSI. The recovery of DAC and DSI is dependent upon the future profitability of the related business. The amount of future profit or margin is dependent principally on investment returns in excess of the amounts credited to policyholders, mortality, morbidity, persistency, interest crediting rates, expenses to administer the business, creditworthiness of reinsurance counterparties and certain economic variables, such as inflation. Of these factors, we anticipate that investment returns are most likely to impact the rate of amortization of such costs. The aforementioned factors enter into management's estimates of gross profits or margins, which generally are used to amortize such costs.

If the estimates of gross profits or margins were overstated, then the amortization of such costs would be accelerated in the period the actual experience is known and would result in a charge to income. Significant or sustained equity market declines could result in an acceleration of amortization of DAC and DSI related to variable annuity and variable universal life contracts, resulting in a charge to income. Such adjustments could have a material adverse effect on our results of operations or financial condition.

VOBA represents the excess of book value over the estimated fair value of acquired insurance, annuity, and investment-type contracts in-force at the acquisition date. The estimated fair value of the acquired liabilities is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience on the purchased business may vary from these projections. Revisions to estimates result in changes to the amounts expensed in the reporting period in which the revisions are made and could result in a charge to income. Also, as VOBA is amortized similarly to DAC and DSI, an acceleration of the amortization of VOBA would occur if the estimates of gross profits or margins were overstated. Accordingly, the amortization of such costs would be accelerated in the period in which the actual experience is known and would result in a charge to net income. Significant or sustained equity market declines could result in an acceleration of amortization of the VOBA related to variable annuity and variable universal life contracts, resulting in a charge to income. Such adjustments could have a material adverse effect on our results of operations or financial condition. See "— Changes in Accounting Standards Issued by the Financial Accounting Standards Board or Other Standard-Setting Bodies May Adversely Affect Our Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Deferred Policy Acquisition Costs and Value of Business Acquired" and Note 1 of the Notes to the Consolidated Financial Statements for further consideration of DAC and VOBA.

Changes in Accounting Standards Issued by the Financial Accounting Standards Board or Other Standard-Setting Bodies May Adversely Affect Our Financial Statements

Our financial statements are subject to the application of GAAP, which is periodically revised and/or expanded. Accordingly, from time to time we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board. Market conditions have prompted accounting standard setters to expose new guidance which further interprets or seeks to revise accounting pronouncements related to financial instruments, structures or transactions, as well as to issue new standards expanding disclosures. The impact of accounting pronouncements that have been issued but not yet implemented, is disclosed in our reports filed with the SEC. We will adopt new guidance regarding accounting for DAC in the first quarter of 2012. Under the new guidance, only incremental direct costs associated with the successful acquisition of new or renewal contracts may be capitalized, and direct-response advertising costs may be capitalized under certain conditions. We plan to apply this guidance retrospectively to all prior periods presented in our consolidated financial statements for all insurance contracts; this will result in a reduction of DAC and total equity. See Note 1 of the Notes to the Consolidated Financial Statements. An assessment of proposed standards is not provided as such proposals are subject to change through the exposure process and, therefore, the effects on our financial statements cannot be meaningfully assessed. It is possible that future accounting standards we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material adverse effect on our financial condition and results of operations.

Changes in the Discount Rate, Expected Rate of Return and Expected Compensation Increase Assumptions for Pension and Other Postretirement Benefit Plans for Employees and Retirees of MetLife and Its Subsidiaries May Result in Increased Expenses and Reduce Our Profitability

Our allocated pension and other postretirement benefit plan costs are determined based on best estimates of future plan experience. These assumptions are reviewed regularly and include discount rates, expected rates of

return on plan assets and expected increases in compensation levels and expected medical inflation. Changes in these assumptions may result in increased expenses and reduce our profitability.

Guarantees Within Certain of Our Products that Protect Policyholders Against Significant Downturns in Equity Markets May Decrease Our Earnings, Increase the Volatility of Our Results if Hedging or Risk Management Strategies Prove Ineffective, Result in Higher Risk Management Costs and Expose Us to Increased Counterparty Risk

Certain of our variable annuity products include guaranteed minimum benefits. These include guaranteed minimum death benefits, guaranteed minimum withdrawal benefits, guaranteed minimum accumulation benefits, and guaranteed minimum income benefits. Periods of significant and sustained downturns in equity markets, increased equity volatility, or reduced interest rates could result in an increase in the valuation of the future policy benefit or policyholder account balance liabilities associated with such products, resulting in a reduction to net income. We use reinsurance in combination with derivative instruments to mitigate the liability exposure and the volatility of net income associated with these liabilities, and while we believe that these and other actions have mitigated the risks related to these benefits, we remain liable for the guaranteed benefits in the event that reinsurers or derivative counterparties are unable or unwilling to pay. In addition, we are subject to the risk that hedging and other management procedures prove ineffective or that unanticipated policyholder behavior or mortality, combined with adverse market events, produces economic losses beyond the scope of the risk management techniques employed. These, individually or collectively, may have a material adverse effect on net income, financial condition or liquidity. We are also subject to the risk that the cost of hedging these guaranteed minimum benefits increases as implied volatilities increase and/or interest rates decrease, resulting in a reduction to net income.

The valuation of certain of the foregoing liabilities (carried at fair value) includes an adjustment for nonperformance risk that reflects the credit standing of the issuing entity. This adjustment, which is not hedged, is based in part on publicly available information regarding credit spreads related to MetLife's debt, including credit default swaps. In periods of extreme market volatility, movements in these credit spreads can have a significant impact on net income.

Litigation and Regulatory Investigations Are Increasingly Common in Our Businesses and May Result in Significant Financial Losses and/or Harm to Our Reputation

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In connection with our insurance operations, plaintiffs' lawyers may bring or are bringing class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties to customers. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. This variability in pleadings, together with our actual experience in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value. See Note 11 of the Notes to the Consolidated Financial Statements.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

We establish liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for some of the matters noted in Note 11 of the Notes to the Consolidated Financial Statements. It is possible that some of the matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at December 31, 2011.

Over the past several years, we have faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products.

We are also subject to various regulatory inquiries, such as information requests, subpoenas and books and record examinations, from state and federal regulators and other authorities. A substantial legal liability or a significant regulatory action against us could have a material adverse effect on our business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have a material adverse effect on our business, financial condition and results of operations, including our ability to attract new customers, retain our current customers and recruit and retain employees.

More than 30 U.S. jurisdictions are auditing MetLife and certain of its affiliates, including MetLife Insurance Company of Connecticut, for compliance with unclaimed property laws. Additionally, Metropolitan Life Insurance Company and certain of its affiliates have received subpoenas and other regulatory inquiries from certain regulators and other officials relating to claims-payment practices and compliance with unclaimed property laws. An examination of these practices by the Illinois Department of Insurance has been converted into a multistate targeted market conduct exam. On July 5, 2011, the New York Insurance Department issued a letter requiring life insurers doing business in New York to use data available on the U.S. Social Security Administration's Death Master File or a similar database to identify instances where death benefits under life insurance policies, annuities, and retained asset accounts are payable, to locate and pay beneficiaries under such contracts, and to report the results of the use of the data. It is possible that other jurisdictions may pursue similar investigations or inquiries, may join the multistate market conduct exam, or issue directives similar to the New York Insurance Department's letter. It is possible that the audits, market conduct exam, and related activity may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and changes to our procedures for the identification and escheatment of abandoned property. We estimate that the reasonably possible amount of such additional payments in excess of amounts accrued is not material to us.

We cannot give assurance that current claims, litigation, unasserted claims probable of assertion, investigations and other proceedings against us will not have a material adverse effect on our business, financial condition or results of operations. It is also possible that related or unrelated claims, litigation, unasserted claims probable of assertion, investigations and proceedings may be commenced in the future, and we could become subject to further investigations and have lawsuits filed or enforcement actions initiated against us. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal actions and precedents and industry-wide regulations that could adversely affect our business, financial condition and results of operations.

We May Not be Able to Protect Our Intellectual Property and May be Subject to Infringement Claims

We rely on a combination of contractual rights with third parties and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we endeavor to protect our rights, third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability. This would represent a diversion of resources that may be significant and our efforts may not prove successful. The inability to secure or protect our intellectual property assets could have a material adverse effect on our business and our ability to compete.

We may be subject to claims by third parties for (i) patent, trademark or copyright infringement, (ii) breach of copyright, trademark or license usage rights, or (iii) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If we were found to have infringed or misappropriated a third-party patent or other intellectual property right, we could in some circumstances be enjoined from providing certain products or services to our customers or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly work around. Any of these scenarios could have a material adverse effect on our business and results of operations.

Legislative and Regulatory Activity in Health Care and Other Employee Benefits Could Increase the Costs or Administrative Burdens of Providing Benefits to Employees Who Conduct Our Business or Hinder or Prevent MetLife and its Affiliates From Attracting and Retaining Employees, or Affect our Profitability As a Provider of Life Insurance, Annuities, and Non-Medical Health Insurance Benefit Products

The Patient Protection and Affordable Care Act, signed into law on March 23, 2010, and The Health Care and Education Reconciliation Act of 2010, signed into law on March 30, 2010 (together, the "Health Care Act"), may lead to fundamental changes in the way that employers, including us, provide health care benefits, other benefits, and other forms of compensation to their employees and former employees. Among other changes, and subject to various effective dates, the Health Care Act generally restricts certain limits on benefits, mandates coverage for certain kinds of care, extends the required coverage of dependent children through age 26, eliminates pre-existing condition exclusions or limitations, requires cost reporting and, in some cases, requires premium rebates to participants under certain circumstances, limits coverage waiting periods, establishes several penalties on employers who fail to offer sufficient coverage to their full-time employees, and requires employers under certain circumstances to provide employees with vouchers to purchase their own health care coverage. The Health Care Act also provides for increased taxation of "high cost" coverage, restricts the tax deductibility of certain compensation paid by health insurers, reduces the tax deductibility of retiree health care costs to the extent of any retiree prescription drug benefit subsidy provided to the employer by the federal government, increases Medicare taxes on certain high earners, and establishes health insurance "exchanges" for individual purchases of health insurance.

We depend on employees of MetLife affiliates to conduct our business. The impact of the Health Care Act on MetLife's affiliates as employers and on the benefit plans they sponsor for their employees or retirees and their dependents, whether those benefits remain competitive or effective in meeting their business objectives, and our costs to provide such benefits and our tax liabilities in connection with benefits or compensation, cannot be predicted. Furthermore, we cannot predict the impact of choices that will be made by various regulators, including the U.S. Treasury, the IRS, the U.S. Department of Health and Human Services, and state regulators, to promulgate regulations or guidance, or to make determinations under or related to the Health Care Act. Either the Health Care Act or any of these regulatory actions could adversely affect the ability of MetLife and its affiliates to attract, retain, and motivate talented associates. They could also result in increased or unpredictable costs to provide employee benefits, and could harm our competitive position if MetLife or its affiliates are subject to fees, penalties, tax provisions or other limitations in the Health Care Act and our competitors are not.

The Health Care Act also imposes requirements on us as a provider of non-medical health insurance benefit products, subject to various effective dates. It also imposes requirements on the purchasers of certain of these products. We cannot predict the impact of the Act or of regulations, guidance or determinations made by various regulators, on the various products that we offer. Either the Health Care Act or any of these regulatory actions could adversely affect our ability to offer certain of these products in the same manner as we do today. They could also result in increased or unpredictable costs to provide certain products, and could harm our competitive position if the Health Care Act has a disparate impact on our products compared to products offered by our competitors.

Litigation in U.S. federal courts has challenged whether the Health Care Act, or parts of it, are valid and consistent with the U.S. constitution. Some of the recent court decisions on these issues have held that the Health

Care Act is unconstitutional, in whole or in part, and it is expected that the U.S. Supreme Court will decide these issues in 2012. If the Health Care Act is ruled unconstitutional, the resulting disruption to the system of regulation of health care benefits, other benefits, and other forms of compensation in the U.S., and uncertainty regarding the future course of that system of regulation, may have impacts, some of them potentially negative, on the way that we provide health care benefits, other benefits and other forms of compensation to employees, and on our ability to do so in an efficient manner, which could adversely affect our ability to attract, retain, and motivate talented associates and could also result in increased or unpredictable costs. Such a ruling, and the uncertainty it creates, could also result in negative effects on us as a provider of non-medical health insurance benefit products, affecting our ability to offer certain products in the same manner as we do today or resulting in increased or unpredictable costs to provide certain products.

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 also includes certain provisions for defined benefit pension plan funding relief. These provisions may impact the likelihood and/or timing of corporate plan sponsors terminating their plans and/or engaging in transactions to partially or fully transfer pension obligations to an insurance company. We have issued general account and separate account group annuity products that enable a plan sponsor to transfer these risks, often in connection with the termination of defined benefit pension plans. Consequently, this legislation could indirectly affect the mix of our business, with fewer closeouts and more non-guaranteed funding products, and adversely impact our results of operations.

Changes in U.S. Federal and State Securities Laws and Regulations, and State Insurance Regulations Regarding Suitability of Annuity Product Sales, May Affect Our Operations and Our Profitability

Federal and state securities laws and regulations apply to insurance products that are also "securities," including variable annuity contracts and variable life insurance policies. As a result, our activities in offering and selling variable insurance contracts and policies are subject to extensive regulation under these securities laws. We issue variable annuity contracts and variable life insurance policies through separate accounts that are registered with the SEC as investment companies under the Investment Company Act. Each registered separate account is generally divided into sub-accounts, each of which invests in an underlying mutual fund which is itself a registered investment company under the Investment Company Act. In addition, the variable annuity contracts and variable life insurance policies issued by the separate accounts are registered with the SEC under the Securities Act. Our subsidiary, Tower Square, is registered with the SEC as a broker-dealer under the Exchange Act, and is a member of and subject to regulation by FINRA. Further, Tower Square is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, and is also registered as an investment adviser in various states.

Federal and state securities laws and regulations are primarily intended to ensure the integrity of the financial markets and to protect investors in the securities markets, as well as protect investment advisory or brokerage clients. These laws and regulations generally grant regulatory agencies broad rulemaking and enforcement powers, including the power to limit or restrict the conduct of business for failure to comply with the securities laws and regulations. A number of changes have recently been suggested to the laws and regulations that govern the conduct of our variable insurance products business and our distributors that could have a material adverse effect on our financial condition and results of operations. For example, Dodd-Frank authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail and other customers. This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice. Further, proposals have been made that the SEC establish a self-regulatory organization with respect to registered investment advisers, which could increase the level of regulatory oversight over such investment advisers.

In addition, state insurance regulators are becoming more active in adopting and enforcing suitability standards with respect to sales of annuities, both fixed and variable. In particular, the NAIC has adopted a revised Suitability in Annuity Transactions Model Regulation ("SAT") that will, if enacted by the states, place new responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Several states have already enacted laws based on the SAT.

We also may be subject to similar laws and regulations in the foreign countries in which we offer products or conduct other activities similar to those described above.

Changes in Tax Laws, Tax Regulations, or Interpretations of Such Laws or Regulations Could Increase Our Corporate Taxes; Changes in Tax Laws Could Make Some of Our Products Less Attractive to Consumers

Changes in tax laws, Treasury and other regulations promulgated thereunder, or interpretations of such laws or regulations could increase our corporate taxes. The Obama Administration has proposed corporate tax changes. Changes in corporate tax rates could affect the value of deferred tax assets and deferred tax liabilities. Furthermore, the value of deferred tax assets could be impacted by future earnings levels.

Changes in tax laws could make some of our products less attractive to consumers. A shift away from life insurance and annuity contracts and other tax-deferred products would reduce our income from sales of these products, as well as the assets upon which we earn investment income. The Obama Administration has proposed certain changes to individual income tax rates and rules applicable to certain policies.

We cannot predict whether any tax legislation impacting corporate taxes or insurance products will be enacted, what the specific terms of any such legislation will be or whether, if at all, any legislation would have a material adverse effect on our financial condition and results of operations.

Changes to Regulations Under the Employee Retirement Income Security Act of 1974 Could Adversely Affect Our Distribution Model by Restricting Our Ability to Provide Customers With Advice

The prohibited transaction rules of ERISA and the Internal Revenue Code generally restrict the provision of investment advice to ERISA plans and participants and Individual Retirement Accounts ("IRAs") if the investment recommendation results in fees paid to the individual advisor, his or her firm or their affiliates that vary according to the investment recommendation chosen. In October 2011, the DOL issued final regulations which provide limited relief from these investment advice restrictions. If no additional relief is provided regarding these investment advice restrictions, the ability of our broker-dealer subsidiary, Tower Square, and its registered representatives to provide investment advice to ERISA plans and participants, and with respect to IRAs, would likely be significantly restricted. Also, the fee and revenue arrangements of certain advisory programs may be required to be revenue neutral, resulting in potential lost revenues for Tower Square.

Other proposed investment advice regulatory initiatives under ERISA also may negatively impact the current business model of our broker-dealer subsidiary, Tower Square. In particular, the DOL issued a proposed regulation in October 2010 that would, if adopted as proposed, significantly broaden the circumstances under which a person or entity providing investment advice with respect to ERISA plans or IRAs would be deemed a fiduciary under ERISA or the Internal Revenue Code. If adopted, the proposed regulations may make it easier for the DOL in enforcement actions, and for plaintiffs' attorneys in ERISA litigation, to attempt to extend fiduciary status to advisors who would not be deemed fiduciaries under current regulations. In September 2011, the DOL announced it will re-propose these fiduciary definition regulations, and a new proposal is expected in 2012.

In addition, the DOL has issued a number of regulations recently that increase the level of disclosure that must be provided to plan sponsors and participants. The participant disclosure regulations were issued in final form in October 2010 and become effective in 2012, and the regulations which require service providers to disclose fee and other information to plan sponsors take effect in 2012. These ERISA disclosure requirements will likely increase the regulatory and compliance burden upon us, resulting in increased costs.

We May Be Unable to Attract and Retain Sales Representatives for Our Products

We must attract and retain productive sales representatives to sell our insurance, annuities and investment products. Strong competition exists among insurers for sales representatives with demonstrated ability. In addition, there is competition for representatives with other types of financial services firms, such as independent broker-dealers.

We compete with other insurers for sales representatives primarily on the basis of our financial position, support services and compensation and product features. We continue to undertake several initiatives to grow our career agency force while continuing to enhance the efficiency and production of our existing sales force. We cannot provide assurance that these initiatives will succeed in attracting and retaining new agents. Sales of individual insurance, annuities and investment products and our results of operations and financial condition could be materially adversely affected if we are unsuccessful in attracting and retaining agents.

The Continued Threat of Terrorism and Ongoing Military Actions May Adversely Affect the Level of Claim Losses We Incur and the Value of Our Investment Portfolio

The continued threat of terrorism, both within the U.S. and abroad, ongoing military and other actions and heightened security measures in response to these types of threats may cause significant volatility in global financial markets and result in loss of life, property damage, additional disruptions to commerce and reduced economic activity. Some of the assets in our investment portfolio may be adversely affected by declines in the credit and equity markets and reduced economic activity caused by the continued threat of terrorism. We cannot predict whether, and the extent to which, companies in which we maintain investments may suffer losses as a result of financial, commercial or economic disruptions, or how any such disruptions might affect the ability of those companies to pay interest or principal on their securities or, to the extent not covered by the terrorism insurance maintained by our commercial and agricultural mortgagees, mortgage loans. The continued threat of terrorism also could result in increased reinsurance prices and reduced insurance coverage and potentially cause us to retain more risk than we otherwise would retain if we were able to obtain reinsurance at lower prices. Terrorist actions also could disrupt our operations centers in the U.S. or abroad. In addition, the occurrence of terrorist actions could result in higher claims under our insurance policies than anticipated. See "— Difficult Conditions in the Global Capital Markets and the Economy Generally May Materially Adversely Affect Our Business and Results of Operations and These Conditions May Not Improve in the Near Future."

The Occurrence of Events Unanticipated in MetLife's Disaster Recovery Systems and Management Continuity Planning, as well as a Failure in Cyber- or Other Information Security Systems, Could Result in a Loss or Disclosure of Confidential Information, Damage Our Reputation and Could Impair Our Ability to Conduct Business Effectively

In the event of a disaster such as a natural catastrophe, an epidemic, an industrial accident, a blackout, a computer virus, a terrorist attack, a cyberattack or war, unanticipated problems with MetLife's disaster recovery systems could have a material adverse impact on our ability to conduct business and on our results of operations and financial position, particularly if those problems affect our computer-based data processing, transmission, storage and retrieval systems and destroy valuable data. In addition, in the event that a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct business could be severely compromised. These interruptions also may interfere with our suppliers' ability to provide goods and services and our employees' ability to perform their job responsibilities.

We depend heavily upon computer systems to provide reliable service. Despite our implementation of a variety of security measures, our computer systems could be subject to physical and electronic break-ins, cyberattacks and similar disruptions from unauthorized tampering, including threats that may come from external factors, such as governments, organized crime, hackers and third parties to whom we outsource certain functions, or may originate internally.

If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, as well as our customers' or other third parties', operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss. Although we take steps to prevent and detect such attacks, it is possible that we may not become aware of a cyber incident for some time after it occurs, which could increase our exposure to these consequences.

Our Associates May Take Excessive Risks Which Could Negatively Affect Our Financial Condition and Business

As an insurance enterprise, we are in the business of being paid to accept certain risks. The associates who conduct our business, including executive officers and other members of management, sales managers, investment professionals, product managers, sales agents, and other associates, do so in part by making decisions and choices that involve exposing us to risk. These include decisions such as setting underwriting guidelines and standards, product design and pricing, determining what assets to purchase for investment and when to sell them, which business opportunities to pursue, and other decisions. Although we endeavor, in the design and implementation of our compensation programs and practices, to avoid giving our associates incentives to take excessive risks, associates may take such risks regardless of the structure of our compensation programs and practices. Similarly, although we employ controls and procedures designed to monitor associates' business decisions and prevent us from taking excessive risks, there can be no assurance that these controls and procedures are or may be effective. If our associates take excessive risks, the impact of those risks could have a material adverse effect on our financial condition or business operations.

Item 1B. ***Unresolved Staff Comments***

Not applicable.

Item 2. ***Properties***

Our executive office is located in Bloomfield, Connecticut and is owned by an affiliate.

Management believes that the Company's properties are suitable and adequate for our current and anticipated business operations. MetLife arranges for property and casualty coverage on our properties, taking into consideration our risk exposures and the cost and availability of commercial coverages, including deductible loss levels. In connection with its renewal of those coverages, MetLife has arranged $700 million of property insurance, including coverage for terrorism, on our real estate portfolio through May 1, 2012, its renewal date.

Item 3. ***Legal Proceedings***

See Note 11 of the Notes to the Consolidated Financial Statements.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Part II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

MetLife Insurance Company of Connecticut has 40,000,000 authorized shares of common stock, 34,595,317 shares of which were outstanding at December 31, 2011. Of such outstanding shares, at March 22, 2012, 30,000,000 shares are owned directly by MetLife and the remaining 4,595,317 shares are owned by MetLife Investors Group, Inc. There exists no established public trading market for the Company's common equity.

During the years ended December 31, 2011 and 2010, MetLife Insurance Company of Connecticut paid a $517 million dividend and a $330 million dividend, respectively, to its stockholders. The maximum amount of dividends which MetLife Insurance Company of Connecticut may pay in 2012, without prior regulatory approval, is $504 million.

Under Connecticut State Insurance Law, MetLife Insurance Company of Connecticut is permitted, without prior insurance regulatory clearance, to pay stockholder dividends to its stockholders as long as the amount of such dividends, when aggregated with all other dividends in the preceding 12 months, does not exceed the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year; or (ii) its statutory net gain from operations for the immediately preceding calendar year. MetLife Insurance Company of Connecticut will be permitted to pay a dividend in excess of the greater of such two amounts only if it files notice of its declaration of such a dividend and the amount thereof with the Connecticut Commissioner of Insurance (the "Connecticut Commissioner") and the Connecticut Commissioner does not disapprove the payment within 30 days after notice. In addition, any dividend that exceeds earned surplus (unassigned funds, reduced by 25% of unrealized appreciation in value or revaluation of assets or unrealized profits on investments) as of the last filed annual statutory statement requires insurance regulatory approval. Under Connecticut State Insurance Law, the Connecticut Commissioner has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its shareholders.

Under Delaware State Insurance Law, MLI-USA is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to MetLife Insurance Company of Connecticut as long as the amount of the dividend when aggregated with all other dividends in the preceding 12 months, does not exceed the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year; or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains). MLI-USA will be permitted to pay a dividend to MetLife Insurance Company of Connecticut in excess of the greater of such two amounts only if it files notice of the declaration of such a dividend and the amount thereof with the Delaware Commissioner of Insurance ("Delaware Commissioner") and the Delaware Commissioner either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. In addition, any dividend that exceeds earned surplus (defined as unassigned funds) as of the last filed annual statutory statement requires insurance regulatory approval. Under Delaware State Insurance Law, the Delaware Commissioner has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its shareholders. During the years ended December 31, 2011 and 2010, MLI-USA did not pay dividends to MetLife Insurance Company of Connecticut. Because MLI-USA's statutory unassigned funds was negative as of December 31, 2011, MLI-USA cannot pay any dividends in 2012 without prior regulatory approval.

Item 6. ***Selected Financial Data***

Omitted pursuant to General Instruction I(2)(a) of Form 10-K.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

For purposes of this discussion, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). Management's narrative analysis of the results of operations is presented pursuant to General Instruction I(2)(a) of Form 10-K. This narrative analysis should be read in conjunction with "Note Regarding Forward-Looking Statements," "Risk Factors," and the Company's consolidated financial statements included elsewhere herein.

This narrative analysis may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. Any or all forward-looking statements may turn out to be wrong. Actual results could differ materially from those expressed or implied in the forward-looking statements. See "Note Regarding Forward-Looking Statements."

The following discussion includes references to our performance measure, operating earnings, that is not based on accounting principles generally accepted in the United States of America ("GAAP"). Operating earnings is the measure of segment profit or loss we use to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is our measure of segment performance.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits ("GMIB") fees ("GMIB Fees"); and

- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");

- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances ("PABs") but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and business combinations.

We believe the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Operating revenues, operating expenses and operating earnings should not be viewed as substitutes for the following financial measures calculated in accordance with GAAP: GAAP revenues, GAAP expenses and GAAP net income, respectively. Reconciliations of these measures to the most directly comparable GAAP measures are included in "— Results of Operations."

In 2011, management modified its definition of operating earnings to exclude impacts related to certain variable annuity guarantees and Market Value Adjustments to better conform to the way it manages and assesses its business. Accordingly, such results are no longer reported in operating earnings. Consequently, prior year results for Retirement Products and total consolidated operating earnings have been reduced by $28 million, net of $15 million of income tax, for the year ended December 31, 2010.

In this discussion, we sometimes refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements. For a discussion of the Company's significant accounting policies, see Note 1 of the Notes to the Consolidated Financial Statements. The most critical estimates include those used in determining:

(i) estimated fair values of investments in the absence of quoted market values;

(ii) investment impairments;

(iii) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;

(iv) amortization of DAC and the establishment and amortization of VOBA;

(v) measurement of goodwill and related impairment, if any;

(vi) liabilities for future policyholder benefits and the accounting for reinsurance;

(vii) measurement of income taxes and the valuation of deferred tax assets; and

(viii) liabilities for litigation and regulatory matters.

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

Estimated Fair Value of Investments

In determining the estimated fair value of fixed maturity securities, equity securities, investments in other securities, short-term investments, cash equivalents and mortgage loans, various methodologies, assumptions and inputs are utilized.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The market standard valuation methodologies utilized include: discounted cash flow methodologies, matrix pricing or other similar techniques. The inputs to 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, estimated duration and management's assumptions regarding 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, liquid 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. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and consistent with what other market participants would use when pricing such securities.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. The Company's ability to sell securities, or the price ultimately realized for these securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities.

See Note 4 of the Notes to the Consolidated Financial Statements for additional information regarding the estimated fair value of investments.

Investment Impairments

One of the significant estimates related to available-for-sale securities is the evaluation of investments for impairments. The assessment of whether impairments have occurred is based on our case-by-case evaluation of the underlying reasons for the decline in estimated fair value. The Company's review of its fixed maturity and equity securities for impairment includes an analysis of gross unrealized losses by three categories of severity and/or age of gross unrealized loss. 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 certain equity securities, greater weight and consideration are given by the Company to a decline in estimated fair value and the likelihood such estimated fair value decline will recover.

Additionally, we consider a wide range of factors about the security issuer and use our best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in our evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used by the Company in the impairment evaluation process include, but are not limited to:

(i) the length of time and the extent to which the estimated fair value has been below cost or amortized cost;

(ii) the potential for impairments of securities when the issuer is experiencing significant financial difficulties;

(iii) the potential for impairments in an entire industry sector or sub-sector;

(iv) the potential for impairments in certain economically depressed geographic locations;

(v) the potential for impairments of securities where the issuer, series of issuers or industry has suffered a catastrophic type of loss or has exhausted natural resources;

(vi) with respect to fixed maturity securities, whether the Company has the intent to sell or will more likely than not be required to sell a particular security before recovery of the decline in estimated fair value below amortized cost;

(vii) with respect to equity securities, whether the Company's ability and intent to hold a particular security for a period of time sufficient to allow for the recovery of its estimated fair value to an amount at least equal to its cost;

(viii) with respect to structured securities, changes in forecasted cash flows after considering the quality of underlying collateral; expected prepayment speeds; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security; and

(ix) other subjective factors, including concentrations and information obtained from regulators and rating agencies.

The determination of the amount of allowances and impairments on other invested asset classes is highly subjective and is based upon the Company's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

See Note 2 of the Notes to the Consolidated Financial Statements for additional information relating to investment impairments.

Derivative Financial Instruments

The determination of estimated fair value of freestanding derivatives, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are

consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models. See Note 3 of the Notes to the Consolidated Financial Statements for additional details on significant inputs into the over-the-counter derivative pricing models and credit risk adjustment.

The Company issues certain variable annuity products with guaranteed minimum benefits, which are measured at estimated fair value separately from the host variable annuity product, with changes in estimated fair value reported in net derivative gains (losses).The estimated fair values of these embedded derivatives are determined based on the present value of projected future benefits minus the present value of projected future fees. The projections of future benefits and future fees require capital market and actuarial assumptions including expectations concerning policyholder behavior. 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. The valuation of these embedded derivatives also includes an adjustment for the Company's nonperformance risk and risk margins for non-capital market inputs. The nonperformance risk adjustment, which is captured as a spread over the risk free rate in determining the discount rate to discount the cash flows of the liability, is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife'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 MetLife. 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 in certain actuarial assumptions. 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.

As part of its regular review of critical accounting estimates, the Company periodically assesses inputs for estimating nonperformance risk 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 during the recent financial crisis. As a result, at the end of the second quarter of 2010, the Company refined the manner 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 refinement impacted the Company's net income, with no effect on operating earnings.

The accounting for derivatives is complex and interpretations of accounting standards continue to evolve in practice. If it is determined that hedge accounting designations were not appropriately applied, reported net income could be materially affected. Differences in judgment as to the availability and application of hedge accounting designations and the appropriate accounting treatment may result in a differing impact on the consolidated financial statements of the Company from that previously reported. Assessments of hedge effectiveness and measurements of ineffectiveness of hedging relationships are also subject to interpretations and estimations and different interpretations or estimates may have a material effect on the amount reported in net income.

Variable annuities with guaranteed minimum benefits 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 the Company's nonperformance risk, 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. If interpretations change, there is a risk that features previously not bifurcated may require bifurcation and reporting at estimated fair value in the consolidated financial statements and respective changes in estimated fair value could materially affect net income.

Additionally, the Company ceded the risk associated with certain of the variable annuities with guaranteed minimum benefits described in the preceding paragraphs to an affiliated reinsurance company. 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 with the exception of the input for nonperformance risk that reflects the credit of the reinsurer. Because certain of the direct guarantees do not meet the definition of an embedded derivative and, thus are not accounted for at fair value, significant fluctuations in net income may occur since the change in fair value of the embedded derivative on the ceded risk is being recorded in net income without a corresponding and offsetting change in fair value of the direct guarantee. See Note 4 of the Notes to the Consolidated Financial Statements for additional information on the Company's derivatives and hedging programs.

Deferred Policy Acquisition Costs and Value of Business Acquired

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that vary with and relate to the production of new and renewal insurance business are deferred as DAC. Such costs consist principally of commissions, certain agency expenses and policy issuance expenses. VOBA represents the excess of book value over the estimated fair value of acquired insurance, annuity and investment-type contracts in-force at the acquisition date. The estimated fair value of the acquired liabilities is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience on the purchased business may vary from these projections. The recovery of DAC and VOBA is dependent upon the future profitability of the related business. The Company will adopt new guidance regarding the accounting for DAC beginning in the first quarter of 2012 and will apply it retrospectively to all prior periods presented in its consolidated financial statements for all insurance contracts. The Company estimates that DAC will be reduced by approximately $650 million to $750 million and total equity will be reduced by approximately $450 million to $500 million, net of income tax, as of the date of adoption. See Note 1 of the Notes to the Consolidated Financial Statements.

Separate account rates of return on variable universal life contracts and variable deferred annuity contracts affect in-force account balances on such contracts each reporting period which can result in significant fluctuations in amortization of DAC and VOBA. The Company's practice to determine the impact of gross profits resulting from returns on separate accounts assumes that long-term appreciation in equity markets is not changed by short-term market fluctuations, but is only changed when sustained interim deviations are expected. The Company monitors these events and only changes the assumption when its long-term expectation changes. The effect of an increase/(decrease) by 100 basis points in the assumed future rate of return is reasonably likely to result in a decrease/(increase) in the DAC and VOBA amortization of approximately $72 million with an offset to the Company's unearned revenue liability of approximately $1 million for this factor.

The Company also periodically reviews other long-term assumptions underlying the projections of estimated gross margins and profits. These include investment returns, policyholder dividend scales, interest crediting rates, mortality, persistency, and expenses to administer business. Assumptions used in the calculation of estimated gross margins and profits which may have significantly changed are updated annually. If the update of assumptions causes expected future gross margins and profits to increase, DAC and VOBA amortization will decrease, resulting in a current period increase to earnings. The opposite result occurs when the assumption update causes expected future gross margins and profits to decrease.

The Company's most significant assumption updates resulting in a change to expected future gross margins and profits and the amortization of DAC and VOBA are due to revisions to expected future investment returns, expenses, in-force or persistency assumptions, variable and universal life contracts and annuity contracts. During 2011, the amount of net investment gains (losses), as well as the assumption updates associated with future policyholder behavior and the separate account rate of returns also resulted in significant changes to actual and expected future gross profits impacting amortization of DAC and VOBA. The Company expects these assumptions

to be the ones most reasonably likely to cause significant changes in the future. Changes in these assumptions can be offsetting and the Company is unable to predict their movement or offsetting impact over time.

Goodwill

Goodwill is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, the implied fair value of the reporting unit goodwill is compared to the carrying value of that goodwill to measure the amount of impairment loss, if any. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected operating earnings, current book value (with or without accumulated other comprehensive income), the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, the account value of in-force business, projections of new and renewal business, as well as margins on such business, the level of interest rates, credit spreads, equity market levels, and the discount rate that we believe is appropriate for the respective reporting unit. The estimated fair values of the retirement products and individual life reporting units are particularly sensitive to the equity market levels.

We apply significant judgment when determining the estimated fair value of our reporting units. The valuation methodologies utilized are subject to key judgments and assumptions that are sensitive to change. Estimates of fair value are inherently uncertain and represent only management's reasonable expectation regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Declines in the estimated fair value of our reporting units could result in goodwill impairments in future periods which could materially adversely affect our results of operations or financial position.

On an ongoing basis, we evaluate potential triggering events that may affect the estimated fair value of our reporting units to assess whether any goodwill impairment exists.

In the fourth quarter of 2011, MetLife announced that it will be reorganizing its business into three broad geographic regions, and creating a global employee benefits business. As a result, the Company's reporting structure may change the composition of certain of its reporting units.

See Note 6 of the Notes to the Consolidated Financial Statements for additional information on the Company's goodwill.

Liability for Future Policy Benefits

Generally, future policy benefits are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, policy lapse, renewal, retirement, disability incidence, disability terminations, investment returns, inflation, expenses and other contingent events as appropriate to the respective product type. These assumptions are established at the time the policy is issued and are intended to estimate the experience for the period the policy benefits are payable. Utilizing these assumptions, liabilities are established on a block of business basis. If experience is less favorable than assumed, additional liabilities may be established, resulting in a charge to policyholder benefits and claims.

Future policy benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumptions as to claim terminations, expenses and interest.

Liabilities for unpaid claims are estimated based upon the Company's historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs. With respect to workers' compensation insurance, such unpaid claims are reduced for anticipated subrogation.

Future policy benefit liabilities for minimum death and income benefit guarantees relating to certain annuity contracts are based on estimates of the expected value of benefits in excess of the projected account balance, recognizing the excess ratably over the accumulation period based on total expected assessments. Liabilities for universal and variable life secondary guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the accumulation period based on total expected assessments. The assumptions used in estimating the secondary guarantee liabilities are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk.

The Company periodically reviews its estimates of actuarial liabilities for future policy benefits and compares them with its actual experience. Differences between actual experience and the assumptions used in pricing these policies and guarantees, as well as in the establishment of the related liabilities, result in variances in profit and could result in losses.

See Note 7 of the Notes to the Consolidated Financial Statements for additional information on the Company's liability for future policy benefits.

Reinsurance

Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. The Company periodically reviews actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluates the financial strength of counterparties to its reinsurance agreements using criteria similar to that evaluated in the security impairment process discussed previously. Additionally, for each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims. If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting.

See Note 8 of the Notes to the Consolidated Financial Statements for additional information on the Company's reinsurance programs.

Income Taxes

The Company provides for federal, state and foreign income taxes currently payable, as well as those deferred due to temporary differences between the financial reporting and tax bases of assets and liabilities. The Company's accounting for income taxes represents management's best estimate of various events and transactions. These tax laws are complex and are subject to differing interpretations by the taxpayer and the relevant governmental taxing authorities. In establishing a provision for income tax expense, we must make judgments and interpretations about the application of these inherently complex tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions, both domestic and foreign.

The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. Valuation allowances are established when management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. Factors in management's determination include the performance of the business and its ability to generate capital gains. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

(i) future taxable income exclusive of reversing temporary differences and carryforwards;

(ii) future reversals of existing taxable temporary differences;

(iii) taxable income in prior carryback years; and

(iv) tax planning strategies.

Disputes over interpretations of the tax laws may be subject to review and adjudication by the court systems of the various tax jurisdictions or may be settled with the taxing authority upon audit. The Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit is recorded in the financial statements. The Company may be required to change its provision for income taxes when estimates used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in the consolidated financial statements in the year these changes occur.

See Note 10 of the Notes to the Consolidated Financial Statements for additional information on the Company's income taxes.

Litigation Contingencies

The Company is a party to a number of legal actions and is involved in a number of regulatory investigations. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on the Company's financial position. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in the Company's consolidated financial statements. It is possible that an adverse outcome in certain of the Company's litigation and regulatory investigations, or the use of different assumptions in the determination of amounts recorded, could have a material effect upon the Company's consolidated net income or cash flows in particular quarterly or annual periods.

See Note 11 of the Notes to the Consolidated Financial Statements for additional information regarding the Company's assessment of litigation contingencies.

Economic Capital

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

Effective January 1, 2011, MetLife updated its economic capital model to align segment allocated equity with emerging standards and consistent risk principles. Such changes to MetLife's economic capital model are

applied prospectively. Segment net investment income is also credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

Results of Operations

Year Ended December 31, 2011 Compared with the Year Ended December 31, 2010

Consolidated Results

We have experienced growth and an increase in market share in several of our businesses which positively impacted our results, most significantly through higher policy fee income. Sales of our annuity products were up 71% compared to the prior year, primarily as a result of an increase in variable annuity sales, driven by the introduction of a new higher benefit, lower-risk variable annuity rider. We also benefited from increased issuances of funding agreements in the second quarter of 2011. Our pension closeout sales in the United Kingdom were strong as we continue to penetrate the market, with a premium increase of $424 million before income tax. While the premium for this business is almost entirely offset by the related change in policyholder benefits, the favorable results contribute to the growth in our investment portfolio. We also continue to experience growth in our variable, universal and term life businesses.

	Years Ended December 31,			
	2011	2010	Change	% Change
	(In millions)			
Revenues				
Premiums	$ 1,828	$ 1,067	$ 761	71.3%
Universal life and investment-type product policy fees	1,956	1,639	317	19.3%
Net investment income	3,083	3,157	(74)	(2.3)%
Other revenues	508	503	5	1.0%
Net investment gains (losses)	35	150	(115)	(76.7)%
Net derivative gains (losses)	1,119	58	1,061	
Total revenues	8,529	6,574	1,955	29.7%
Expenses				
Policyholder benefits and claims	2,660	1,905	755	39.6%
Interest credited to policyholder account balances	1,189	1,271	(82)	(6.5)%
Capitalization of DAC	(1,478)	(978)	(500)	(51.1)%
Amortization of DAC and VOBA	1,296	839	457	54.5%
Interest expense on debt	389	472	(83)	(17.6)%
Other expenses	2,712	1,988	724	36.4%
Total expenses	6,768	5,497	1,271	23.1%
Income (loss) before provision for income tax	1,761	1,077	684	63.5%
Provision for income tax expense (benefit)	521	320	201	62.8%
Net income	$ 1,240	$ 757	$ 483	63.8%

Unless otherwise stated, all amounts discussed below are net of income tax.

During the year ended December 31, 2011, net income increased $483 million to $1.2 billion primarily driven by a favorable change in net derivative gains (losses), net of related adjustments principally associated with DAC and VOBA amortization, and an increase in operating earnings.

We manage our investment portfolio using disciplined Asset/Liability Management ("ALM") principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing, net of income tax, risk-adjusted net investment income and risk-adjusted total return. Our investment portfolio is heavily weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of insurance liabilities. Other invested asset classes including, but not limited to, equity securities, other limited partnership interests and real estate and real estate joint ventures, provide additional diversification and opportunity for long-term yield enhancement in addition to supporting the cash flow and duration objectives of our investment portfolio. We also use derivatives as an integral part of our management of the investment portfolio to hedge certain risks, including changes in interest rates, foreign currencies, credit spreads and equity market levels. Additional considerations for our investment portfolio include current and expected market conditions and expectations for changes within our specific mix of products and business segments. In addition, the general account investment portfolio includes, within other securities, contractholder-directed investments supporting unit-linked variable annuity type liabilities, which do not qualify as separate account assets. The returns on these contractholder-directed investments, which can vary significantly period to period, include changes in estimated fair value subsequent to purchase, inure to contractholders and are offset in earnings by a corresponding change in PABs through interest credited to policyholder account balances.

The composition of the investment portfolio of each business segment is tailored to the specific characteristics of its insurance liabilities, causing certain portfolios to be shorter in duration and others to be longer in duration. Accordingly, certain portfolios are more heavily weighted in longer duration, higher yielding fixed maturity securities, or certain sub-sectors of fixed maturity securities, than other portfolios.

Investments are purchased to support our insurance liabilities and not to generate net investment gains and losses. However, net investment gains and losses are incurred and can change significantly from period to period due to changes in external influences, including changes in market factors such as interest rates, foreign currencies, credit spreads and equity markets; counterparty specific factors such as financial performance, credit rating and collateral valuation; and internal factors such as portfolio rebalancing. Changes in these factors from period to period can significantly impact the levels of both impairments and realized gains and losses on investments sold.

We use freestanding equity, interest rate, currency and credit derivatives to provide economic hedges of certain invested assets and insurance liabilities, including embedded derivatives, within certain of our variable annuity minimum benefit guarantees. For those hedges not designated as accounting hedges, changes in market factors can lead to the recognition of fair value changes in net derivative gains (losses) without an offsetting gain or loss recognized in earnings for the item being hedged even though these are effective economic hedges. Additionally, we issue liabilities and purchase assets that contain embedded derivatives whose changes in estimated fair value are sensitive to changes in market factors and are also recognized in net derivative gains (losses).

The favorable change in net derivative gains (losses) of $689 million, from gains of $38 million in 2010 to gains of $727 million in 2011, was primarily driven by a favorable change in freestanding derivatives of $597 million and a favorable change in embedded derivatives of $92 million primarily associated with variable annuity minimum benefit guarantees. The $597 million favorable change in freestanding derivatives was primarily attributable to the impact of falling long-term and mid-term interest rates, equity market movements and volatility, and currency exchange rate movements. Long-term and mid-term interest rates fell more in 2011 than in 2010, which had a positive impact of $465 million on our interest rate derivatives, $115 million of which was attributable to hedges of variable annuity minimum benefit guarantee liabilities that are accounted for as embedded derivatives. The impact of equity market movements and equity volatility in 2011 compared to 2010 had a positive impact of $75 million on our equity derivatives, which was primarily attributable to hedges of variable annuity minimum benefit guarantee liabilities that are accounted for as embedded derivatives. Foreign currency derivatives had a positive impact of $48 million related to hedges of foreign currency exposures.

Certain variable annuity products with minimum benefit guarantees contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract with changes in estimated fair value recorded in net derivative gains (losses). The fair value of these embedded derivatives also includes an adjustment for nonperformance risk, which is unhedged. The $92 million favorable change in embedded derivatives was primarily attributable to a favorable change in ceded affiliated reinsurance assets of $1.2 billion and a favorable change in the adjustment for nonperformance risk of $315 million on direct liabilities, partially offset by an unfavorable change in market factors on direct liabilities of $850 million, an unfavorable change in the adjustment for the reinsurer's nonperformance risk of $436 million and an unfavorable change in other unhedged non-market risks of $182 million on the direct liabilities. The aforementioned $315 million favorable change in the adjustment for nonperformance risk was net of a prior period loss of $256 million relating to a refinement in estimating the spreads used in the adjustment for nonperformance risk. The aforementioned unfavorable change in the adjustment for the reinsurer's nonperformance risk of $436 million was net of a prior period gain of $380 million relating to a refinement in estimating the spreads used in the adjustment for nonperformance risk.

The unfavorable change in net investment gains of $75 million was primarily due to foreign currency transaction losses on unhedged foreign denominated guaranteed investment contracts, realized losses on sales of equity securities and increased impairments and decreased realized gains on sales of fixed maturity securities, partially offset by a reduction in the non-specific mortgage valuation allowance reflecting improving real estate market fundamentals.

Income tax expense for the year ended December 31, 2011 was $521 million, or 30% of income (loss) before provision for income tax, compared with $320 million, or 30% of income (loss) before provision for income tax, for 2010. The Company's 2011 and 2010 effective tax rates differ from the U.S. statutory rate of 35% primarily due to the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing, in relation to income (loss) before provision for income tax.

As more fully described in the discussion of performance measures above, we use operating earnings, which does not equate to net income, as determined in accordance with GAAP, to analyze our performance, evaluate segment performance, and allocate resources. We believe that the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of the business. Operating earnings should not be viewed as a substitute for GAAP net income. Operating earnings increased $122 million to $795 million in 2011 from $673 million in 2010.

Reconciliation of net income to operating earnings

	Years Ended December 31,	
	2011	2010
	(In millions)	
Net income	$ 1,240	$ 757
Less: Net investment gains (losses)	35	150
Less: Net derivative gains (losses)	1,119	58
Less: Other adjustments to net income (1)	(481)	(79)
Less: Provision for income tax (expense) benefit	(228)	(45)
Operating earnings	$ 795	$ 673

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

	Years Ended December 31,	
	2011	2010
	(In millions)	
Total revenues	$ 8,529	$ 6,574
Less: Net investment gains (losses)	35	150
Less: Net derivative gains (losses)	1,119	58
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	11	(1)
Less: Other adjustments to revenues (1)	406	510
Total operating revenues	$ 6,958	$ 5,857
Total expenses	$ 6,768	$ 5,497
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	419	84
Less: Other adjustments to expenses (1)	479	504
Total operating expenses	$ 5,870	$ 4,909

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Consolidated Results – Operating

	Years Ended December 31,			
	2011	2010	Change	% Change
		(In millions)		
OPERATING REVENUES				
Premiums	$ 1,828	$ 1,067	$ 761	71.3%
Universal life and investment-type product policy fees	1,834	1,553	281	18.1%
Net investment income	2,788	2,734	54	2.0%
Other revenues	508	503	5	1.0%
Total operating revenues	6,958	5,857	1,101	18.8%
OPERATING EXPENSES				
Policyholder benefits and claims	2,540	1,830	710	38.8%
Interest credited to policyholder account balances	1,168	1,243	(75)	(6.0)%
Capitalization of DAC	(1,478)	(978)	(500)	(51.1)%
Amortization of DAC and VOBA	885	756	129	17.1%
Interest expense on debt	67	70	(3)	(4.3)%
Other expenses	2,688	1,988	700	35.2%
Total operating expenses	5,870	4,909	961	19.6%
Provision for income tax expense (benefit)	293	275	18	6.5%
Operating earnings	$ 795	$ 673	$ 122	18.1%

Unless otherwise stated, all amounts discussed below are net of income tax.

The $122 million increase in operating earnings was driven by growth in most of our businesses which increased our policy fees and investment income partially offset by increased expenses.

Strong sales in 2011 increased operating earnings by $271 million. Positive net cash flows generated from the majority of our businesses were the primary drivers of increases in both invested assets and separate account assets. Policy fee income increased $173 million, primarily from our annuity business. In our variable annuity products, policy fees are calculated as a percentage of the average assets in separate accounts. Invested asset growth generated higher investment earnings of $113 million. Most of our businesses experienced growth in their in-force business which increased insurance liabilities and resulted in higher interest credited on long-duration contracts and on our PABs, decreasing operating earnings by $26 million. In addition, strong sales were the primary drivers of a $22 million increase in operating earnings in our term life business. Growth in our annuity business was the most significant contributor of the $336 million increase in variable expenses, such as commissions, premium taxes and other volume-related costs associated with sales activity, the majority of which was offset by an increase in related DAC capitalization of $325 million.

In 2011, interest rate markets declined while equity markets remained relatively flat compared to much stronger 2010 equity market performance. These factors contributed to an $81 million net decrease in operating earnings. Increased average separate account balances were driven primarily by increased variable annuity net cash flows and favorable equity market performance in 2010 and 2011. Increased policy fees and other revenues attributable to market performance resulted in a $52 million operating earnings increase, most notably in our annuity products. Operating earnings also increased $29 million primarily driven by lower average crediting rates on annuity fixed rate funds, as a result of declining interest rate markets. More than offsetting these favorable results was a $15 million decrease in investment earnings due to lower yields and an increase in certain expenses. DAC, VOBA and deferred sales inducements ("DSI") amortization and certain insurance-related liabilities are sensitive to market fluctuations, which was the primary driver of higher expenses in these categories. In particular, the less favorable 2011 investment markets caused an acceleration of DAC and DSI amortization. In our annuity products, DAC and DSI amortization increased $85 million, net of assumption updates, offset by a decrease of $8 million in our individual life products. Additionally, higher market driven expenses of $70 million, such as letter of credit fees, contributed to a decrease in operating earnings.

On an annual basis, we perform experience studies as well as update our assumptions surrounding both expected policyholder behaviors and the related investment environment. These updates, commonly known as unlocking events, result in changes to certain insurance related liabilities, DAC and revenue amortization. The impact of our updates to the assumptions, primarily related to policyholder behaviors, and the related investment environment, coupled with insurance related refinements, in both 2011 and 2010, resulted in a net decrease to operating earnings of $42 million in the current year.

We benefited from a higher income tax benefit of $31 million over the 2010 period, primarily due to a higher utilization of tax-preferenced investments which provided tax credits and deductions. The positive resolution of certain legal matters in 2010 decreased operating earnings by $27 million in 2011. The Company also incurred $11 million of expenses related to a liquidation plan filed by the New York State Department of Financial Services for Executive Life Insurance Company of New York in the third quarter of 2011.

Effects of Inflation

Management believes that inflation has not had a material effect on its consolidated results of operations, except insofar as inflation may affect interest rates.

An increase in inflation could affect our business in several ways. During inflationary periods, the value of fixed income investments falls which could increase realized and unrealized losses. Inflation also increases expenses for labor and other materials, potentially putting pressure on profitability if such costs cannot be passed through in our product prices. Prolonged and elevated inflation could adversely affect the financial markets and the economy generally, and dispelling it may require governments to pursue a restrictive fiscal and monetary policy, which could constrain overall economic activity, inhibit revenue growth and reduce the number of attractive investment opportunities.

Off-Balance Sheet Arrangements

Collateral for Securities Lending and Derivative Financial Instruments

The Company has non-cash collateral for securities lending from counterparties on deposit from customers, which cannot be sold or repledged, and which has not been recorded on its consolidated balance sheets. The Company participates in a securities lending program in the normal course of business for the purpose of enhancing the Company's total return on its investment portfolio. The amount of this collateral was $137 million at estimated fair value at December 31, 2011. There was no non-cash collateral for securities lending on deposit from customers at December 31, 2010. See "Securities Lending" in Note 1 of the Notes to the Consolidated Financial Statements for discussion of the Company's securities lending program and the classification of revenues and expenses and the nature of the secured financing arrangement and associated liability. See also "Securities Lending" in Note 2 of the Notes to the Consolidated Financial Statements.

The Company has non-cash collateral from counterparties for derivative financial instruments, which can be sold or repledged subject to certain constraints, and has not been recorded on its consolidated balance sheets. The Company enters into derivative financial instruments to manage various risks relating to its ongoing business operations. The amount of this collateral was $315 million and $3 million at December 31, 2011 and 2010, respectively, which were held in separate custodial accounts and not recorded on the Company's consolidated balance sheets. See "— Liquidity and Capital Resources — Derivatives and Collateral" and "Derivatives" in Note 3 of the Notes to the Consolidated Financial Statements for information on the earned income on and the gross notional amount, estimated fair value of assets and liabilities and primary underlying risk exposure of the Company's derivative financial instruments.

Guarantees

See "Guarantees" in Note 11 of the Notes to the Consolidated Financial Statements.

Other

Additionally, the Company has the following commitments in the normal course of business for the purpose of enhancing the Company's total return on its investment portfolio:

- Commitments to Fund Partnership Investments;
- Mortgage Loan Commitments;
- Commitments to Fund Bank Credit Facilities and Private Corporate Bond Investments; and
- Other Commitments.

See "Net Investment Income" and "Net Investment Gains (Losses)" in Note 2 of the Notes to the Consolidated Financial Statements for information on the investment income, investment expense, gains and losses from such investments. See also "Fixed Maturity and Equity Securities Available-for-Sale," "Mortgage Loans," "Real Estate and Real Estate Joint Ventures," and "Other Limited Partnerships" in Note 2 of the Notes to the Consolidated Financial Statements for information on our investment in fixed maturity securities, mortgage loans and partnership investments.

Other than the commitments disclosed in Note 11 of the Notes to the Consolidated Financial Statements, there are no other material obligations or liabilities arising from the commitments to fund partnership investments, mortgage loans, bank credit facilities and private corporate bond investments and other commitments.

Liquidity and Capital Resources

Our business and results of operations are materially affected by conditions in the global capital markets and the global economy. Stressed conditions, volatility and disruptions in global capital markets, particular markets, or financial asset classes can have an adverse effect on us, in part because we have a large investment portfolio and our insurance liabilities are sensitive to changing market factors. The global economy and markets are still affected by a period of significant stress that began in the second half of 2007. This disruption adversely affected the financial services sector, in particular, and global capital markets. Consequently, financial institutions paid higher spreads over benchmark U.S. Treasury securities than before the market disruption began.

Beginning in 2010 and continuing throughout 2011, concerns increased about capital markets and the solvency of certain European Union member states and of financial institutions that have significant direct or indirect exposure to debt issued by these countries. The Japanese economy was significantly negatively impacted by the March 2011 earthquake and tsunami. Disruptions to the Japanese economy are having, and will continue to have, negative impacts on the overall global economy, not all of which can be foreseen. Although the August 2011 downgrade by Standard & Poor's Ratings Services ("S&P") of U.S. Treasury securities initially had an adverse effect on financial markets, the extent of the longer-term impact cannot be predicted. In November 2011, Fitch Ratings warned that it may in the future downgrade the U.S. credit rating unless action is taken to reduce the national debt of the U.S. It is possible that the August 2011 S&P downgrade and any future downgrades, as well as continued concerns about U.S. fiscal policy and the trajectory of the national debt of the U.S., could have severe repercussions to the U.S. and global credit and financial markets, could further exacerbate concerns over sovereign debt of other countries and could disrupt economic activity in the U.S. and elsewhere. All of these factors could affect the Company's ability to meet liquidity needs and obtain capital. See "Risk Factors — Concerns Over U.S. Fiscal Policy and the Trajectory of the National Debt of the U.S., as well as Rating Agency Downgrades of U.S. Treasury Securities, Could Have an Adverse Effect on Our Business, Financial Condition and Results of Operations."

Liquidity Management. Based upon the strength of its franchise, diversification of its businesses and strong financial fundamentals, we continue to believe the Company has ample liquidity to meet business requirements under current market conditions and unlikely but reasonably possible stress scenarios. The Company's short-term liquidity position includes cash and cash equivalents and short-term investments, excluding: (i) cash collateral received under the Company's securities lending program that has been reinvested in cash and cash equivalents, short-term investments and publicly-traded securities, and (ii) cash collateral received from counterparties in connection with derivative instruments. At both December 31, 2011 and 2010, the Company's short-term liquidity position was $1.2 billion. We continuously monitor and adjust our liquidity and capital plans for the Company in light of changing needs and opportunities.

Insurance Liabilities. The Company's principal cash outflows primarily relate to the liabilities associated with its various life insurance, annuity and group pension products, operating expenses and income tax, as well as principal and interest on its outstanding debt obligations. Liabilities arising from its insurance activities primarily relate to benefit payments under the aforementioned products, as well as payments for policy surrenders, withdrawals and loans. For annuity or deposit type products, surrender or lapse product behavior differs somewhat by segment. In the Retirement Products segment, which includes individual annuities, lapses and surrenders tend to occur in the normal course of business. During the years ended December 31, 2011 and 2010, general account surrenders and withdrawals from annuity products were $1.9 billion and $1.8 billion, respectively. In Corporate Benefit Funding, which includes pension closeouts, bank-owned life insurance and other fixed annuity contracts, as well as funding agreements (including funding agreements with the Federal Home Loan Bank of Boston) and other capital market products, most of the products offered have fixed maturities or fairly predictable surrenders or withdrawals. Of the Corporate Benefit Funding liabilities, $188 million were subject to credit ratings downgrade triggers that permit early termination subject to a notice period of 90 days.

Securities Lending. Under the Company's securities lending program, the Company was liable for cash collateral under its control of $6.5 billion and $7.1 billion at December 31, 2011 and 2010, respectively. For further details on the securities lending program and the related liquidity needs, see Note 2 of the Notes to the Consolidated Financial Statements.

Derivatives and Collateral. The Company pledges collateral to, and has collateral pledged to it by, counterparties under the Company's current derivative transactions. At December 31, 2011 and 2010, the Company was obligated to return cash collateral under its control of $1.6 billion and $965 million, respectively. See Note 3 of the Notes to the Consolidated Financial Statements. With respect to derivative transactions with credit ratings downgrade triggers, a two-notch downgrade would have increased the Company's derivative collateral requirements by $4 million at December 31, 2011.

Funding Agreements. The Company had total obligations under funding agreements with various counterparties of $6.1 billion and $6.9 billion at December 31, 2011 and 2010, respectively, which are included in PABs. During the years ended December 31, 2011, 2010 and 2009, the Company issued $12.9 billion, $19.3 billion and $14.5 billion, respectively, and repaid $13.5 billion, $18.8 billion and $15.4 billion, respectively, of funding agreements. For further information, see Note 7 of the Notes to the Consolidated Financial Statements.

Investment and Other. Additional cash outflows include those related to investments in real estate, limited partnerships and joint ventures, as well as litigation related liabilities.

Support Agreements. MetLife Insurance Company of Connecticut is a party to capital support commitments with certain of its subsidiaries. Under these arrangements, MetLife Insurance Company of Connecticut, with respect to the applicable entity, has agreed to cause such entity to meet specified capital and surplus levels. We anticipate that in the event that these arrangements place demands upon the Company, there will be sufficient liquidity and capital to enable the Company to meet anticipated demands.

Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements.

Future Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Risk Management

The Company must effectively manage, measure and monitor the market risk associated with its assets and liabilities. It has developed an integrated process for managing risk, which it conducts through MetLife's Enterprise Risk Management Department, MetLife's Asset /Liability Management Unit, MetLife's Treasury Department and MetLife's Investment Department along with the management of the business segments. The Company has established and implemented comprehensive policies and procedures at both the corporate and business segment level to minimize the effects of potential market volatility.

The Company regularly analyzes its exposure to interest rate, equity market price and foreign currency exchange rate risks. As a result of that analysis, the Company has determined that the estimated fair values of certain assets and liabilities are materially exposed to changes in interest rates, foreign currency exchange rates and changes in the equity markets.

Enterprise Risk Management. MetLife has established several financial and non-financial senior management committees as part of its risk management process. These committees manage capital and risk positions, approve ALM strategies and establish appropriate corporate business standards. Further enhancing its committee structure, during the second quarter of 2010, MetLife created an Enterprise Risk Committee including the following voting members: MetLife's Chief Financial Officer, MetLife's Chief Investment Officer and MetLife's Chief Risk Officer. This committee is responsible for reviewing all material risks to the enterprise and deciding on actions if necessary, in the event risks exceed desirable targets, taking into consideration best practices to resolve or mitigate those risks.

MetLife also has a separate Enterprise Risk Management Department, which is responsible for risk management throughout MetLife and reports to MetLife's Chief Risk Officer. The Enterprise Risk Management Department's primary responsibilities consist of:

- implementing a corporate risk framework, which outlines MetLife's approach for managing risk on an enterprise-wide basis;
- developing policies and procedures for managing, measuring, monitoring and controlling those risks identified in the corporate risk framework;
- establishing appropriate corporate risk tolerance levels;
- deploying capital on an economic capital basis; and
- reporting on a periodic basis to the Finance and Risk Committee of MetLife's Board of Directors; with respect to credit risk, reporting to the Investment Committee of MetLife's Board of Directors; and reporting on various aspects of risk, to financial and non-financial senior management committees.

Asset/Liability Management. The Company actively manages its assets using an approach that balances quality, diversification, asset/liability matching, liquidity, concentration and investment return. The goals of the investment process are to optimize, net of income tax, risk-adjusted investment income and risk-adjusted total return while ensuring that the assets and liabilities are reasonably managed on a cash flow and duration basis. The ALM process is the shared responsibility of MetLife's Financial Risk Management and Asset/Liability Management Unit, MetLife's Enterprise Risk Management Department, MetLife's Portfolio Management Unit, and the senior members of MetLife's business segments and is governed by MetLife's ALM Committees. MetLife's ALM Committees' duties include reviewing and approving target portfolios, establishing investment guidelines and limits and providing oversight of the ALM process on a periodic basis. The directives of the ALM Committees are carried out and monitored through ALM Working Groups which are set up to manage by product type. In addition, an ALM Steering Committee oversees the activities of the underlying ALM Committees.

MetLife establishes target asset portfolios for each major insurance product, which represent the investment strategies used to profitably fund its liabilities within acceptable levels of risk. These strategies are monitored through regular review of portfolio metrics, such as effective duration, yield curve sensitivity, convexity, liquidity, asset sector concentration and credit quality by the ALM Working Groups.

Market Risk Exposures

The Company has exposure to market risk through its insurance operations and investment activities. For purposes of this disclosure, "market risk" is defined as the risk of loss resulting from changes in interest rates, foreign currency exchange rates and equity markets.

Interest Rates. The Company's exposure to interest rate changes results most significantly from its holdings of fixed maturity securities, as well as its interest rate sensitive liabilities. The fixed maturity securities include

U.S. and foreign government bonds, securities issued by government agencies, corporate bonds and mortgage-backed securities, all of which are mainly exposed to changes in medium- and long-term interest rates. The interest rate sensitive liabilities for purposes of this disclosure include debt, PABs related to certain investment type contracts, and net embedded derivatives on variable annuities with guaranteed minimum benefits which have the same type of interest rate exposure (medium- and long-term interest rates) as fixed maturity securities. The Company employs product design, pricing and ALM strategies to reduce the adverse effects of interest rate movements. Product design and pricing strategies include the use of surrender charges or restrictions on withdrawals in some products and the ability to reset credited rates for certain products. ALM strategies include the use of derivatives and duration mismatch limits. See "Risk Factors — Changes in Market Interest Rates May Significantly Affect Our Profitability."

Foreign Currency Exchange Rates. The Company's exposure to fluctuations in foreign currency exchange rates against the U.S. dollar results from its holdings in non-U.S. dollar denominated fixed maturity securities and certain liabilities, as well as through its investments in foreign subsidiaries. The principal currencies that create foreign currency exchange rate risk in the Company's investment portfolios and liabilities are the Euro and the British pound. Through its investments in foreign subsidiaries and joint ventures, the Company is primarily exposed to the British pound. The Company has matched much of its foreign currency liabilities in its foreign subsidiaries with their respective foreign currency assets, thereby reducing its risk to foreign currency exchange rate fluctuation. See "Risk Factors — Fluctuations in Foreign Currency Exchange Rates Could Negatively Affect Our Profitability."

Equity Market. The Company has exposure to equity market risk through certain liabilities that involve long-term guarantees on equity performance such as net embedded derivatives on variable annuities with guaranteed minimum benefits, certain PABs along with investments in equity securities. We manage this risk on an integrated basis with other risks through our ALM strategies including the dynamic hedging of certain variable annuity guarantee benefits, as well as reinsurance, in order to limit losses, minimize exposure to large risks, and provide additional capacity for future growth. The Company also manages equity market risk exposure in its investment portfolio through the use of derivatives. Equity exposures associated with other limited partnership interests are excluded from this section as they are not considered financial instruments under GAAP.

Management of Market Risk Exposures

The Company uses a variety of strategies to manage interest rate, foreign currency exchange rate and equity market risk, including the use of derivative instruments.

Interest Rate Risk Management. To manage interest rate risk, the Company analyzes interest rate risk using various models, including multi-scenario cash flow projection models that forecast cash flows of the liabilities and their supporting investments, including derivative instruments. These projections involve evaluating the potential gain or loss on most of the Company's in-force business under various increasing and decreasing interest rate environments. The Connecticut State Insurance Department regulations require that the Company perform some of these analyses annually as part of the Company's review of the sufficiency of its regulatory reserves. For several of its legal entities, the Company maintains segmented operating and surplus asset portfolios for the purpose of ALM and the allocation of investment income to product lines. For each segment, invested assets greater than or equal to the GAAP liabilities less the DAC asset and any non-invested assets allocated to the segment are maintained, with any excess swept to the surplus segment. The business segments may reflect differences in legal entity, statutory line of business and any product market characteristic which may drive a distinct investment strategy with respect to duration, liquidity or credit quality of the invested assets. Certain smaller entities make use of unsegmented general accounts for which the investment strategy reflects the aggregate characteristics of liabilities in those entities. The Company measures relative sensitivities of the value of its assets and liabilities to changes in key assumptions utilizing Company models. These models reflect specific product characteristics and include assumptions based on current and anticipated experience regarding lapse, mortality and interest crediting rates. In addition, these models include asset cash flow projections reflecting interest payments, sinking fund payments, principal payments, bond calls, mortgage prepayments and defaults.

Common industry metrics, such as duration and convexity, are also used to measure the relative sensitivity of assets and liability values to changes in interest rates. In computing the duration of liabilities, consideration is given to all policyholder guarantees and to how the Company intends to set indeterminate policy elements such as interest credits or dividends. Each asset portfolio has a duration target based on the liability duration and the investment objectives of that portfolio. Where a liability cash flow may exceed the maturity of available assets, as is the case with certain retirement and non-medical health products, the Company may support such liabilities with equity investments, derivatives or curve mismatch strategies.

Foreign Currency Exchange Rate Risk Management. Foreign currency exchange rate risk is assumed primarily in three ways: investments in foreign subsidiaries, purchases of foreign currency denominated investments in the investment portfolio and the sale of certain insurance products.

- MetLife's Treasury Department is responsible for managing the exposure to investments in foreign subsidiaries. Limits to exposures are established and monitored by MetLife's Treasury Department and managed by MetLife's Investment Department.

- MetLife's Investment Department is responsible for managing the exposure to foreign currency investments. Exposure limits to unhedged foreign currency investments are incorporated into the standing authorizations granted to management by MetLife's Board of Directors and are reported to MetLife's Board of Directors on a periodic basis.

- The lines of business are responsible for establishing limits and managing any foreign exchange rate exposure caused by the sale or issuance of insurance products.

MetLife uses foreign currency swaps and forwards to mitigate the liability exposure, risk of loss and the volatility of net income associated with its investments in foreign subsidiaries, foreign currency denominated fixed income investments and the sale of certain insurance products.

Equity Market Risk Management. Equity market risk exposure through the issuance of variable annuities is managed by MetLife's Asset/Liability Management Unit in partnership with MetLife's Investment Department. Equity market risk is realized through its investment in equity securities and is managed by MetLife's Investment Department. MetLife and the Company use derivatives to mitigate their equity exposure both in certain liability guarantees such as variable annuities with guaranteed minimum benefits and equity securities. These derivatives include exchange-traded equity futures, equity index options contracts and equity variance swaps. The Company also employs reinsurance to manage these exposures.

Hedging Activities. The Company uses derivative contracts primarily to hedge a wide range of risks including interest rate risk, foreign currency risk, and equity risk. Derivative hedges are designed to reduce risk on an economic basis while considering their impact on accounting results and GAAP and Statutory capital. The construction of the Company's derivative hedge programs vary depending on the type of risk being hedged. Some hedge programs are asset or liability specific while others are portfolio hedges that reduce risk related to a group of liabilities or assets. The Company's use of derivatives by major hedge programs is as follows:

- Risks Related to Living Guarantee Benefits — The Company uses a wide range of derivative contracts to hedge the risk associated with variable annuity living guarantee benefits. These hedges include equity and interest rate futures, interest rate swaps, currency futures/forwards, equity indexed options, interest rate option contracts and equity variance swaps.

- Minimum Interest Rate Guarantees — For certain Company liability contracts, the Company provides the contractholder a guaranteed minimum interest rate. These contracts include certain fixed annuities and other insurance liabilities. The Company purchases interest rate floors to reduce risk associated with these liability guarantees.

- Reinvestment Risk in Long Duration Liability Contracts — Derivatives are used to hedge interest rate risk related to certain long duration liability contracts such as deferred annuities. Hedges include zero coupon interest rate swaps and swaptions.

- Foreign Currency Risk — The Company uses currency swaps and forwards to hedge foreign currency risk. These hedges primarily swap foreign currency denominated bonds or equity exposures to U.S. dollars.

- General ALM Hedging Strategies — In the ordinary course of managing the Company's asset/liability risks, the Company uses interest rate futures, interest rate swaps, interest rate caps, interest rate floors and inflation swaps. These hedges are designed to reduce interest rate risk or inflation risk related to the existing assets or liabilities or related to expected future cash flows.

Risk Measurement: Sensitivity Analysis

The Company measures market risk related to its market sensitive assets and liabilities based on changes in interest rates, equity prices and foreign currency exchange rates utilizing a sensitivity analysis. This analysis estimates the potential changes in estimated fair value based on a hypothetical 10% change (increase or decrease) in interest rates, equity market prices and foreign currency exchange rates. The Company believes that a 10% change (increase or decrease) in these market rates and prices is reasonably possible in the near-term. In performing the analysis summarized below, the Company used market rates at December 31, 2011. The sensitivity analysis separately calculates each of the Company's market risk exposures (interest rate, equity market and foreign currency exchange rate) relating to its trading and non trading assets and liabilities. The Company modeled the impact of changes in market rates and prices on the estimated fair values of its market sensitive assets and liabilities as follows:

- the net present values of its interest rate sensitive exposures resulting from a 10% change (increase or decrease) in interest rates;

- the U.S. dollar equivalent estimated fair values of the Company's foreign currency exposures due to a 10% change (increase or decrease) in foreign currency exchange rates; and

- the estimated fair value of its equity positions due to a 10% change (increase or decrease) in equity market prices.

The sensitivity analysis is an estimate and should not be viewed as predictive of the Company's future financial performance. The Company cannot ensure that its actual losses in any particular period will not exceed the amounts indicated in the table below. Limitations related to this sensitivity analysis include:

- the market risk information is limited by the assumptions and parameters established in creating the related sensitivity analysis, including the impact of prepayment rates on mortgages;

- for the derivatives that qualify as hedges, the impact on reported earnings may be materially different from the change in market values;

- the analysis excludes other significant real estate holdings and liabilities pursuant to insurance contracts; and

- the model assumes that the composition of assets and liabilities remains unchanged throughout the period.

Accordingly, the Company uses such models as tools and not as substitutes for the experience and judgment of its management. Based on its analysis of the impact of a 10% change (increase or decrease) in market rates and prices, the Company has determined that such a change could have a material adverse effect on the estimated fair value of certain assets and liabilities from interest rate, foreign currency exchange rate and equity exposures. The table below illustrates the potential loss in estimated fair value for each market risk exposure of the Company's market sensitive assets and liabilities at December 31, 2011:

	December 31, 2011 (In millions)
Non-trading:	
Interest rate risk	$ 1,231
Foreign currency exchange rate risk	$ 7
Equity market risk	$ 128

Sensitivity Analysis: Interest Rates. The table below provides additional detail regarding the potential loss in fair value of the Company's non-trading interest sensitive financial instruments at December 31, 2011 by type of asset or liability:

	December 31, 2011		
	Notional Amount	Estimated Fair Value (3)	Assuming a 10% Increase in the Yield Curve
		(In millions)	
Assets:			
Fixed maturity securities		$ 47,781	$ (697)
Equity securities		252	—
Other securities		3,665	—
Mortgage loans, net		6,946	(32)
Policy loans		1,307	(5)
Real estate joint ventures (1)		107	—
Other limited partnership interests (1)		126	—
Short-term investments		2,578	—
Cash and cash equivalents		745	—
Accrued investment income		568	—
Premiums and other receivables		6,880	(302)
Net embedded derivatives within asset host contracts (2)		2,815	(281)
Mortgage loan commitments	$ 167	—	(1)
Commitments to fund bank credit facilities and private corporate bond investments	$ 248	7	—
Total Assets			$ (1,318)
Liabilities:			
Policyholder account balances		$ 24,732	$ 153
Long-term debt		970	27
Payables for collateral under securities loaned and other transactions		8,079	—
Other		224	—
Net embedded derivatives within liability host contracts (2)		1,783	235
Total Liabilities			$ 415
Derivative Instruments:			
Interest rate swaps	$ 13,074	$ 991	$ (222)
Interest rate floors	$ 7,986	178	(18)
Interest rate caps	$ 10,133	19	4
Interest rate futures	$ 3,766	9	(45)
Interest rate forwards	$ 620	128	(35)
Foreign currency swaps	$ 1,792	235	—
Foreign currency forwards	$ 149	9	—
Credit default swaps	$ 2,426	(10)	—
Credit forwards	$ —	—	—
Equity futures	$ 1,007	4	—
Equity options	$ 2,111	482	(11)
Total rate of return swaps	$ 129	(2)	—
Variance swaps	$ 2,430	43	(1)
Total Derivative Instruments			$ (328)
Net Change			$ (1,231)

(1) Represents only those investments accounted for using the cost method.

(2) Embedded derivatives are recognized in the consolidated balance sheet in the same caption as the host contract.

(3) Separate account assets and liabilities which are interest rate sensitive are not included herein as any interest rate risk is borne by the holder of the separate account.

Interest rate risk has decreased by $46 million, or 4% to $1.2 billion at December 31, 2011 from $1.3 billion at December 31, 2010. The decrease in risk is primarily due to a large decline in interest rates across the long end of the swaps and U.S. Treasury curves, which decreased risk by $383 million. This decrease in risk was partially offset by an increase in premiums, reinsurance and other receivables of $199 million, and an increase in the use of derivatives employed by the Company of $132 million. The remainder of the fluctuation is attributable to numerous immaterial items.

Sensitivity Analysis: Foreign Currency Exchange Rates. The table below provides additional detail regarding the potential loss in estimated fair value of the Company's portfolio due to a 10% change in foreign currency exchange rates at December 31, 2011 by type of asset or liability:

	December 31, 2011		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Increase in the Foreign Exchange Rate
		(In millions)	
Assets:			
Fixed maturity securities		$ 47,781	$ (96)
Equity securities		252	(1)
Total Assets			$ (97)
Liabilities:			
Policyholder account balances		$ 24,732	$ 86
Total Liabilities			$ 86
Derivative Instruments:			
Interest rate swaps	$ 13,074	$ 991	$ (16)
Interest rate floors	$ 7,986	178	—
Interest rate caps	$ 10,133	19	—
Interest rate futures	$ 3,766	9	—
Interest rate forwards	$ 620	128	—
Foreign currency swaps	$ 1,792	235	6
Foreign currency forwards	$ 149	9	14
Credit default swaps	$ 2,426	(10)	—
Credit forwards	$ —	—	—
Equity futures	$ 1,007	4	—
Equity options	$ 2,111	482	—
Total rate of return swaps	$ 129	(2)	—
Variance swaps	$ 2,430	43	—
Total Derivative Instruments			$ 4
Net Change			$ (7)

(1) Estimated fair value presented in the table above represents the estimated fair value of all financial instruments within this financial statement caption not necessarily those solely subject to foreign currency exchange risk.

Foreign currency exchange rate risk decreased by $31 million to $7 million at December 31, 2011, from $38 million at December 31, 2010. This change was due to a decrease of $140 million in the foreign exposure associated with the use of derivatives employed by the Company. This was partially offset by an increase in foreign exposure associated with liabilities with guarantees of $95 million and in fixed maturities of $16 million. The remainder of the fluctuation is attributable to numerous immaterial items.

Sensitivity Analysis: Equity Market Prices. The table below provides additional detail regarding the potential loss in estimated fair value of the Company's portfolio due to a 10% change in equity at December 31, 2011 by type of asset or liability:

	December 31, 2011		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Increase in Equity Prices
		(In millions)	
Assets:			
Equity securities		$ 252	$ 15
Net embedded derivatives within asset host contracts (2)		2,815	(347)
Total Assets			$ (332)
Liabilities:			
Policyholder account balances		$ 24,732	$ —
Net embedded derivatives within liability host contracts (2)		1,783	347
Total Liabilities			$ 347
Derivative Instruments:			
Interest rate swaps	$ 13,074	$ 991	$ —
Interest rate floors	$ 7,986	178	—
Interest rate caps	$ 10,133	19	—
Interest rate futures	$ 3,766	9	—
Interest rate forwards	$ 620	128	—
Foreign currency swaps	$ 1,792	235	—
Foreign currency forwards	$ 149	9	—
Credit default swaps	$ 2,426	(10)	—
Credit forwards	$ —	—	—
Equity futures	$ 1,007	4	(102)
Equity options	$ 2,111	482	(32)
Total rate of return swaps	$ 129	(2)	(13)
Variance swaps	$ 2,430	43	4
Total Derivative Instruments			$ (143)
Net Change			$ (128)

(1) Estimated fair value presented in the table above represents the estimated fair value of all financial instruments within this financial statement caption not necessarily those solely subject to equity market price risk.

(2) Embedded derivatives are recognized in the consolidated balance sheet in the same caption as the host contract.

Equity market price risk increased by $50 million to $128 million at December 31, 2011 from $78 million at December 31, 2010. The increase in equity market price risk was primarily attributed to changes in net embedded

derivatives within asset host contracts of $117 million and in the use of equity derivatives employed by the Company to hedge its equity exposures of $135 million. This was partially offset by a decrease in the net embedded derivatives within liability host contracts of $201 million. The remainder of the fluctuation is attributable to numerous immaterial items.

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

There were no changes to the Company's internal control over financial reporting as defined in Exchange Act Rule 15d-15(f) during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management of MetLife Insurance Company of Connecticut and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

Management has documented and evaluated the effectiveness of the internal control of the Company at December 31, 2011 pertaining to financial reporting in accordance with the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In the opinion of management, MetLife Insurance Company of Connecticut maintained effective internal control over financial reporting at December 31, 2011.

Item 9B. ***Other Information***

None.

Part III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

Item 11. ***Executive Compensation***

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

Item 14. ***Principal Accountant Fees and Services***

Deloitte & Touche LLP ("Deloitte"), the independent auditor of MetLife, has served as the independent auditor of the Company since it was acquired in 2005. Its long-term knowledge of the MetLife group of companies, combined with its insurance industry expertise and global presence, has enabled it to carry out its audits of the Company's financial statements with effectiveness and efficiency. Deloitte is a registered public accounting firm with the Public Company Accounting Oversight Board (United States) ("PCAOB") as required by the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and the Rules of the PCAOB.

Independent Auditor's Fees for 2011 and 2010 (1)

The following table presents fees for professional services rendered by Deloitte for the audit of the Company's annual financial statements, audit-related services, tax services and all other services for the years ended December 31, 2011 and 2010.

	2011	2010
	(In millions)	
Audit Fees (2)	$ 5.93	$ 5.62
Audit-Related Fees (3)	$ 0.06	$ 0.14
Tax Fees (4)	$ —	$ —
All Other Fees (5)	$ —	$ —

(1) All fees shown in the table related to services that were approved by the Audit Committee of MetLife ("Audit Committee").

(2) Fees for services to perform an audit or review in accordance with auditing standards of the PCAOB and services that generally only the Company's independent auditor can reasonably provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the U.S. Securities and Exchange Commission ("SEC").

(3) Fees for assurance and related services that are traditionally performed by the Company's independent auditor, such as audit and related services for due diligence related to mergers, acquisitions and divestitures, accounting consultations and audits in connection with proposed or consummated acquisitions and

divestitures, control reviews, attest services not required by statute or regulation, and consultation concerning financial accounting and reporting standards.

(4) Fees for tax compliance, consultation and planning services. Tax compliance generally involves preparation of original and amended tax returns, claims for refunds and tax payment planning services. Tax consultation and tax planning encompass a diverse range of services, including assistance in connection with tax audits and filing appeals, tax advice related to mergers, acquisitions and divestitures, advice related to requests for rulings or technical advice from taxing authorities.

(5) Fees for other types of permitted services.

Approval of Fees

The Audit Committee approves Deloitte's audit and non-audit services to MetLife and its subsidiaries, including the Company, in advance as required under Sarbanes-Oxley and SEC rules. Before the commencement of each fiscal year, the Audit Committee appoints the independent auditor to perform audit services that MetLife expects to be performed for the fiscal year and appoints the auditor to perform audit-related, tax and other permitted non-audit services. The Audit Committee or a designated member of the Audit Committee to whom authority has been delegated may, from time to time, pre-approve additional audit and non-audit services to be performed by MetLife's independent auditor. Any pre-approval of services between Audit Committee meetings must be reported to the full Audit Committee at its next scheduled meeting.

If the audit, audit-related, tax and other permitted non-audit fees for a particular period or service exceed the amounts previously approved, the Audit Committee determines whether or not to approve the additional fees.

Based on the above information, the Audit Committee pre-approves the audit services that MetLife expects to be performed by the independent auditor in connection with the audit of the financial statements of MetLife and its subsidiaries, including the Company, for the current fiscal year, and the audit-related, tax and other permitted non-audit services that management of MetLife may desire to engage the independent auditor to perform during the twelve month period following such pre-approval. In addition, the Audit Committee approves the terms of the engagement letter to be entered into by MetLife with the independent auditor. The Audit Committee assures the regular rotation of the audit engagement team partners as required by law.

Part IV

Item 15. ***Exhibits and Financial Statement Schedules***

The following documents are filed as part of this report:

1. Financial Statements

The financial statements are listed in the Index to Consolidated Financial Statements and Schedules on page 76.

2. Financial Statement Schedules

The financial statement schedules are listed in the Index to Consolidated Financial Statements and Schedules on page 76.

3. Exhibits

The exhibits are listed in the Exhibit Index which begins on page E-1.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 22, 2012

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Michael K. Farrell
Name: Michael K. Farrell
Title: *Chairman of the Board, President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Maria R. Morris Maria R. Morris	Director	March 22, 2012
/s/ Michael K. Farrell Michael K. Farrell	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 22, 2012
/s/ Stanley J. Talbi Stanley J. Talbi	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 22, 2012
/s/ Peter M. Carlson Peter M. Carlson	Executive Vice President, Finance Operations and Chief Accounting Officer (Principal Accounting Officer)	March 22, 2012

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act: None.

No annual report to security holders covering the registrant's last fiscal year or proxy material with respect to any meeting of security holders has been sent, or will be sent, to security holders.

Exhibit Index

*(**Note Regarding Reliance on Statements in Our Contracts**: In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, 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 Insurance Company of Connecticut and its subsidiaries, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) 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; (ii) 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; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) 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 Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Annual Report on Form 10-K and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC's website at www.sec.gov.)*

Exhibit No.	Description
2.1	Acquisition Agreement between MetLife, Inc. and Citigroup Inc., dated as of January 31, 2005. (Incorporated by reference to Exhibit 2.3 to MetLife, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2009).
3.1	Charter of The Travelers Insurance Company (now MetLife Insurance Company of Connecticut), as effective October 19, 1994. (Incorporated by reference to Exhibit 3.1 to MetLife Insurance Company of Connecticut's Annual Report on Form 10- K for the fiscal year ended December 31, 2010 (the "2010 Annual Report")).
3.2	Certificate of Amendment of the Charter as Amended and Restated of MetLife Insurance Company of Connecticut, as effective May 1, 2006 (the "Certificate of Amendment"). (Incorporated by reference to Exhibit 3.2 to the 2010 Annual Report).
3.3	Certificate of Correction to the Certificate of Amendment, filed April 9, 2007. (Incorporated by reference to Exhibit 3.3 to MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007).
3.4	By-laws of MetLife Insurance Company of Connecticut, as effective October 20, 1994. (Incorporated by reference to Exhibit 3.4 to the 2010 Annual Report).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Annex B

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): May 31, 2012

MetLife Insurance Company of Connecticut

(Exact name of registrant as specified in its charter)

Connecticut	33-03094	06-0566090
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
1300 Hall Boulevard, Bloomfield, Connecticut (Address of Principal Executive Offices)		06002 (Zip Code)

(212) 578-2211 (Registrant's Telephone Number, Including Area Code)

N/A (Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.435)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 ***Other Events.***

MetLife Insurance Company of Connecticut, is filing this Current Report on Form 8-K to reflect the impact on its previously filed financial statements and other disclosures included in MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 Annual Report") filed with the U.S. Securities and Exchange Commission ("SEC") of three actions taken by MetLife Insurance Company of Connecticut and its subsidiaries (the "Company" or "MICC"), a wholly-owned subsidiary of MetLife, Inc. ("MetLife"), in the first quarter of 2012: (i) the retrospective application of the adoption of new accounting guidance regarding accounting for deferred policy acquisition costs ("DAC"); (ii) the reorganization of MICC's business into two segments; and (iii) the retrospective application of the adoption of new accounting guidance regarding comprehensive income, each as detailed below.

On January 1, 2012, the Company adopted new guidance regarding accounting for DAC, which was applied retrospectively. The guidance specifies that only costs related directly to successful acquisition of new or renewal contracts can be capitalized as DAC; all other acquisition-related costs must be expensed as incurred. Under the new guidance, advertising costs may only be included in DAC if the capitalization criteria in the direct-response advertising guidance in Subtopic 340-20, Other Assets and Deferred Costs—Capitalized Advertising Costs, are met. As a result, certain direct marketing, sales manager compensation and administrative costs previously capitalized by the Company will no longer be deferred. See Note 1 of the Notes to the Consolidated Financial Statements included within Item 8 of Part II in Exhibit 99.1 to this Current Report on Form 8-K for the effects of the retrospective application of such new accounting guidance.

The 2011 Annual Report is also being revised to reflect the reorganization of MICC's business. As announced in November 2011, effective in the first quarter of 2012, MetLife, Inc. reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, MICC reorganized into two segments: Retail Products and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. Prior period results have been revised in connection with this reorganization.

Lastly, on January 1, 2012, the Company adopted new guidance regarding comprehensive income, which was applied retrospectively, that provides companies with the option to present the total of comprehensive income, components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements in annual financial statements. The objective of the standard is to increase the prominence of items reported in other comprehensive income and to facilitate convergence of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The standard eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified in net income. The Company adopted the two-statement approach for annual statements. See the Consolidated Statements of Comprehensive Income in the Consolidated Financial Statements included within Item 8 of Part II in Exhibit 99.1 to this Current Report on Form 8-K.

The following items of the 2011 Annual Report (collectively, the "Revised Sections") are being revised as and to the extent reflected in Exhibit 99.1 to this Current Report on Form 8-K:

- Part I, Item 1. Business;
- Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Part II, Item 8. Financial Statements and Supplementary Data; and
- Part IV, Item 15. Exhibits and Financial Statement Schedules.

The Revised Sections are being filed as Exhibit 99.1 to this Current Report on Form 8-K and it is hereby incorporated by reference herein. The disclosures filed as Exhibit 99.1 supersede the corresponding portions of the 2011 Annual Report, as specified in such Exhibit. No Items of the 2011 Annual Report other than those identified above are being revised by this filing. Information in the 2011 Annual Report is generally stated as of

December 31, 2011 and this filing does not reflect any subsequent information or events other than the changes described above and those reflected in Note 16 of the Notes to the Consolidated Financial Statements included within Item 8 of Part II in Exhibit 99.1 to this Current Report on Form 8-K. Without limitation of the foregoing, this filing does not purport to update the Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the 2011 Annual Report for any information, uncertainties, transactions, risks, events or trends occurring, or known to management, other than the events described above. More current information is contained in MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (the "Quarterly Report on Form 10-Q") and other filings with the SEC. This Current Report on Form 8-K should be read in conjunction with the 2011 Annual Report, the Quarterly Report on Form 10-Q and other filings made by MetLife Insurance Company of Connecticut with the SEC.

Item 9.01 ***Financial Statements and Exhibits.***

(a) Not applicable

(b) Not applicable

(c) Not applicable

(d) Exhibits

23.1	Consent of Deloitte & Touche LLP.
99.1	Revised items in 2011 Annual Report on Form 10-K: Part I, Item 1. Business Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Part II, Item 8. Financial Statements and Supplementary Data Part IV, Item 15. Exhibits and Financial Statement Schedules
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Peter M. Carlson

Name: Peter M. Carlson
Title: Executive Vice President, Finance Operations and Chief Accounting Officer (Authorized Signatory and Principal Accounting Officer)

Date: May 31, 2012

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Deloitte & Touche LLP.
99.1	Revised items in 2011 Annual Report on Form 10-K: Part I, Item 1. Business Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Part II, Item 8. Financial Statements and Supplementary Data Part IV, Item 15. Exhibits and Financial Statement Schedules
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

The 2011 Annual Report is being revised to reflect the impact on previously filed financial statements and other disclosures therein of the three actions taken by MICC described in Item 8.01 of this Current Report on Form 8-K. The 2011 Annual Report is revised as follows:

- the information set forth under the heading "Part I, Item 1. Business," beginning with the first paragraph and continuing through and including the last paragraph under the heading "Reinsurance Activity" in the 2011 Annual Report is replaced in its entirety by the information set forth below in this Exhibit 99.1 under the heading "Part 1, Item 1. Business."

- the information set forth in the following sections under the heading of "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2011 Annual Report is replaced in its entirety by the information set forth below in this Exhibit 99.1 in the corresponding sections under the heading of "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations":

    - Introduction
    - Summary of Critical Accounting Estimates
    - Results of Operations

- the information set forth under the heading "Part II, Item 8. Financial Statements and Supplementary Data" in the 2011 Annual Report is replaced in its entirety by the information set forth below in this Exhibit 99.1 under the heading "Part II, Item 8. Financial Statements and Supplementary Data."

- the information set forth under the heading "Part IV, Item 15. Exhibits and Financial Statement Schedules" in the 2011 Annual Report is replaced in its entirety by the information set forth below in this Exhibit 99.1 under the heading "Part IV, Item 15. Exhibits and Financial Statement Schedules."

Other than as set forth herein, the 2011 Annual Report remains unchanged. Those sections of the 2011 Annual Report which have not been revised as set forth herein are not materially impacted by the actions taken by MICC described in this Form 8-K and/or have already been updated through the Quarterly Report on Form 10-Q, including Risk Factors and the Note Regarding Forward Looking Statements contained in the Quarterly Report on Form 10-Q, and are not included in this Current Report on Form 8-K. Accordingly, the revised information set forth in this Current Report on Form 8-K should be read in conjunction with the 2011 Annual Report.

Part I

Item 1. *Business*

For purposes of this discussion, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company. MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife").

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, MICC reorganized into two segments: Retail Products and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. Prior period results have been revised in connection with this reorganization. Management continues to evaluate the Company's segment performance and allocated resources and may adjust such measurements in the future to better reflect segment profitability.

Our Retail Products segment includes our Annuities and Life businesses, which were previously reported in our former Retirement Products and Insurance Products segments, respectively. In addition, our Corporate Benefit Funding segment remains essentially unchanged from prior periods. Lastly, our non-medical health business, which was previously reported in our former Insurance Products segment, is now reported in Corporate & Other.

Our Retail Products segment offers a broad range of protection products and a variety of annuities primarily to individuals, and is organized into two businesses: Annuities and Life. Annuities include variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Life insurance products include variable life, universal life, term life and whole life products, including participating business.

Our Corporate Benefit Funding segment includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets.

Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations and non-medical health business, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Operating revenues derived from any customer did not exceed 10% of consolidated operating revenues in any of the last three years. Financial information, including revenues, expenses, operating earnings, and total assets by segment, is provided in Note 14 of the Notes to the Consolidated Financial Statements. Operating revenues and operating earnings are performance measures that are not based on accounting principles generally accepted in the United States of America ("GAAP"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for definitions of such measures.

Sales Distribution

We market our products and services through various distribution groups. Our Retail Annuities and Life products targeted to individuals are sold via sales forces, comprised of MetLife employees, in addition to third-party organizations. Our corporate benefit funding products are sold via sales forces primarily comprised of MetLife employees. MetLife sales employees work with all distribution groups to better reach and service customers, brokers, consultants and other intermediaries.

Individual Distribution

Our individual distribution sales group targets the large middle-income market, as well as affluent individuals, owners of small businesses and executives of small- to medium-sized companies. We have also been successful in selling our products in various multi-cultural markets. The individual distribution sales group is comprised of three channels: the MetLife distribution channel, a career agency system, the New England Financial distribution channel, a general agency system, and MetLife Resources, a career agency system.

Retail Annuity products are sold through our individual distribution sales group and also through various third-party organizations such as regional broker-dealers, New York Stock Exchange brokerage firms, financial planners and banks.

Retail Life products are sold through our individual distribution sales group and also through various third-party organizations utilizing two models. In the coverage model, wholesalers sell to high net worth individuals and small- to medium-sized businesses through independent general agencies, financial advisors, consultants, brokerage general agencies and other independent marketing organizations under contractual arrangements. In the point of sale model, wholesalers sell through financial intermediaries, including regional broker-dealers, brokerage firms, financial planners and banks. Additionally, we sell term insurance through a direct marketing initiative.

Group Distribution

Corporate Benefit Funding products and services are distributed through dedicated sales teams and relationship managers located in offices around the country. Products may be sold directly to benefit plan sponsors and advisors or through brokers, consultants or other intermediaries. In addition, the retirement & benefits funding distribution organization works with individual distribution and group life distribution areas to better reach and service customers, brokers, consultants and other intermediaries.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet our policy obligations when a policy matures or is surrendered, an insured dies or becomes disabled or upon the occurrence of other covered events, or to provide for future annuity payments. Amounts for actuarial liabilities are computed and reported in the consolidated financial statements in conformity with GAAP. For more details on Policyholder Liabilities see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Liability for Future Policy Benefits."

In establishing actuarial liabilities for life and non-medical health insurance policies and annuity contracts, we distinguish between short and long duration contracts. Long duration contracts primarily consist of traditional whole life, guaranteed renewable term life, universal life, annuities and individual disability income and long-term care ("LTC").

Actuarial liabilities for term life, whole life, LTC and limited pay contracts such as single premium immediate individual annuities, structured settlement annuities and certain group pension annuities are equal to the present value of future benefit payments and related expenses less the present value of future net premiums plus premium deficiency reserves, if any. For limited pay contracts, we also defer the excess of the gross premium over the net premium and recognize such excess into income in a constant relationship with insurance in-force for life insurance contracts and in relation to anticipated future benefit payments for annuity contracts.

We determine actuarial liabilities for long duration contracts using assumptions based on experience, plus a margin for adverse deviation. For these long duration contracts, assumptions such as mortality, morbidity and interest rates are "locked in" upon the issuance of new business. However, significant adverse changes in experience on such contracts may require us to establish premium deficiency reserves. Such reserves are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

The actuarial liabilities established for the above products include future policy benefits (associated with base policies and riders, unearned mortality charges and future disability benefits), other policyholder liabilities (associated with unearned revenues and claims payable) and for unearned revenue (the unamortized portion of front-end loads charged). We also establish liabilities for minimum benefit guarantees relating to certain annuity contracts and secondary guarantees relating to certain life policies.

Liabilities for investment-type and universal life-type products primarily consist of policyholder account balances. Investment-type products include individual annuity contracts in the accumulation phase and certain group pension contracts that have limited or no mortality risk. Universal life-type products consist of universal and variable life contracts and contain group pension contracts. For universal life-type contracts with front-end loads, we defer the charge and amortize the unearned revenue using the product's estimated gross profits.

Pursuant to state insurance laws and country regulators, we establish statutory reserves, reported as liabilities, to meet our obligations on our respective policies. These statutory reserves are established in amounts sufficient to meet policy and contract obligations, when taken together with expected future premiums and interest at assumed rates. Statutory reserves and actuarial liabilities for future policy benefits generally differ based on accounting guidance.

The Connecticut State Insurance Law and regulations require us to submit to the Connecticut Commissioner of Insurance ("Connecticut Commissioner"), or other state insurance departments, with each annual report, an opinion and memorandum of a "qualified actuary" that the statutory reserves and related actuarial amounts recorded in support of specified policies and contracts, and the assets supporting such statutory reserves and related actuarial amounts, make adequate provision for our statutory liabilities with respect to these obligations. See "— Regulation — Insurance Regulation — Policy and Contract Reserve Adequacy Analysis."

Due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of actuarial liabilities, we cannot precisely determine the amounts that will ultimately be paid with respect to these actuarial liabilities, and the ultimate amounts may vary from the estimated amounts, particularly when payments may not occur until well into the future.

However, we believe our actuarial liabilities for future benefits are adequate to cover the ultimate benefits required to be paid to policyholders. We periodically review our estimates of actuarial liabilities for future benefits and compare them with our actual experience. We revise estimates, to the extent permitted or required under GAAP, if we determine that future expected experience differs from assumptions used in the development of actuarial liabilities.

Underwriting and Pricing

Underwriting

Underwriting generally involves an evaluation of applications for Retail Products and Corporate Benefit Funding by a professional staff of underwriters and actuaries, who determine the type and the amount of risk that we are willing to accept. We employ detailed underwriting policies, guidelines and procedures designed to assist the underwriter to properly assess and quantify risks before issuing policies to qualified applicants or groups.

Insurance underwriting considers not only an applicant's medical history, but also other factors such as financial profile, foreign travel, vocations and alcohol, drug and tobacco use. Group underwriting generally evaluates the risk characteristics of each prospective insured group, although with certain voluntary products and for certain coverages, members of a group may be underwritten on an individual basis. We generally perform our own underwriting; however, certain policies are reviewed by intermediaries under guidelines established by us. Generally, we are not obligated to accept any risk or group of risks from, or to issue a policy or group of policies to, any employer or intermediary. Requests for coverage are reviewed on their merits and generally a policy is not issued unless the particular risk or group has been examined and approved by our underwriters.

The underwriting conducted by our remote underwriting offices and intermediaries, as well as our corporate underwriting office, are subject to periodic quality assurance reviews to maintain high-standards of underwriting and consistency. Such offices are also subject to periodic external audits by reinsurers with whom we do business.

We have established senior level oversight of the underwriting process that facilitates quality sales and serves the needs of our customers, while supporting our financial strength and business objectives. Our goal is to achieve the underwriting, mortality and morbidity levels reflected in the assumptions in our product pricing. This is accomplished by determining and establishing underwriting policies, guidelines, philosophies and strategies that are competitive and suitable for the customer, the agent and us.

Subject to very few exceptions, agents in each of the distribution channels have binding authority for risks which fall within its published underwriting guidelines. Risks falling outside the underwriting guidelines may be submitted for approval to the underwriting department; alternatively, agents in such a situation may call the underwriting department to obtain authorization to bind the risk themselves. In most states, we generally have the right within a specified period (usually the first 60 days) to cancel any policy.

Pricing

Pricing reflects our corporate underwriting standards. Product pricing is based on the expected payout of benefits calculated through the use of assumptions for mortality, morbidity, expenses, persistency and investment returns, as well as certain macroeconomic factors, such as inflation. Investment-oriented products are priced based on various factors, which may include investment return, expenses, persistency and optionality. For certain investment oriented products in the U.S. and certain business sold outside the U.S., pricing may include prospective and retrospective experience rating features. Prospective experience rating involves the evaluation of past experience for the purpose of determining future premium rates and all prior year gains and losses are borne by us. Retrospective experience rating also involves the evaluation of past experience for the purpose of

determining the actual cost of providing insurance for the customer; however, the contract includes certain features that allow us to recoup certain losses or distribute certain gains back to the policyholder based on actual prior years' experience.

Products offered by Corporate Benefit Funding are priced on demand. Pricing reflects expected investment returns, as well as mortality, longevity and expense assumptions appropriate for each product. This business is generally nonparticipating and illiquid, policyholders have little or no options or contractual rights to cash values.

Rates for individual life insurance products are highly regulated and must be approved by the regulators of the jurisdictions in which the product is sold. Generally such products are renewed annually and may include pricing terms that are guaranteed for a certain period of time. Fixed and variable annuity products are also highly regulated and approved by the respective regulators. Such products generally include penalties for early withdrawals and policyholder benefit elections to tailor the form of the product's benefits to the needs of the opting policyholder. We periodically reevaluate the costs associated with such options and will periodically adjust pricing levels on our guarantees. Further, from time to time, we may also reevaluate the type and level of guarantee features currently being offered.

We continually review our underwriting and pricing guidelines so that our policies remain competitive and supportive of our marketing strategies and profitability goals.

Reinsurance Activity

We participate in reinsurance activities in order to limit losses, minimize exposure to significant risks, and provide additional capacity for future growth. We enter into various agreements with reinsurers that cover individual risks, group risks or defined blocks of business, primarily on a coinsurance, yearly renewable term, excess or catastrophe excess basis. These reinsurance agreements spread risk and minimize the effect of losses. The extent of each risk retained by us depends on our evaluation of the specific risk, subject, in certain circumstances, to maximum retention limits based on the characteristics of coverages. We also cede first dollar mortality risk under certain contracts. In addition to reinsuring mortality risk, we reinsure other risks, as well as specific coverages. We obtain reinsurance for capital requirement purposes and also when the economic impact of the reinsurance agreement makes it appropriate to do so.

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse us for the ceded amount in the event a claim is paid. Cessions under reinsurance agreements do not discharge our obligations as the primary insurer. In the event that reinsurers do not meet their obligations under the terms of the reinsurance agreements, reinsurance balances recoverable could become uncollectible.

We reinsure our business through a diversified group of well-capitalized, highly rated reinsurers for both affiliated and unaffiliated reinsurance. We analyze recent trends in arbitration and litigation outcomes in disputes, if any, with our reinsurers. We monitor ratings and evaluate the financial strength of our reinsurers by analyzing their financial statements. In addition, the reinsurance recoverable balance due from each reinsurer is evaluated as part of the overall monitoring process. Recoverability of reinsurance recoverable balances is evaluated based on these analyses. We generally secure large reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit.

Retail Products

Our Retail Annuities business reinsures 100% of the living and death benefit guarantees associated with our variable annuities issued since 2006 to an affiliated reinsurer and certain portions of the living and death benefit guarantees associated with our variable annuities issued prior to 2006 to affiliated and unaffiliated reinsurers. Under these reinsurance agreements, we pay a reinsurance premium generally based on fees associated with the guarantees collected from policyholders, and receive reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations. We also reinsure 90% of our new production of fixed annuities to an affiliated reinsurer.

For our Retail Life insurance products, we have historically reinsured the mortality risk primarily on an excess of retention basis or a quota share basis. We currently reinsure 90% of the mortality risk in excess of $1 million for most products and reinsure up to 90% of the mortality risk for certain other products. In addition to reinsuring mortality risk as described above, we reinsure other risks, as well as specific coverages. Placement of reinsurance is done primarily on an automatic basis and also on a facultative basis for risks with specified characteristics. On a case by case basis, we may retain up to $5 million per life on single life individual policies and reinsure 100% of amounts in excess of the amount we retain. We evaluate our reinsurance programs routinely and may increase or decrease our retention at any time. We also reinsure the risk associated with secondary death benefit guarantees on certain universal life insurance policies to an affiliate.

Corporate Benefit Funding

Our Corporate Benefit Funding segment has periodically engaged in reinsurance activities, as considered appropriate.

Corporate & Other

We also reinsure through 100% quota share reinsurance agreements certain run-off LTC and workers' compensation business written by MetLife Insurance Company of Connecticut.

For other policies within Corporate & Other, we generally retain most of the risk and only cede particular risks on certain client arrangements.

Catastrophe Coverage

We have exposure to catastrophes, which could contribute to significant fluctuations in our results of operations. We also use excess of retention and quota share reinsurance agreements to provide greater diversification of risk and minimize exposure to larger risks.

Reinsurance Recoverables

For information regarding ceded reinsurance recoverable balances, included in premiums, reinsurance and other receivables in the consolidated balance sheets, see Note 8 of the Notes to the Consolidated Financial Statements.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

For purposes of this discussion, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). Management's narrative analysis of the results of operations is presented pursuant to General Instruction I(2)(a) of Form 10-K. This narrative analysis should be read in conjunction with "Note Regarding Forward-Looking Statements," "Risk Factors," and the Company's consolidated financial statements included elsewhere herein.

This narrative analysis may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. Any or all forward-looking statements may turn out to be wrong. Actual results could differ materially from those expressed or implied in the forward-looking statements. See "Note Regarding Forward-Looking Statements."

The following discussion includes references to our performance measure, operating earnings, that is not based on accounting principles generally accepted in the United States of America ("GAAP"). Operating earnings is the measure of segment profit or loss we use to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is our measure of segment performance.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits ("GMIB") fees ("GMIB Fees"); and
- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances ("PABs") but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and business combinations.

We believe the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Operating revenues, operating expenses and operating earnings should not be viewed as substitutes for the following financial measures calculated in accordance with GAAP: GAAP revenues, GAAP expenses and GAAP net income, respectively. Reconciliations of these measures to the most directly comparable GAAP measures are included in "— Results of Operations."

In 2011, management modified its definition of operating earnings to exclude impacts related to certain variable annuity guarantees and Market Value Adjustments to better conform to the way it manages and assesses its business. Accordingly, such results are no longer reported in operating earnings. Consequently, prior year results for Retail Products and total consolidated operating earnings have been reduced by $28 million, net of $15 million of income tax, for the year ended December 31, 2010.

In this discussion, we sometimes refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, MICC reorganized into two segments: Retail Products and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. Management continues to evaluate the Company's segment performance and allocated resources and may adjust such measurements in the future to better reflect segment profitability. See "Business" for further information on the reorganization of the Company's business.

Also in the first quarter of 2012, the Company adopted new guidance regarding accounting for DAC. See Note 1 of the Notes to the Consolidated Financial Statements for further information. As a result, prior period results have been revised in connection with MICC's reorganization and the retrospective application of the first quarter 2012 adoption of new guidance regarding accounting for DAC.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements. For a discussion of the Company's significant accounting policies see Note 1 of the Notes to the Consolidated Financial Statements. The most critical estimates include those used in determining:

(i) estimated fair values of investments in the absence of quoted market values;

(ii) investment impairments;

(iii) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;

(iv) capitalization and amortization of DAC and the establishment and amortization of VOBA;

(v) measurement of goodwill and related impairment, if any;

(vi) liabilities for future policyholder benefits and the accounting for reinsurance;

(vii) measurement of income taxes and the valuation of deferred tax assets; and

(viii) liabilities for litigation and regulatory matters.

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

Estimated Fair Value of Investments

In determining the estimated fair value of fixed maturity securities, equity securities, investments in other securities, short-term investments, cash equivalents and mortgage loans, various methodologies, assumptions and inputs are utilized.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The market standard valuation methodologies utilized include: discounted cash flow methodologies, matrix pricing or other similar techniques. The inputs to 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, estimated duration and management's assumptions regarding 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, liquid 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. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and consistent with what other market participants would use when pricing such securities.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. The Company's ability to sell securities, or the price ultimately realized for these securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities.

See Note 4 of the Notes to the Consolidated Financial Statements for additional information regarding the estimated fair value of investments.

Investment Impairments

One of the significant estimates related to available-for-sale securities is the evaluation of investments for impairments. The assessment of whether impairments have occurred is based on our case-by-case evaluation of the underlying reasons for the decline in estimated fair value. The Company's review of its fixed maturity and equity securities for impairment includes an analysis of gross unrealized losses by three categories of severity and/or age of gross unrealized loss. 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 certain equity securities, greater weight and consideration are given by the Company to a decline in estimated fair value and the likelihood such estimated fair value decline will recover.

Additionally, we consider a wide range of factors about the security issuer and use our best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in our evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used by the Company in the impairment evaluation process include, but are not limited to:

(i) the length of time and the extent to which the estimated fair value has been below cost or amortized cost;

(ii) the potential for impairments of securities when the issuer is experiencing significant financial difficulties;

(iii) the potential for impairments in an entire industry sector or sub-sector;

(iv) the potential for impairments in certain economically depressed geographic locations;

(v) the potential for impairments of securities where the issuer, series of issuers or industry has suffered a catastrophic type of loss or has exhausted natural resources;

(vi) with respect to fixed maturity securities, whether the Company has the intent to sell or will more likely than not be required to sell a particular security before recovery of the decline in estimated fair value below amortized cost;

(vii) with respect to equity securities, whether the Company's ability and intent to hold a particular security for a period of time sufficient to allow for the recovery of its estimated fair value to an amount at least equal to its cost;

(viii) with respect to structured securities, changes in forecasted cash flows after considering the quality of underlying collateral; expected prepayment speeds; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security; and

(ix) other subjective factors, including concentrations and information obtained from regulators and rating agencies.

The determination of the amount of allowances and impairments on other invested asset classes is highly subjective and is based upon the Company's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

See Note 2 of the Notes to the Consolidated Financial Statements for additional information relating to investment impairments.

Derivative Financial Instruments

The determination of estimated fair value of freestanding derivatives, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models. See Note 3 of the Notes to the Consolidated Financial Statements for additional details on significant inputs into the over-the-counter derivative pricing models and credit risk adjustment.

The Company issues certain variable annuity products with guaranteed minimum benefits, which are measured at estimated fair value separately from the host variable annuity product, with changes in estimated fair value reported in net derivative gains (losses). The estimated fair values of these embedded derivatives are determined based on the present value of projected future benefits minus the present value of projected future fees. The projections of future benefits and future fees require capital market and actuarial assumptions including expectations concerning policyholder behavior. 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. The valuation of these embedded derivatives also includes an adjustment for the Company's nonperformance risk and risk margins for non-capital market inputs. The nonperformance risk adjustment, which is captured as a spread over the risk free rate in determining the discount rate to discount the cash flows of the liability, is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife'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 MetLife. 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 in certain actuarial assumptions. 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.

As part of its regular review of critical accounting estimates, the Company periodically assesses inputs for estimating nonperformance risk 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 during the recent financial crisis. As a result, at the end of the second quarter of 2010, the Company refined the manner 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 refinement impacted the Company's net income, with no effect on operating earnings.

The accounting for derivatives is complex and interpretations of accounting standards continue to evolve in practice. If it is determined that hedge accounting designations were not appropriately applied, reported net income could be materially affected. Differences in judgment as to the availability and application of hedge accounting designations and the appropriate accounting treatment may result in a differing impact on the consolidated financial statements of the Company from that previously reported. Assessments of hedge effectiveness and measurements of ineffectiveness of hedging relationships are also subject to interpretations and estimations and different interpretations or estimates may have a material effect on the amount reported in net income.

Variable annuities with guaranteed minimum benefits 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 the Company's nonperformance risk, 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. If interpretations change, there is a risk that features previously not bifurcated may require bifurcation and reporting at estimated fair value in the consolidated financial statements and respective changes in estimated fair value could materially affect net income.

Additionally, the Company ceded the risk associated with certain of the variable annuities with guaranteed minimum benefits described in the preceding paragraphs to an affiliated reinsurance company. 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 with the exception of the input for nonperformance risk that reflects the credit of the reinsurer. Because certain of the direct guarantees do not meet the definition of an embedded derivative and, thus are not accounted for at fair value, significant fluctuations in net income may occur since the change in fair value of the embedded derivative on the ceded risk is being

recorded in net income without a corresponding and offsetting change in fair value of the direct guarantee. See Note 4 of the Notes to the Consolidated Financial Statements for additional information on the Company's derivatives and hedging programs.

Deferred Policy Acquisition Costs and Value of Business Acquired

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that relate directly to the successful acquisition or renewal of insurance contracts are deferred as DAC. In addition to commissions and other direct costs, deferrable costs include the portion of an employee's total compensation and benefits related to time spent selling, underwriting or processing the issuance of new and renewal insurance business only with respect to actual policies acquired or renewed. The Company utilizes various techniques to estimate the portion of an employee's time spent on qualifying acquisition activities that result in actual sales, including surveys, interviews, representative time studies and other methods. These estimates include assumptions that are reviewed and updated on a periodic basis or more frequently to reflect significant changes in processes or distribution methods.

VOBA represents the excess of book value over the estimated fair value of acquired insurance, annuity and investment-type contracts in-force at the acquisition date. The estimated fair value of the acquired liabilities is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience on the purchased business may vary from these projections. The recovery of DAC and VOBA is dependent upon the future profitability of the related business.

Separate account rates of return on variable universal life contracts and variable deferred annuity contracts affect in-force account balances on such contracts each reporting period which can result in significant fluctuations in amortization of DAC and VOBA. The Company's practice to determine the impact of gross profits resulting from returns on separate accounts assumes that long-term appreciation in equity markets is not changed by short-term market fluctuations, but is only changed when sustained interim deviations are expected. The Company monitors these events and only changes the assumption when its long-term expectation changes. The effect of an increase/(decrease) by 100 basis points in the assumed future rate of return is reasonably likely to result in a decrease/(increase) in the DAC and VOBA amortization of approximately $63 million with an offset to the Company's unearned revenue liability of approximately $1 million for this factor.

The Company also periodically reviews other long-term assumptions underlying the projections of estimated gross margins and profits. These include investment returns, policyholder dividend scales, interest crediting rates, mortality, persistency, and expenses to administer business. Assumptions used in the calculation of estimated gross margins and profits which may have significantly changed are updated annually. If the update of assumptions causes expected future gross margins and profits to increase, DAC and VOBA amortization will decrease, resulting in a current period increase to earnings. The opposite result occurs when the assumption update causes expected future gross margins and profits to decrease.

The Company's most significant assumption updates resulting in a change to expected future gross margins and profits and the amortization of DAC and VOBA are due to revisions to expected future investment returns, expenses, in-force or persistency assumptions, variable and universal life contracts and annuity contracts. During 2011, the amount of net investment gains (losses), as well as the assumption updates associated with future policyholder behavior and the separate account rate of returns also resulted in significant changes to actual and expected future gross profits impacting amortization of DAC and VOBA. The Company expects these assumptions to be the ones most reasonably likely to cause significant changes in the future. Changes in these assumptions can be offsetting and the Company is unable to predict their movement or offsetting impact over time.

Goodwill

Goodwill is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, the implied fair value of the reporting unit goodwill is compared to the carrying value of that goodwill to measure the amount of impairment loss, if any. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected operating earnings, current book value (with or without accumulated other comprehensive income), the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, the account value of in-force business, projections of new and renewal business, as well as margins on such business, the level of interest rates, credit spreads, equity market levels, and the discount rate that we believe is appropriate for the respective reporting unit. The estimated fair values of annuities and life reporting units are particularly sensitive to the equity market levels.

We apply significant judgment when determining the estimated fair value of our reporting units. The valuation methodologies utilized are subject to key judgments and assumptions that are sensitive to change. Estimates of fair value are inherently uncertain and represent only management's reasonable expectation regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Declines in the estimated fair value of our reporting units could result in goodwill impairments in future periods which could materially adversely affect our results of operations or financial position.

On an ongoing basis, we evaluate potential triggering events that may affect the estimated fair value of our reporting units to assess whether any goodwill impairment exists.

In the first quarter of 2012, MetLife began reporting its results in three broad geographic regions. As a result, the Company's reporting structure has changed, as well as the composition of certain of its reporting units.

See Note 6 of the Notes to the Consolidated Financial Statements for additional information on the Company's goodwill.

Liability for Future Policy Benefits

Generally, future policy benefits are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, policy lapse, renewal, retirement, disability incidence, disability terminations, investment returns, inflation, expenses and other contingent events as appropriate to the respective product type. These assumptions are established at the time the policy is issued and are intended to estimate the experience for the period the policy benefits are payable. Utilizing these assumptions, liabilities are established on a block of business basis. If experience is less favorable than assumed, additional liabilities may be established, resulting in a charge to policyholder benefits and claims.

Future policy benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumptions as to claim terminations, expenses and interest.

Liabilities for unpaid claims are estimated based upon the Company's historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs. With respect to workers' compensation insurance, such unpaid claims are reduced for anticipated subrogation.

Future policy benefit liabilities for minimum death and income benefit guarantees relating to certain annuity contracts are based on estimates of the expected value of benefits in excess of the projected account balance, recognizing the excess ratably over the accumulation period based on total expected assessments. Liabilities for universal and variable life secondary guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the

accumulation period based on total expected assessments. The assumptions used in estimating the secondary guarantee liabilities are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk.

The Company periodically reviews its estimates of actuarial liabilities for future policy benefits and compares them with its actual experience. Differences between actual experience and the assumptions used in pricing these policies and guarantees, as well as in the establishment of the related liabilities, result in variances in profit and could result in losses.

See Note 7 of the Notes to the Consolidated Financial Statements for additional information on the Company's liability for future policy benefits.

Reinsurance

Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. The Company periodically reviews actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluates the financial strength of counterparties to its reinsurance agreements using criteria similar to that evaluated in the security impairment process discussed previously. Additionally, for each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims. If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting.

See Note 8 of the Notes to the Consolidated Financial Statements for additional information on the Company's reinsurance programs.

Income Taxes

The Company provides for federal, state and foreign income taxes currently payable, as well as those deferred due to temporary differences between the financial reporting and tax bases of assets and liabilities. The Company's accounting for income taxes represents management's best estimate of various events and transactions. These tax laws are complex and are subject to differing interpretations by the taxpayer and the relevant governmental taxing authorities. In establishing a provision for income tax expense, we must make judgments and interpretations about the application of these inherently complex tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions, both domestic and foreign.

The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. Valuation allowances are established when management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. Factors in management's determination include the performance of the business and its ability to generate capital gains. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

(i) future taxable income exclusive of reversing temporary differences and carryforwards;
(ii) future reversals of existing taxable temporary differences;
(iii) taxable income in prior carryback years; and
(iv) tax planning strategies.

Disputes over interpretations of the tax laws may be subject to review and adjudication by the court systems of the various tax jurisdictions or may be settled with the taxing authority upon audit. The Company determines

whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit is recorded in the financial statements. The Company may be required to change its provision for income taxes when estimates used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in the consolidated financial statements in the year these changes occur.

See Note 10 of the Notes to the Consolidated Financial Statements for additional information on the Company's income taxes.

Litigation Contingencies

The Company is a party to a number of legal actions and is involved in a number of regulatory investigations. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on the Company's financial position. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in the Company's consolidated financial statements. It is possible that an adverse outcome in certain of the Company's litigation and regulatory investigations, or the use of different assumptions in the determination of amounts recorded, could have a material effect upon the Company's consolidated net income or cash flows in particular quarterly or annual periods.

See Note 11 of the Notes to the Consolidated Financial Statements for additional information regarding the Company's assessment of litigation contingencies.

Results of Operations

Year Ended December 31, 2011 Compared with the Year Ended December 31, 2010

Consolidated Results

We have experienced growth and an increase in market share in several of our businesses which positively impacted our results, most significantly through higher policy fee income. Sales of our annuity products were up 71% compared to the prior year, primarily as a result of an increase in variable annuity sales, driven by the introduction of a new higher benefit, lower-risk variable annuity rider. We also benefited from increased issuances of funding agreements in the second quarter of 2011. Our pension closeout sales in the United Kingdom were strong as we continue to penetrate the market, with a premium increase of $424 million before income tax. While the premium for this business is almost entirely offset by the related change in policyholder benefits, the favorable results contribute to the growth in our investment portfolio. We also continue to experience growth in our variable, universal and term life businesses.

	Years Ended December 31,			
	2011	2010	Change	% Change
	(In millions)			
Revenues				
Premiums	$ 1,828	$ 1,067	$ 761	71.3%
Universal life and investment-type product policy fees	1,956	1,639	317	19.3%
Net investment income	3,074	3,153	(79)	(2.5)%
Other revenues	508	503	5	1.0%
Net investment gains (losses)	35	150	(115)	(76.7)%
Net derivative gains (losses)	1,119	58	1,061	
Total revenues	8,520	6,570	1,950	29.7%
Expenses				
Policyholder benefits and claims	2,660	1,905	755	39.6%
Interest credited to policyholder account balances	1,189	1,271	(82)	(6.5)%
Capitalization of DAC	(1,342)	(858)	(484)	(56.4)%
Amortization of DAC and VOBA	1,156	770	386	50.1%
Interest expense on debt	389	472	(83)	(17.6)%
Other expenses	2,712	1,988	724	36.4%
Total expenses	6,764	5,548	1,216	21.9%
Income (loss) before provision for income tax	1,756	1,022	734	71.8%
Provision for income tax expense (benefit)	523	303	220	72.6%
Net income	$ 1,233	$ 719	$ 514	71.5%

Unless otherwise stated, all amounts discussed below are net of income tax.

During the year ended December 31, 2011, net income increased $514 million to $1.2 billion primarily driven by a favorable change in net derivative gains (losses), net of related adjustments principally associated with DAC and VOBA amortization, and an increase in operating earnings.

We manage our investment portfolio using disciplined asset/liability management ("ALM") principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing, net of income tax, risk-adjusted net investment income and risk-adjusted total return. Our investment portfolio is heavily weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of

insurance liabilities. Other invested asset classes including, but not limited to, equity securities, other limited partnership interests and real estate and real estate joint ventures, provide additional diversification and opportunity for long-term yield enhancement in addition to supporting the cash flow and duration objectives of our investment portfolio. We also use derivatives as an integral part of our management of the investment portfolio to hedge certain risks, including changes in interest rates, foreign currencies, credit spreads and equity market levels. Additional considerations for our investment portfolio include current and expected market conditions and expectations for changes within our specific mix of products and business segments. In addition, the general account investment portfolio includes, within other securities, contractholder-directed investments supporting unit-linked variable annuity type liabilities, which do not qualify as separate account assets. The returns on these contractholder-directed investments, which can vary significantly period to period, include changes in estimated fair value subsequent to purchase, inure to contractholders and are offset in earnings by a corresponding change in PABs through interest credited to policyholder account balances.

The composition of the investment portfolio of each business segment is tailored to the specific characteristics of its insurance liabilities, causing certain portfolios to be shorter in duration and others to be longer in duration. Accordingly, certain portfolios are more heavily weighted in longer duration, higher yielding fixed maturity securities, or certain sub-sectors of fixed maturity securities, than other portfolios.

Investments are purchased to support our insurance liabilities and not to generate net investment gains and losses. However, net investment gains and losses are incurred and can change significantly from period to period due to changes in external influences, including changes in market factors such as interest rates, foreign currencies, credit spreads and equity markets; counterparty specific factors such as financial performance, credit rating and collateral valuation; and internal factors such as portfolio rebalancing. Changes in these factors from period to period can significantly impact the levels of both impairments and realized gains and losses on investments sold.

We use freestanding equity, interest rate, currency and credit derivatives to provide economic hedges of certain invested assets and insurance liabilities, including embedded derivatives, within certain of our variable annuity minimum benefit guarantees. For those hedges not designated as accounting hedges, changes in market factors can lead to the recognition of fair value changes in net derivative gains (losses) without an offsetting gain or loss recognized in earnings for the item being hedged even though these are effective economic hedges. Additionally, we issue liabilities and purchase assets that contain embedded derivatives whose changes in estimated fair value are sensitive to changes in market factors and are also recognized in net derivative gains (losses).

The favorable change in net derivative gains (losses) of $689 million, from gains of $38 million in 2010 to gains of $727 million in 2011, was primarily driven by a favorable change in freestanding derivatives of $597 million and a favorable change in embedded derivatives of $92 million primarily associated with variable annuity minimum benefit guarantees. The $597 million favorable change in freestanding derivatives was primarily attributable to the impact of falling long-term and mid-term interest rates, equity market movements and volatility, and currency exchange rate movements. Long-term and mid-term interest rates fell more in 2011 than in 2010, which had a positive impact of $465 million on our interest rate derivatives, $115 million of which was attributable to hedges of variable annuity minimum benefit guarantee liabilities that are accounted for as embedded derivatives. The impact of equity market movements and equity volatility in 2011 compared to 2010 had a positive impact of $75 million on our equity derivatives, which was primarily attributable to hedges of variable annuity minimum benefit guarantee liabilities that are accounted for as embedded derivatives. Foreign currency derivatives had a positive impact of $48 million related to hedges of foreign currency exposures.

Certain variable annuity products with minimum benefit guarantees contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract with changes in estimated fair value recorded in net derivative gains (losses). The fair value of these embedded derivatives also includes an adjustment for nonperformance risk, which is unhedged. The $92 million favorable change in embedded derivatives was primarily attributable to a favorable change in ceded affiliated reinsurance assets of $1.2 billion

and a favorable change in the adjustment for nonperformance risk of $315 million on direct liabilities, partially offset by an unfavorable change in market factors on direct liabilities of $850 million, an unfavorable change in the adjustment for the reinsurer's nonperformance risk of $436 million and an unfavorable change in other unhedged non-market risks of $182 million on the direct liabilities. The aforementioned $315 million favorable change in the adjustment for nonperformance risk was net of a prior period loss of $256 million relating to a refinement in estimating the spreads used in the adjustment for nonperformance risk. The aforementioned unfavorable change in the adjustment for the reinsurer's nonperformance risk of $436 million was net of a prior period gain of $380 million relating to a refinement in estimating the spreads used in the adjustment for nonperformance risk.

The unfavorable change in net investment gains of $75 million was primarily due to foreign currency transaction losses on unhedged foreign denominated guaranteed investment contracts, realized losses on sales of equity securities and increased impairments and decreased realized gains on sales of fixed maturity securities, partially offset by a reduction in the non-specific mortgage valuation allowance reflecting improving real estate market fundamentals.

Income tax expense for the year ended December 31, 2011 was $523 million, or 30% of income (loss) before provision for income tax, compared with $303 million, or 30% of income (loss) before provision for income tax, for 2010. The Company's 2011 and 2010 effective tax rates differ from the U.S. statutory rate of 35% primarily due to the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing, in relation to income (loss) before provision for income tax.

As more fully described in the discussion of performance measures above, we use operating earnings, which does not equate to net income, as determined in accordance with GAAP, to analyze our performance, evaluate segment performance, and allocate resources. We believe that the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of the business. Operating earnings should not be viewed as a substitute for GAAP net income. Operating earnings increased $125 million to $753 million in 2011 from $628 million in 2010.

Reconciliation of net income to operating earnings

	Years Ended December 31,	
	2011	2010
	(In millions)	
Net income	$ 1,233	$ 719
Less: Net investment gains (losses)	35	150
Less: Net derivative gains (losses)	1,119	58
Less: Other adjustments to net income (1)	(428)	(68)
Less: Provision for income tax (expense) benefit	(246)	(49)
Operating earnings	$ 753	$ 628

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

	Years Ended December 31,	
	2011	2010
	(In millions)	
Total revenues	$ 8,520	$ 6,570
Less: Net investment gains (losses)	35	150
Less: Net derivative gains (losses)	1,119	58
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	11	(1)
Less: Other adjustments to revenues (1)	406	510
Total operating revenues	$ 6,949	$ 5,853
Total expenses	$ 6,764	$ 5,548
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	368	74
Less: Other adjustments to expenses (1)	477	503
Total operating expenses	$ 5,919	$ 4,971

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Consolidated Results – Operating

	Years Ended December 31,			
	2011	2010	Change	% Change
	(In millions)			
OPERATING REVENUES				
Premiums	$ 1,828	$ 1,067	$ 761	71.3%
Universal life and investment-type product policy fees	1,834	1,553	281	18.1%
Net investment income	2,779	2,730	49	1.8%
Other revenues	508	503	5	1.0%
Total operating revenues	6,949	5,853	1,096	18.7%
OPERATING EXPENSES				
Policyholder benefits and claims	2,540	1,830	710	38.8%
Interest credited to policyholder account balances	1,168	1,243	(75)	(6.0)%
Capitalization of DAC	(1,342)	(858)	(484)	(56.4)%
Amortization of DAC and VOBA	798	698	100	14.3%
Interest expense on debt	67	70	(3)	(4.3)%
Other expenses	2,688	1,988	700	35.2%
Total operating expenses	5,919	4,971	948	19.1%
Provision for income tax expense (benefit)	277	254	23	9.1%
Operating earnings	$ 753	$ 628	$ 125	19.9%

Unless otherwise stated, all amounts discussed below are net of income tax.

The $125 million increase in operating earnings was driven by growth in most of our businesses which increased our policy fees and investment income partially offset by increased expenses.

Strong sales in 2011 increased operating earnings by $261 million. Positive net cash flows generated from the majority of our businesses were the primary drivers of increases in both invested assets and separate account assets. Policy fee income increased $173 million, primarily from our annuity business. In our variable annuity

products, policy fees are calculated as a percentage of the average assets in separate accounts. Invested asset growth generated higher investment earnings of $113 million. Most of our businesses experienced growth in their in-force business which increased insurance liabilities and resulted in higher interest credited on long-duration contracts and on our PABs, decreasing operating earnings by $26 million. In addition, strong sales were the primary drivers of a $22 million increase in operating earnings in our term life business. Growth in our annuity business was the most significant contributor of the $336 million increase in variable expenses, such as commissions, premium taxes and other volume-related costs associated with sales activity, the majority of which was offset by an increase in related DAC capitalization of $315 million.

In 2011, interest rate markets declined while equity markets remained relatively flat compared to much stronger 2010 equity market performance. These factors contributed to a $79 million net decrease in operating earnings. Increased average separate account balances were driven primarily by increased variable annuity net cash flows and favorable equity market performance in 2010 and 2011. Increased policy fees and other revenues attributable to market performance resulted in a $52 million operating earnings increase, most notably in our annuity products. Operating earnings also increased $29 million primarily driven by lower average crediting rates on annuity fixed rate funds, as a result of declining interest rate markets. More than offsetting these favorable results was a $18 million decrease in investment earnings due to lower yields and an increase in certain expenses. DAC, VOBA and deferred sales inducements ("DSI") amortization and certain insurance-related liabilities are sensitive to market fluctuations, which was the primary driver of higher expenses in these categories. In particular, the less favorable 2011 investment markets caused an acceleration of DAC and DSI amortization. In our annuity products, DAC and DSI amortization increased $83 million, net of assumption updates, partially offset by a decrease of $11 million in our individual life products. Additionally, higher market driven expenses of $70 million, such as letter of credit fees, contributed to a decrease in operating earnings.

On an annual basis, we perform experience studies as well as update our assumptions surrounding both expected policyholder behaviors and the related investment environment. These updates, commonly known as unlocking events, result in changes to certain insurance related liabilities, DAC and revenue amortization. The impact of our updates to the assumptions, primarily related to policyholder behaviors, and the related investment environment, coupled with insurance related refinements, in both 2011 and 2010, resulted in a net decrease to operating earnings of $30 million in the current year.

We benefited from a higher income tax benefit of $29 million over the 2010 period, primarily due to a higher utilization of tax-preferenced investments which provided tax credits and deductions. The positive resolution of certain legal matters in 2010 decreased operating earnings by $27 million in 2011. The Company also incurred $11 million of expenses related to a liquidation plan filed by the New York State Department of Financial Services for Executive Life Insurance Company of New York in the third quarter of 2011.

Item 8. ***Financial Statements and Supplementary Data***

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
MetLife Insurance Company of Connecticut:

We have audited the accompanying consolidated balance sheets of MetLife Insurance Company of Connecticut and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedules listed in the Index to Consolidated Financial Statements and Schedules. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MetLife Insurance Company of Connecticut and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1, the accompanying consolidated financial statements have been retrospectively adjusted for the Company's adoption of guidance relating to the presentation of comprehensive income, a change in accounting for costs associated with acquiring or renewing insurance contracts, and the reorganization of the Company's segments. In addition, as discussed in Note 1, the Company changed its method of accounting for the recognition and presentation of other-than-temporary impairment losses for certain investments as required by accounting guidance adopted on April 1, 2009.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP

New York, New York
March 22, 2012
(except with respect to our opinion on the consolidated financial statements and financial statement schedules insofar as it relates to the effects of the retrospective application of accounting guidance adopted on January 1, 2012, relating to comprehensive income, the accounting for costs associated with acquiring or renewing insurance contracts, and the reorganization of the Company's segments, described in Note 1 of the consolidated financial statements, and the subsequent events described in Note 16, as to which the date is May 31, 2012)

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Balance Sheets
December 31, 2011 and 2010

(In millions, except share and per share data)

	2011	2010
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $44,215 and $44,132, respectively)	$ 47,781	$ 44,924
Equity securities available-for-sale, at estimated fair value (cost: $295 and $427, respectively)	252	405
Other securities, at estimated fair value	3,665	2,247
Mortgage loans (net of valuation allowances of $61 and $87, respectively; includes $3,138 and $6,840, respectively, at estimated fair value, relating to variable interest entities)	9,800	12,730
Policy loans	1,203	1,190
Real estate and real estate joint ventures	503	501
Other limited partnership interests	1,696	1,538
Short-term investments, principally at estimated fair value	2,578	1,235
Other invested assets, principally at estimated fair value	3,354	1,707
Total investments	70,832	66,477
Cash and cash equivalents, principally at estimated fair value	745	1,928
Accrued investment income (includes $14 and $31, respectively, relating to variable interest entities)	568	559
Premiums, reinsurance and other receivables	20,223	17,008
Deferred policy acquisition costs and value of business acquired	4,188	4,391
Current income tax recoverable	140	38
Deferred income tax assets	—	601
Goodwill	953	953
Other assets	856	839
Separate account assets	72,559	61,619
Total assets	$ 171,064	$ 154,413
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits	$ 25,483	$ 23,198
Policyholder account balances	42,075	39,291
Other policy-related balances	2,989	2,652
Payables for collateral under securities loaned and other transactions	8,079	8,103
Long-term debt (includes $3,065 and $6,773, respectively, at estimated fair value, relating to variable interest entities)	3,857	7,568
Deferred income tax liability	935	—
Other liabilities (includes $14 and $31, respectively, relating to variable interest entities)	5,384	4,503
Separate account liabilities	72,559	61,619
Total liabilities	161,361	146,934
Contingencies, Commitments and Guarantees (Note 11)		
Stockholders' Equity		
Common stock, par value $2.50 per share; 40,000,000 shares authorized; 34,595,317 shares issued and outstanding at December 31, 2011 and 2010	86	86
Additional paid-in capital	6,673	6,719
Retained earnings	1,173	457
Accumulated other comprehensive income (loss)	1,771	217
Total stockholders' equity	9,703	7,479
Total liabilities and stockholders' equity	$ 171,064	$ 154,413

See accompanying notes to the consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Operations
For the Years Ended December 31, 2011, 2010 and 2009

(In millions)

	2011	2010	2009
Revenues			
Premiums	$ 1,828	$ 1,067	$ 1,312
Universal life and investment-type product policy fees	1,956	1,639	1,380
Net investment income	3,074	3,153	2,333
Other revenues	508	503	598
Net investment gains (losses):			
Other-than-temporary impairments on fixed maturity securities	(42)	(103)	(552)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(5)	53	165
Other net investment gains (losses)	82	200	(448)
Total net investment gains (losses)	35	150	(835)
Net derivative gains (losses)	1,119	58	(1,031)
Total revenues	8,520	6,570	3,757
Expenses			
Policyholder benefits and claims	2,660	1,905	2,065
Interest credited to policyholder account balances	1,189	1,271	1,301
Other expenses	2,915	2,372	1,334
Total expenses	6,764	5,548	4,700
Income (loss) before provision for income tax	1,756	1,022	(943)
Provision for income tax expense (benefit)	523	303	(411)
Net income (loss)	$ 1,233	$ 719	$ (532)

See accompanying notes to the consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2011, 2010 and 2009

(In millions)

	2011	2010	2009
Net income (loss)	$ 1,233	$ 719	$ (532)
Other comprehensive income (loss):			
Unrealized investment gains (losses), net of related offsets	2,074	1,619	3,157
Unrealized gains (losses) on derivative instruments	347	(107)	(21)
Foreign currency translation adjustments	(16)	(17)	45
Other comprehensive income (loss), before income tax	2,405	1,495	3,181
Income tax (expense) benefit related to items of other comprehensive income (loss)	(851)	(523)	(1,095)
Other comprehensive income (loss), net of income tax	1,554	972	2,086
Comprehensive income (loss) excluding cumulative effect of change in accounting principle	2,787	1,691	1,554
Cumulative effect of change in accounting principle, net of income tax	—	34	(39)
Comprehensive income (loss)	$ 2,787	$ 1,725	$ 1,515

See accompanying notes to the consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 2011, 2010 and 2009

(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Total Equity
				Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	
Balance at December 31, 2008	$ 86	$ 6,719	$ 965	$ (2,682)	$ —	$ (154)	$ 4,934
Cumulative effect of change in accounting principle, net of income tax (Note 1)			(353)	(17)			(370)
Balance at January 1, 2009	86	6,719	612	(2,699)	—	(154)	4,564
Cumulative effect of change in accounting principle, net of income tax (Note 1)			22		(22)		—
Net loss			(532)				(532)
Other comprehensive income (loss), net of income tax				2,102	(61)	45	2,086
Balance at December 31, 2009	86	6,719	102	(597)	(83)	(109)	6,118
Cumulative effect of change in accounting principle, net of income tax (Note 1)			(34)	23	11		—
Balance at January 1, 2010	86	6,719	68	(574)	(72)	(109)	6,118
Dividend paid to MetLife			(330)				(330)
Net income			719				719
Other comprehensive income (loss), net of income tax				967	21	(16)	972
Balance at December 31, 2010	86	6,719	457	393	(51)	(125)	7,479
Dividend paid to MetLife			(517)				(517)
Capital contribution		1					1
Return of capital (Note 12)		(47)					(47)
Net income			1,233				1,233
Other comprehensive income (loss), net of income tax				1,591	(23)	(14)	1,554
Balance at December 31, 2011	$ 86	$ 6,673	$ 1,173	$ 1,984	$ (74)	$ (139)	$ 9,703

See accompanying notes to the consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011, 2010 and 2009

(In millions)

	2011	2010	2009
Cash flows from operating activities			
Net income (loss)	$ 1,233	$ 719	$ (532)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expenses	37	41	29
Amortization of premiums and accretion of discounts associated with investments, net	(152)	(259)	(198)
(Gains) losses on investments and derivatives and from sales of businesses, net	(1,183)	(300)	1,866
(Income) loss from equity method investments, net of dividends or distributions	(23)	(39)	130
Interest credited to policyholder account balances	1,189	1,271	1,301
Universal life and investment-type product policy fees	(1,956)	(1,639)	(1,380)
Change in other securities	(1,483)	(1,199)	(597)
Change in accrued investment income	51	31	(29)
Change in premiums, reinsurance and other receivables	(1,288)	(3,284)	(2,307)
Change in deferred policy acquisition costs, net	(187)	(87)	(432)
Change in income tax recoverable (payable)	567	191	(346)
Change in other assets	1,386	1,041	449
Change in insurance-related liabilities and policy-related balances	2,307	1,952	1,648
Change in other liabilities	406	2,072	(166)
Other, net	30	3	—
Net cash provided by (used in) operating activities	934	514	(564)
Cash flows from investing activities			
Sales, maturities and repayments of:			
Fixed maturity securities	17,348	17,748	13,076
Equity securities	168	131	141
Mortgage loans	993	964	444
Real estate and real estate joint ventures	26	18	4
Other limited partnership interests	256	123	142
Purchases of:			
Fixed maturity securities	(17,439)	(19,342)	(16,192)
Equity securities	(27)	(39)	(74)
Mortgage loans	(1,357)	(1,468)	(783)
Real estate and real estate joint ventures	(72)	(117)	(31)
Other limited partnership interests	(378)	(363)	(203)
Cash received in connection with freestanding derivatives	397	97	239
Cash paid in connection with freestanding derivatives	(478)	(155)	(449)
Issuances of loans to affiliates	(430)	—	—
Net change in policy loans	(13)	(1)	3
Net change in short-term investments	(1,347)	554	1,445
Net change in other invested assets	(12)	(190)	18
Other, net	1	—	(2)
Net cash used in investing activities	(2,364)	(2,040)	(2,222)
Cash flows from financing activities			
Policyholder account balances:			
Deposits	20,496	24,910	20,783
Withdrawals	(19,404)	(23,700)	(20,067)
Net change in payables for collateral under securities loaned and other transactions	(24)	934	(702)
Net change in short-term debt	—	—	(300)
Long-term debt repaid	(385)	(878)	—
Financing element on certain derivative instruments	129	(44)	(53)
Return of capital	(47)	—	—
Dividends on common stock	(517)	(330)	—
Net cash provided by (used in) financing activities	248	892	(339)
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	(1)	(12)	43
Change in cash and cash equivalents	(1,183)	(646)	(3,082)
Cash and cash equivalents, beginning of year	1,928	2,574	5,656
Cash and cash equivalents, end of year	$ 745	$ 1,928	$ 2,574
Supplemental disclosures of cash flow information:			
Net cash paid (received) during the year for:			
Interest	$ 406	$ 479	$ 73
Income tax	$ (47)	$ 122	$ (63)
Non-cash transactions during the year:			
Real estate and real estate joint ventures acquired in satisfaction of debt	$ 5	$ 28	$ —
Long-term debt issued in exchange for certain other invested assets	$ —	$ 45	$ —

See accompanying notes to the consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements

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

Business

"MICC" or the "Company" refers to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a subsidiary of MetLife, Inc. ("MetLife"). The Company offers individual annuities, individual life insurance, and institutional protection and asset accumulation products.

The Company is organized into two segments: Retail Products and Corporate Benefit Funding. See Note 14 for further information on the reorganization of the Company's segments in the first quarter of 2012, which was retrospectively applied.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of MetLife Insurance Company of Connecticut and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. See "— Adoption of New Accounting Pronouncements." Intercompany accounts and transactions have been eliminated.

Certain amounts in the prior years' consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2011 presentation as discussed throughout the Notes to the Consolidated Financial Statements. See "— Adoption of New Accounting Pronouncements" for discussion of adoptions in 2012, which were retrospectively applied.

Since the Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity.

Summary of Significant Accounting Policies and Critical Accounting Estimates

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 consolidated financial statements.

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

Investments

The accounting policies for the Company's principal investments are as follows:

Fixed Maturity and Equity Securities. The Company's fixed maturity and equity securities are classified as available-for-sale and are reported at their estimated fair value.

Unrealized investment gains and losses on these securities are recorded as a separate component of other comprehensive income (loss), net of policyholder-related amounts and deferred income taxes. All security transactions are recorded on a trade date basis. Investment gains and losses on sales of securities are determined on a specific identification basis.

Interest income on fixed maturity securities is recorded when earned using an effective yield method giving effect to amortization of premiums and accretion of discounts. Dividends on equity securities are recorded when declared. Interest, dividends and prepayment fees are recorded in net investment income.

Included within fixed maturity securities are structured securities including mortgage-backed and asset-backed securities ("ABS"). Amortization of the premium or discount considers the estimated timing and amount of prepayments of the underlying loans. Actual prepayment experience is periodically reviewed and effective yields are recalculated when differences arise between the originally anticipated and the actual prepayments received and currently anticipated. Prepayment assumptions for single class and multi-class mortgage-backed and ABS are estimated by management using inputs obtained from third-party specialists, including broker-dealers, and based on management's knowledge of the current market. For credit-sensitive mortgage-backed and ABS and certain prepayment-sensitive securities, the effective yield is recalculated on a prospective basis. For all other mortgage-backed and ABS, the effective yield is recalculated on a retrospective basis.

The Company periodically evaluates fixed maturity and equity securities for impairment. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in estimated fair value. The Company's review of its fixed maturity and equity securities for impairments includes an analysis of the total gross unrealized losses by three categories of severity and/or age of the gross unrealized loss, as summarized in Note 2 "— Aging of Gross Unrealized Loss and OTTI Loss for Fixed Maturity and Equity Securities Available-for-Sale."

Management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used by the Company in the impairment evaluation process include, but are not limited to: (i) the length of time and the extent to which the estimated fair value has been below cost or amortized cost; (ii) the potential for impairments of securities when the issuer is experiencing significant financial difficulties; (iii) the potential for impairments in an entire industry sector or sub-sector; (iv) the potential for impairments in certain economically depressed geographic locations; (v) the potential for impairments of securities where the issuer, series of issuers or industry has suffered a catastrophic type of loss or has exhausted natural resources; (vi) with respect to fixed maturity securities, whether the Company has the intent to sell or will more likely than not be required to sell a particular security before the decline in estimated fair value below amortized cost recovers; (vii) with respect to structured securities, changes in forecasted cash flows after considering the quality of underlying collateral; expected prepayment speeds; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security; and (viii) other subjective factors, including concentrations and information obtained from regulators and rating agencies.

For fixed maturity securities in an unrealized loss position, an other-than-temporary impairment ("OTTI") is recognized in earnings when it is anticipated that the amortized cost will not be recovered. In such situations, the OTTI recognized in earnings is the entire difference between the fixed maturity security's amortized cost and its estimated fair value only when either: (i) the Company has the intent to sell the fixed maturity security; or (ii) it is more likely than not that the Company will be required to sell the fixed maturity security before recovery of the decline in estimated fair value below amortized cost. If neither of these two conditions exist, the difference between the amortized cost of the fixed maturity security and the present value of projected future cash flows expected to be collected is recognized as an OTTI in earnings ("credit loss"). If

the estimated fair value is less than the present value of projected future cash flows expected to be collected, this portion of OTTI related to other-than credit factors ("noncredit loss") is recorded in other comprehensive income (loss). Adjustments are not made for subsequent recoveries in value.

With respect to equity securities, the Company considers in its OTTI analysis its intent and ability to hold a particular equity security for a period of time sufficient to allow for the recovery of its estimated fair value to an amount equal to or greater than cost. If a sale decision is made for an equity security and it is not expected to recover to an amount at least equal to cost prior to the expected time of the sale, the security will be deemed other-than-temporarily impaired in the period that the sale decision was made and an OTTI loss will be recorded in earnings. When an OTTI loss has occurred, the OTTI loss is the entire difference between the equity security's cost and its estimated fair value with a corresponding charge to earnings.

Upon acquisition, the Company classifies perpetual securities that have attributes of both debt and equity as fixed maturity securities if the securities have an interest rate step-up feature which, when combined with other qualitative factors, indicates that the securities have 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, commonly referred to as "perpetual hybrid securities," have been issued by non-U.S. financial institutions that are accorded the highest two capital treatment categories by their respective regulatory bodies (i.e. core capital, or "Tier 1 capital" and perpetual deferrable securities, or "Upper Tier 2 capital"). With respect to perpetual hybrid securities, the Company considers in its OTTI analysis whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of the securities that are in a severe and extended unrealized loss position. The Company also considers whether any perpetual hybrid securities, with an unrealized loss, regardless of credit rating, have deferred any dividend payments. When an OTTI loss has occurred, the OTTI loss is the entire difference between the perpetual hybrid security's cost and its estimated fair value with a corresponding charge to earnings.

The Company's methodology and significant inputs used to determine the amount of the credit loss on fixed maturity securities are as follows:

(i) The Company calculates the recovery value by performing a discounted cash flow analysis based on the present value of future cash flows expected to be received. The discount rate is generally the effective interest rate of the fixed maturity security prior to impairment.

(ii) When determining the collectability and the period over which value is expected to recover, the Company applies the same considerations utilized in its overall impairment evaluation process which incorporates information regarding the specific security, fundamentals of the industry and geographic area in which the security issuer operates, and overall macroeconomic conditions. Projected future cash flows are estimated using assumptions derived from management's best estimates of likely scenario-based outcomes after giving consideration to a variety of variables that include, but are not limited to: general payment terms of the security; the likelihood that the issuer can service the scheduled interest and principal payments; the quality and amount of any credit enhancements; the security's position within the capital structure of the issuer; possible corporate restructurings or asset sales by the issuer; and changes to the rating of the security or the issuer by rating agencies.

(iii) Additional considerations are made when assessing the unique features that apply to certain structured securities such as residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and ABS. These additional factors for structured securities include, but are not limited to: the quality of underlying collateral; expected prepayment speeds; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security.

(iv) When determining the amount of the credit loss for U.S. and foreign corporate securities, foreign government securities and state and political subdivision securities, management considers the estimated fair value as the recovery value when available information does not indicate that another value is more appropriate. When information is identified that indicates a recovery value other than estimated fair value, management considers in the determination of recovery value the same considerations utilized in its overall impairment evaluation process as described in (ii) above.

The cost or amortized cost of fixed maturity and equity securities is adjusted for OTTI in the period in which the determination is made. The Company does not change the revised cost basis for subsequent recoveries in value.

In periods subsequent to the recognition of OTTI on a fixed maturity security, the Company accounts for the impaired security as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis is accreted into net investment income over the remaining term of the fixed maturity security in a prospective manner based on the amount and timing of estimated future cash flows.

Other Securities. Other securities are stated at estimated fair value. Other securities include securities for which the fair value option ("FVO") has been elected ("FVO Securities"). FVO Securities include certain fixed maturity securities held-for-investment by the general account to support asset and liability matching strategies for certain insurance products. FVO Securities also include contractholder-directed investments supporting unit-linked variable annuity type liabilities which do not qualify for presentation and reporting as separate account summary total assets and liabilities. These investments are primarily mutual funds. The investment returns on these investments inure to contractholders and are offset by a corresponding change in policyholder account balances ("PABs") through interest credited to policyholder account balances. Changes in estimated fair value of these other securities subsequent to purchase are included in net investment income. Interest and dividends related to other securities are included in net investment income.

Securities Lending. Securities lending transactions, whereby blocks of securities, which are included in fixed maturity securities and short-term investments, are loaned to third parties, are treated as financing arrangements and the associated liability is recorded at the amount of cash received. At the inception of a loan, the Company obtains collateral, usually cash, in an amount generally equal to 102% of the estimated fair value of the securities loaned and maintains it at a level greater than or equal to 100% for the duration of the loan. The Company monitors the estimated fair value of the securities loaned on a daily basis with additional collateral obtained as necessary. Income and expenses associated with securities lending transactions are reported as investment income and investment expense, respectively, within net investment income.

Mortgage Loans. For the purposes of determining valuation allowances the Company disaggregates its mortgage loan investments into two portfolio segments: commercial and agricultural.

Mortgage loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, deferred fees or expenses, and net of valuation allowances. Interest income is accrued on the principal amount of the loan based on the loan's contractual interest rate. Amortization of premiums and discounts is recorded using the effective yield method. Interest income, amortization of premiums and discounts and prepayment fees are reported in net investment income. Interest ceases to accrue when collection of interest is not considered probable and/or when interest or principal payments are past due as follows: commercial — 60 days; and agricultural — 90 days. When a loan is placed on non-accrual status, uncollected past due interest is charged-off against net investment income. Generally, the accrual of interest income resumes after all delinquent amounts are paid and management believes all future principal and

interest payments will be collected. Cash receipts on non-accruing loans are recorded in accordance with the loan agreement as a reduction of principal and/or interest income. Charge-offs occur upon the realization of a credit loss, typically through foreclosure or after a decision is made to sell a loan. Gain or loss upon charge-off is recorded, net of previously established valuation allowances, in net investment gains (losses). Cash recoveries on principal amounts previously charged-off are generally recorded as an increase to the valuation allowance, unless the valuation allowance adequately provides for expected credit losses; then the recovery is recorded in net investment gains (losses). Gains and losses from sales of loans and increases or decreases to valuation allowances are recorded in net investment gains (losses).

Mortgage loans are considered to be impaired when it is probable that based upon current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Specific valuation allowances are established using the same methodology for both portfolio segments as the excess carrying value of a loan over either (i) the present value of expected future cash flows discounted at the loan's original effective interest rate, (ii) the estimated fair value of the loan's underlying collateral if the loan is in the process of foreclosure or otherwise collateral dependent, or (iii) the loan's observable market price. A common evaluation framework is used for establishing non-specific valuation allowances for all loan portfolio segments; however, a separate non-specific valuation allowance is calculated and maintained for each loan portfolio segment that is based on inputs unique to each loan portfolio segment. Non-specific valuation allowances are established for pools of loans with similar risk characteristics where a property-specific or market-specific risk has not been identified, but for which the Company expects to incur a credit loss. These evaluations are based upon several loan portfolio segment-specific factors, including the Company's experience for loan losses, defaults and loss severity, and loss expectations for loans with similar risk characteristics. These evaluations are revised as conditions change and new information becomes available.

For commercial and agricultural mortgage loans, the Company typically uses 10 years or more of historical experience in establishing non-specific valuation allowances. For commercial mortgage loans, 20 years of historical experience is used which captures multiple economic cycles. For evaluations of commercial mortgage loans, in addition to historical experience, management considers factors that include the impact of a rapid change to the economy, which may not be reflected in the loan portfolio, and recent loss and recovery trend experience as compared to historical loss and recovery experience. For agricultural mortgage loans, ten years of historical experience is used which captures a full economic cycle. For evaluations of agricultural loans, in addition to historical experience, management considers factors that include increased stress in certain sectors, which may be evidenced by higher delinquency rates, or a change in the number of higher risk loans. For commercial and agricultural mortgage loans, on a quarterly basis, management incorporates the impact of these current market events and conditions on historical experience in determining the non-specific valuation allowance established for each portfolio segment level.

Commercial and Agricultural Mortgage Loans — All commercial loans are reviewed on an ongoing basis which may include an analysis of the property financial statements and rent roll, lease rollover analysis, property inspections, market analysis, estimated valuations of the underlying collateral, loan-to-value ratios, debt service coverage ratios, and tenant creditworthiness. All agricultural loans are monitored on an ongoing basis. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, potentially delinquent, delinquent or in foreclosure, as well as loans with higher loan-to-value ratios and lower debt service coverage ratios. The monitoring process for agricultural loans is generally similar, with a focus on higher risk loans, including reviews on a geographic and property-type basis. Higher risk commercial and agricultural loans are reviewed individually on an ongoing basis for potential credit loss and specific valuation allowances are established using the methodology

described above for all loan portfolio segments. Quarterly, the remaining loans are reviewed on a pool basis by aggregating groups of loans that have similar risk characteristics for potential credit loss, and non-specific valuation allowances are established as described above using inputs that are unique to each segment of the loan portfolio.

For commercial loans, the Company's primary credit quality indicator is the debt service coverage ratio, which compares a property's net operating income to amounts needed to service the principal and interest due under the loan. Generally, the lower the debt service coverage ratio, the higher the risk of experiencing a credit loss. The Company also reviews the loan-to-value ratio of its commercial loan portfolio. Loan-to-value ratios compare the unpaid principal balance of the loan to the estimated fair value of the underlying collateral. A loan-to-value ratio greater than 100% indicates that the loan's unpaid principal balance is greater than the collateral value. A loan-to-value ratio of less than 100% indicates an excess of collateral value over the loan's unpaid principal balance. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt service coverage ratio and loan-to-value ratio, as well as the values utilized in calculating these ratios, are updated annually, on a rolling basis, with a portion of the loan portfolio updated each quarter.

For agricultural loans, the Company's primary credit quality indicator is the loan-to-value ratio. The values utilized in calculating this ratio are developed in connection with the ongoing review of the agricultural loan portfolio and are routinely updated.

Mortgage Loans Modified in a Troubled Debt Restructuring. For a small portion of the portfolio, classified as troubled debt restructurings, concessions are granted related to the borrowers' financial difficulties. Generally, the types of concessions include: reduction of the contractual interest rate, extension of the maturity date at an interest rate lower than current market interest rates and/or a reduction of accrued interest. The amount, timing and extent of the concession granted is considered in determining any impairment or changes in the specific valuation allowance recorded in connection with the troubled debt restructuring. Through the continuous portfolio monitoring process, a specific valuation allowance may have been recorded prior to the quarter when the mortgage loan is modified in a troubled debt restructuring. Accordingly, the carrying value (after specific valuation allowance) before and after modification through a troubled debt restructuring may not change significantly, or may increase if the expected recovery is higher than the pre-modification recovery assessment.

Policy Loans. Policy loans are stated at unpaid principal balances. Interest income on such loans is recorded as earned in net investment income using the contractually agreed upon interest rate. Generally, interest is capitalized on the policy's anniversary date. Valuation allowances are not established for policy loans, as these loans are fully collateralized by the cash surrender value of the underlying insurance policies. Any unpaid principal or interest on the loan is deducted from the cash surrender value or the death benefit prior to settlement of the policy.

Real Estate. Real estate held-for-investment, including related improvements, is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful life of the asset (typically 20 to 55 years). Rental income is recognized on a straight-line basis over the term of the respective leases. The Company classifies a property as held-for-sale if it commits to a plan to sell a property within one year and actively markets the property in its current condition for a price that is reasonable in comparison to its estimated fair value. The Company classifies the results of operations and the gain or loss on sale of a property that either has been disposed of or classified as held-for-sale as discontinued operations, if the ongoing operations of the property will be eliminated from the ongoing operations of the Company and if the Company will not have any significant continuing involvement in the operations of the property after the

sale. Real estate held-for-sale is stated at the lower of depreciated cost or estimated fair value less expected disposition costs. Real estate is not depreciated while it is classified as held-for-sale. The Company periodically reviews its properties held-for-investment for impairment and tests properties for recoverability whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable and the carrying value of the property exceeds its estimated fair value. Properties whose carrying values are greater than their undiscounted cash flows are written down to their estimated fair value, with the impairment loss included in net investment gains (losses). Impairment losses are based upon the estimated fair value of real estate, which is generally computed using the present value of expected future cash flows discounted at a rate commensurate with the underlying risks. Real estate acquired upon foreclosure is recorded at the lower of estimated fair value or the carrying value of the mortgage loan at the date of foreclosure.

Real Estate Joint Ventures and Other Limited Partnership Interests. The Company uses the equity method of accounting for investments in real estate joint ventures and other limited partnership interests consisting of leveraged buy-out funds, hedge funds and other private equity funds in which it has more than a minor ownership interest or more than a minor influence over the joint venture's or partnership's operations, but does not have a controlling interest and is not the primary beneficiary. The equity method is also used for such investments in which the Company has more than a minor influence or more than a 20% interest. Generally, the Company records its share of earnings using a three-month lag methodology for instances where the timely financial information is not available and the contractual agreements provide for the delivery of the investees' financial information after the end of the Company's reporting period. 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. Based on the nature and structure of these investments, they do not meet the characteristics of an equity security. The Company reports the distributions from real estate joint ventures and other limited partnership interests accounted for under the cost method and equity in earnings from real estate joint ventures and other limited partnership interests accounted for under the equity method in net investment income. In addition to the investees performing regular evaluations for the impairment of underlying investments, the Company routinely evaluates its investments in real estate joint ventures and other limited partnerships for impairments. The Company considers its cost method investments for OTTI when the carrying value of real estate joint ventures and other limited partnership interests exceeds the net asset value ("NAV"). The Company takes into consideration the severity and duration of this excess when deciding if the cost method investment is other-than-temporarily impaired. For equity method investees, the Company considers financial and other information provided by the investee, other known information and inherent risks in the underlying investments, as well as future capital commitments, in determining whether an impairment has occurred. When an OTTI is deemed to have occurred, the Company records a realized capital loss within net investment gains (losses) to record the investment at its estimated fair value.

Short-term Investments. Short-term investments include securities and other investments with remaining maturities of one year or less, but greater than three months, at the time of purchase and are stated at estimated fair value or amortized cost, which approximates estimated fair value. Short-term investments also include investments in affiliated money market pools.

Other Invested Assets. Other invested assets consist principally of freestanding derivatives with positive estimated fair values, loans to affiliates, leveraged leases, tax credit partnerships and investments in insurance enterprise joint ventures.

Freestanding derivatives with positive estimated fair values are described in "— Derivative Financial Instruments" below.

Loans to affiliates are stated at unpaid principal balance, adjusted for any unamortized premium or discount.

Leveraged leases are recorded net of non-recourse debt. The Company recognizes income on the leveraged leases by applying the leveraged lease's estimated rate of return to the net investment in the lease. The Company regularly reviews residual values and impairs them to expected values.

Tax credit partnerships are established for the purpose of investing in low-income housing and other social causes, where the primary return on investment is in the form of income tax credits and are accounted for under the equity method or under the effective yield method.

Joint venture investments represent the Company's investments in entities that engage in insurance underwriting activities and are accounted for under the equity method. The Company reports the equity in earnings of joint venture investments and tax credit partnerships in net investment income.

Investments Risks and Uncertainties. The Company's investments are exposed to four primary sources of risk: credit, interest rate, liquidity risk, and market valuation. The financial statement risks, stemming from such investment risks, are those associated with the determination of estimated fair values, the diminished ability to sell certain investments in times of strained market conditions, the recognition of impairments, the recognition of income on certain investments and the potential consolidation of VIEs. The use of different methodologies, assumptions and inputs relating to these financial statement risks may have a material effect on the amounts presented within the consolidated financial statements.

When available, the estimated fair value of the Company's fixed maturity and equity securities 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 as described in "— Fair Value" below and in Note 4. Such estimated fair values are based on available market information and management's judgments about financial instruments. The observable and unobservable inputs used in the standard market valuation methodologies are described in Note 4.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. The Company's ability to sell securities, or the price ultimately realized for these securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities.

The determination of the amount of valuation allowances and impairments, as applicable, is described previously by investment type. The determination of such valuation allowances and impairments is highly subjective and is based upon the Company's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

The recognition of income on certain investments (e.g. structured securities, including mortgage-backed and ABS, certain structured investment transactions, and other securities) is dependent upon prepayments and defaults, which could result in changes in amounts to be earned.

The Company has invested in certain structured transactions that are VIEs. These structured transactions include asset-backed securitizations, hybrid securities, real estate joint ventures, other limited partnership interests, and limited liability companies. The Company consolidates those VIEs for which it is deemed to be the primary beneficiary.

The accounting guidance for the determination of when an entity is a VIE and when to consolidate a VIE is complex and requires significant management judgment. The determination of the VIE's primary beneficiary requires an evaluation of the contractual and implied rights and obligations associated with each party's relationship with or involvement in the entity, an estimate of the entity's expected losses and expected residual returns and the allocation of such estimates to each party involved in the entity. The Company generally uses a qualitative approach to determine whether it is the primary beneficiary.

For most VIEs, the entity that has both the ability to direct the most significant activities of the VIE and the obligation to absorb losses or receive benefits that could be significant to the VIE is considered the primary beneficiary. However, for VIEs that are investment companies or apply measurement principles consistent with those utilized by investment companies, the primary beneficiary is based on a risks and rewards model and is defined as the entity that will absorb a majority of a VIE's expected losses, receive a majority of a VIE's expected residual returns if no single entity absorbs a majority of expected losses, or both. The Company reassesses its involvement with VIEs on a quarterly basis. The use of different methodologies, assumptions and inputs in the determination of the primary beneficiary could have a material effect on the amounts presented within the consolidated financial statements.

Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the over-the-counter ("OTC") market. The Company uses a variety of derivatives, including swaps, forwards, futures and option contracts, to manage various risks relating to its ongoing business operations. To a lesser extent, the Company uses credit 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 agreements that have embedded derivatives.

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

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

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

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are generally reported in net derivative gains (losses) except for those (i) in policyholder benefits and claims for economic hedges of variable annuity guarantees included in future policy benefits; and (ii) in net investment income for economic hedges of equity method investments in joint ventures. 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"); or (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"). In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship. Assessments of hedge effectiveness and measurements of ineffectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

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

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

Under a cash flow hedge, changes in the estimated fair value of the hedging derivative measured as effective are reported within other comprehensive income (loss), a separate component of stockholders' equity and the deferred gains or losses on the derivative are reclassified into the consolidated statement of operations 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.

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 statements 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).

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

The Company issues certain products and purchases certain investments that contain embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. If the instrument would not be accounted for in its entirety at estimated fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative. Such embedded derivatives are carried in the consolidated balance sheets at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses). 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.

Fair Value

As described below, certain assets and liabilities are measured at estimated fair value in the Company's consolidated balance sheets. In addition, the notes to these consolidated financial statements include further disclosures of estimated fair values. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In most cases, the exit price and the transaction (or entry) price will be the same at initial recognition.

Subsequent to initial recognition, fair values are based on unadjusted quoted prices for identical assets or liabilities in active markets that are readily and regularly obtainable. When such quoted prices are not available, fair values are based on quoted prices in markets that are not active, quoted prices for similar but not identical assets or liabilities, or other observable inputs. If these inputs are not available, or observable inputs are not determinative, unobservable inputs and/or adjustments to observable inputs requiring management judgment are used to determine the fair value of assets and liabilities.

The Company considers three broad valuation techniques: (i) the market approach, (ii) the income approach, and (iii) the cost approach. The Company determines the most appropriate valuation technique to use, given what is being measured and the availability of sufficient inputs, giving priority to observable inputs. The Company categorizes its assets and liabilities measured at estimated fair value into a three-level hierarchy, based on the significant input with the lowest level in its valuation. The input levels are as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. The Company defines active markets based on average trading volume for equity securities. The size of the bid/ask spread is used as an indicator of market activity for fixed maturity securities.

Level 2 Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities other than quoted prices in Level 1, quoted prices in markets that are not active, or other significant inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Cash and Cash Equivalents

The Company considers all highly liquid securities and other investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at amortized cost, which approximates estimated fair value.

Property, Equipment, Leasehold Improvements and Computer Software

Property, equipment and leasehold improvements, which are included in other assets, are stated at cost, less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the assets, as appropriate. Estimated lives generally range from five to 10 years for leasehold improvements and three to seven years for all other property and equipment. The net book value of the property, equipment and leasehold improvements was insignificant at both December 31, 2011 and 2010.

Computer software, which is included in other assets, is stated at cost, less accumulated amortization. Purchased software costs, as well as certain internal and external costs incurred to develop internal-use computer software during the application development stage, are capitalized. Such costs are amortized generally over a four-year period using the straight-line method. The cost basis of computer software was $153 million and $131 million at December 31, 2011 and 2010, respectively. Accumulated amortization of capitalized software was $83 million and $67 million at December 31, 2011 and 2010, respectively. Related amortization expense was $17 million, $25 million and $16 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Deferred Policy Acquisition Costs and Value of Business Acquired

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that are related directly to the successful acquisition or renewal of insurance contracts are deferred as deferred policy acquisition costs ("DAC"). Such costs include: (1) incremental direct costs of contract acquisition, such as commissions, (2) the portion of an employee's total compensation and benefits related to time spent selling, underwriting or processing the issuance of new and renewal insurance business only with respect to actual policies acquired or renewed, (3) other direct costs essential to contract acquisition that would not have been

incurred had a policy not been acquired or renewed, and (4) in limited circumstances, the costs of direct-response advertising whose primary purpose is to elicit sales to customers who could be shown to have responded specifically to the advertising and that results in probable future benefits. All other acquisition-related costs, including those related to general advertising and solicitation, market research, agent training, product development, unsuccessful sales and underwriting efforts, as well as all indirect costs, are expensed as incurred.

Value of business acquired ("VOBA") is an intangible asset resulting from a business combination that represents the excess of book value over the estimated fair value of acquired insurance, annuity, and investment-type contracts in-force at the acquisition date. The estimated fair value of the acquired liabilities is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience on the purchased business may vary from these projections.

The recovery of DAC and VOBA is dependent upon the future profitability of the related business. DAC and VOBA are aggregated in the consolidated financial statements for reporting purposes.

The Company amortizes DAC and VOBA on life insurance or investment-type contracts in proportion to gross premiums, gross margins or gross profits, depending on the type of contract as described below.

The Company amortizes DAC and VOBA related to non-participating and non-dividend-paying traditional contracts (primarily term insurance) over the appropriate premium paying period in proportion to the present value of actual historic and expected future gross premiums. The present value of expected premiums is based upon the premium requirement of each policy and assumptions for mortality, morbidity, persistency and investment returns at policy issuance, or policy acquisition (as it relates to VOBA), that include provisions for adverse deviation that are consistent with the assumptions used to calculate future policyholder benefit liabilities. These assumptions are not revised after policy issuance or acquisition unless the DAC or VOBA balance is deemed to be unrecoverable from future expected profits. Absent a premium deficiency, variability in amortization after policy issuance or acquisition is caused only by variability in premium volumes.

The Company amortizes DAC related to participating, dividend-paying traditional contracts over the estimated lives of the contracts in proportion to actual and expected future gross margins. The amortization includes interest based on rates in effect at inception of the contracts. The future gross margins are dependent principally on investment returns, policyholder dividend scales, mortality, persistency, expenses to administer the business, creditworthiness of reinsurance counterparties and certain economic variables, such as inflation. Of these factors, the Company anticipates that investment returns, expenses, persistency and other factor changes, as well as policyholder dividend scales are reasonably likely to impact significantly the rate of DAC amortization. Each reporting period, the Company updates the estimated gross margins with the actual gross margins for that period. When the actual gross margins change from previously estimated gross margins, the cumulative DAC amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. When actual gross margins exceed those previously estimated, the DAC amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the actual gross margins are below the previously estimated gross margins. Each reporting period, the Company also updates the actual amount of business in-force, which impacts expected future gross margins. When expected future gross margins are below those previously estimated, the DAC amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the expected future gross margins are above the previously estimated expected future gross margins. Each period, the Company also reviews the estimated gross margins for each block of business to determine the recoverability of DAC balances.

The Company amortizes DAC and VOBA related to fixed and variable universal life contracts and fixed and variable deferred annuity contracts over the estimated lives of the contracts in proportion to actual and expected future gross profits. The amortization includes interest based on rates in effect at inception or acquisition of the

contracts. The amount of future gross profits is dependent principally upon returns in excess of the amounts credited to policyholders, mortality, persistency, interest crediting rates, expenses to administer the business, creditworthiness of reinsurance counterparties, the effect of any hedges used and certain economic variables, such as inflation. Of these factors, the Company anticipates that investment returns, expenses and persistency are reasonably likely to impact significantly the rate of DAC and VOBA amortization. Each reporting period, the Company updates the estimated gross profits with the actual gross profits for that period. When the actual gross profits change from previously estimated gross profits, the cumulative DAC and VOBA amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. When actual gross profits exceed those previously estimated, the DAC and VOBA amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the actual gross profits are below the previously estimated gross profits. Each reporting period, the Company also updates the actual amount of business remaining in-force, which impacts expected future gross profits. When expected future gross profits are below those previously estimated, the DAC and VOBA amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the expected future gross profits are above the previously estimated expected future gross profits. Each period, the Company also reviews the estimated gross profits for each block of business to determine the recoverability of DAC and VOBA balances.

Separate account rates of return on variable universal life contracts and variable deferred annuity contracts affect in-force account balances on such contracts each reporting period which can result in significant fluctuations in amortization of DAC and VOBA. Returns that are higher than the Company's long-term expectation produce higher account balances, which increases the Company's future fee expectations and decreases future benefit payment expectations on minimum death and living benefit guarantees, resulting in higher expected future gross profits. The opposite result occurs when returns are lower than the Company's long-term expectation. The Company's practice to determine the impact of gross profits resulting from returns on separate accounts assumes that long-term appreciation in equity markets is not changed by short-term market fluctuations, but is only changed when sustained interim deviations are expected. The Company monitors these events and only changes the assumption when its long-term expectation changes.

The Company also periodically reviews other long-term assumptions underlying the projections of estimated gross margins and profits. These include investment returns, policyholder dividend scales, interest crediting rates, mortality, persistency and expenses to administer business. Management annually updates assumptions used in the calculation of estimated gross margins and profits which may have significantly changed. If the update of assumptions causes expected future gross margins and profits to increase, DAC and VOBA amortization will decrease, resulting in a current period increase to earnings. The opposite result occurs when the assumption update causes expected future gross margins and profits to decrease.

Periodically, the Company modifies product benefits, features, rights or coverages that occur by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to a contract, or by election or coverage within a contract. If such modification, referred to as an internal replacement, substantially changes the contract, the associated DAC or VOBA is written off immediately through income and any new deferrable costs associated with the replacement contract are deferred. If the modification does not substantially change the contract, the DAC or VOBA amortization on the original contract will continue and any acquisition costs associated with the related modification are expensed.

Sales Inducements

The Company generally has two different types of sales inducements which are included in other assets: (i) the policyholder receives a bonus whereby the policyholder's initial account balance is increased by an amount equal to a specified percentage of the customer's deposit; and (ii) the policyholder receives a higher interest rate using

a dollar cost averaging method than would have been received based on the normal general account interest rate credited. The Company defers sales inducements and amortizes them over the life of the policy using the same methodology and assumptions used to amortize DAC. The amortization of sales inducements is included in policyholder benefits and claims. Each year, or more frequently if circumstances indicate a potentially significant recoverability issue exists, the Company reviews the deferred sales inducements to determine the recoverability of these balances.

Value of Distribution Agreements and Customer Relationships Acquired

Value of distribution agreements acquired ("VODA") is reported in other assets and represents the present value of expected future profits associated with the expected future business derived from the distribution agreements acquired as part of a business combination. Value of customer relationships acquired ("VOCRA") is also reported in other assets and represents the present value of the expected future profits associated with the expected future business acquired through existing customers of the acquired company or business. The VODA and VOCRA associated with past acquisitions are amortized over useful lives ranging from 10 to 30 years and such amortization is included in other expenses. Each year, or more frequently if circumstances indicate a potentially significant recoverability issue exists, the Company reviews VODA and VOCRA to determine the recoverability of these balances.

Goodwill

Goodwill is the excess of cost over the estimated fair value of net assets acquired which represents the future economic benefits arising from such net assets acquired that could not be individually identified. Goodwill is not amortized but is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. The Company performs its annual goodwill impairment testing during the third quarter of each year based upon data as of the close of the second quarter. Goodwill associated with a business acquisition is not tested for impairment during the year the business is acquired unless there is a significant identified impairment event.

Impairment testing is performed using the fair value approach, which requires the use of estimates and judgment, at the "reporting unit" level. A reporting unit is the operating segment or a business one level below the operating segment, if discrete financial information is prepared and regularly reviewed by management at that level. For purposes of goodwill impairment testing, goodwill within Corporate & Other is allocated to reporting units within the Company's segments.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, there might be an indication of impairment. In such instances, the implied fair value of the goodwill is determined in the same manner as the amount of goodwill that would be determined in a business acquisition. The excess of the carrying value of goodwill over the implied fair value of goodwill would be recognized as an impairment and recorded as a charge against net income.

In performing the Company's goodwill impairment tests, the estimated fair values of the reporting units are first determined using a market multiple approach. When further corroboration is required, the Company uses a discounted cash flow approach. For reporting units which are particularly sensitive to market assumptions, such as the annuities and life reporting units, the Company may use additional valuation methodologies to estimate the reporting units' fair values.

The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected operating earnings, current book value (with or without accumulated other comprehensive income), the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, the account value of in-force business, projections of new and renewal business,

as well as margins on such business, the level of interest rates, credit spreads, equity market levels and the discount rate that the Company believes is appropriate for the respective reporting unit. The estimated fair values of the annuities and life reporting units are particularly sensitive to the equity market levels.

The Company applies significant judgment when determining the estimated fair value of the Company's reporting units. The valuation methodologies utilized are subject to key judgments and assumptions that are sensitive to change. Estimates of fair value are inherently uncertain and represent only management's reasonable expectation regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Declines in the estimated fair value of the Company's reporting units could result in goodwill impairments in future periods which could materially adversely affect the Company's results of operations or financial position.

On an ongoing basis, the Company evaluates potential triggering events that may affect the estimated fair value of the Company's reporting units to assess whether any goodwill impairment exists. Deteriorating or adverse market conditions for certain reporting units may have a significant impact on the estimated fair value of these reporting units and could result in future impairments of goodwill.

See Note 6 for discussion of goodwill impairment testing during 2011.

Liability for Future Policy Benefits and PABs

The Company establishes liabilities for amounts payable under insurance policies, including traditional life insurance, traditional annuities and non-medical health insurance. Generally, amounts are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, policy lapse, renewal, retirement, investment returns, inflation, expenses and other contingent events as appropriate to the respective product type. These assumptions are established at the time the policy is issued and are intended to estimate the experience for the period the policy benefits are payable. Utilizing these assumptions, liabilities are established on a block of business basis. For long duration insurance contracts, assumptions such as mortality, morbidity and interest rates are "locked in" upon the issuance of new business. However, significant adverse changes in experience on such contracts may require us to establish premium deficiency reserves. Such reserves are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

The Company began selling participating traditional life insurance policies in 2011. Such policies are 90% reinsured. Future policy benefit liabilities for participating traditional life insurance policies are equal to the aggregate of net level premium reserves for death and endowment policy benefits (calculated based upon the non-forfeiture interest rate of 4%, and mortality rates guaranteed in calculating the cash surrender values described in such contracts).

Participating business represented approximately 1% of the Company's life insurance in-force at December 31, 2011. Participating policies represented approximately 10% of gross life insurance premiums for the year ended December 31, 2011.

Future policy benefit liabilities for non-participating traditional life insurance policies are equal to the aggregate of the present value of expected future benefit payments and related expenses less the present value of expected future net premiums. Assumptions as to mortality and persistency are based upon the Company's experience when the basis of the liability is established. Interest rate assumptions for the aggregate future policy benefit liabilities range from 2% to 7%.

Future policy benefit liabilities for individual and group traditional fixed annuities after annuitization are equal to the present value of expected future payments. Interest rate assumptions used in establishing such liabilities range from 4% to 8%.

Future policy benefit liabilities for non-medical health insurance are calculated using the net level premium method and assumptions as to future morbidity, withdrawals and interest, which provide a margin for adverse deviation. Interest rate assumptions used in establishing such liabilities range from 4% to 7%.

Future policy benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumptions as to claim terminations, expenses and interest. Interest rate assumptions used in establishing such liabilities range from 3% to 7%.

Liabilities for unpaid claims and claim expenses for the Company's workers' compensation business are included in future policyholder benefits and are estimated based upon the Company's historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs, reduced for anticipated subrogation. The effects of changes in such estimated liabilities are included in the results of operations in the period in which the changes occur.

Liabilities for universal and variable life secondary guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the accumulation period based on total expected assessments. The assumptions used in estimating the secondary guarantee liabilities are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. The assumptions of investment performance and volatility for variable products are consistent with historical Standard & Poor's ("S&P") experience of the appropriate underlying equity index, such as the S&P 500 Index. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

Future policy benefit liabilities are established for certain variable annuity products with guaranteed minimum benefits as described below under "— Variable Annuity Guaranteed Minimum Benefits."

The Company regularly reviews its estimates of actuarial liabilities for future policy benefits and compares them with its actual experience. Differences between actual experience and the assumptions used in pricing these policies and guarantees, and in the establishment of the related liabilities, result in changes in the additional liability balances with related charges or credits to benefit expenses in the period in which the changes occur.

PABs relate to investment-type contracts, universal life-type policies and certain guaranteed minimum benefits. Investment-type contracts principally include traditional individual fixed annuities in the accumulation phase and non-variable group annuity contracts. PABs for these contracts are equal to: (i) policy account values, which consist of an accumulation of gross premium payments; (ii) credited interest, ranging from 1% to 10%, less expenses, mortality charges and withdrawals; and (iii) fair value adjustments relating to business combinations.

Variable Annuity Guaranteed Minimum Benefits

The Company issues, directly and through assumed reinsurance, certain variable annuity products with guaranteed minimum benefits that provide the policyholder a minimum return based on their initial deposit (i.e., the benefit base) less withdrawals. In some cases the benefit base may be increased by additional deposits, bonus amounts, accruals or optional market value resets. These guarantees are accounted for as insurance liabilities or as embedded derivatives depending on how and when the benefit is paid. Specifically, a guarantee is accounted for as an embedded derivative if a guarantee is paid without requiring (i) the occurrence of specific insurable

event, or (ii) the policyholder to annuitize. Alternatively, a guarantee is accounted for as an insurance liability if the guarantee is paid only upon either (i) the occurrence of a specific insurable event, or (ii) annuitization. In certain cases, a guarantee may have elements of both an insurance liability and an embedded derivative and in such cases the guarantee is accounted for under a split of the two models.

These guarantees include:

- Guaranteed minimum death benefit ("GMDB") that guarantees the contractholder a return of their purchase payment upon death even if the account value is reduced to zero. An enhanced death benefit may be available for an additional fee.
- Guaranteed minimum income benefit ("GMIB") that provides the contractholder, after a specified period of time determined at the time of issuance of the variable annuity contract, with a minimum accumulation of their purchase payments, even if the account value is reduced to zero, that can be annuitized to receive a monthly income stream that is not less than a specified amount. Certain of these contracts also provide for a guaranteed lump sum return of purchase premium in lieu of the annuitization benefit.
- Guaranteed minimum withdrawal benefit ("GMWB") that guarantees the contractholder a return of their purchase payment via partial withdrawals, even if the account value is reduced to zero, provided that the contractholder's cumulative withdrawals in a contract year do not exceed a certain limit. Certain of these contracts include guaranteed withdrawals that are life contingent.
- Guaranteed minimum accumulation benefit ("GMAB") that provides the contractholder, after a specified period of time determined at the time of issuance of the variable annuity contract, with a minimum accumulation of their purchase payments even if the account value is reduced to zero.

Guarantees accounted for as insurance liabilities in future policy benefits include GMDB, the portion of GMIB that require annuitization, and the life-contingent portion of certain GMWB. These liabilities are established as follows:

GMDB liabilities are determined by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. The assumptions used in estimating the GMDB liabilities are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. The assumptions of investment performance and volatility are consistent with the historical experience of the appropriate underlying equity index, such as the S&P 500 Index. The benefit assumptions used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

GMIB liabilities are determined by estimating the expected value of the income benefits in excess of the projected account balance at any future date of annuitization and recognizing the excess ratably over the accumulation period based on total expected assessments. The assumptions used for estimating the GMIB liabilities are consistent with those used for estimating the GMDB liabilities. In addition, the calculation of guaranteed annuitization benefit liabilities incorporates an assumption for the percentage of the potential annuitizations that may be elected by the contractholder. Certain GMIB have settlement features that result in a portion of that guarantee being accounted for as an embedded derivative and are recorded in PABs as described below.

The liability for the life contingent portion of GMWB is determined based on the expected value of the life contingent payments and expected assessments using assumptions consistent with those used for estimating the GMDB liabilities.

Guarantees accounted for as embedded derivatives in PABs include the non life-contingent portion of GMWB, GMAB and the portion of certain GMIB that do not require annuitization. These guarantees are recorded at estimated fair value separately from the host variable annuity with changes in estimated fair value reported in net derivative gains (losses). At inception, the Company attributes to the embedded derivative a portion of the projected future guarantee fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. Any additional fees represent "excess" fees and are reported in universal life and investment-type product policy fees.

The estimated fair values of these embedded derivatives are then determined based on the present value of projected future benefits minus the present value of projected future fees. The projections of future benefits and future fees require capital market and actuarial assumptions including expectations concerning policyholder behavior. 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. The valuation of these embedded derivatives also includes an adjustment for the Company's nonperformance risk and risk margins related to non-capital market inputs. The nonperformance adjustment, which is captured as a spread over the risk free rate in determining the discount rate to discount the cash flows of the liability, is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife'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 MetLife. 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 in certain actuarial assumptions. 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, 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.

The Company ceded the risk associated with certain of the GMIB, GMAB and GMWB described in the preceding paragraphs. With respect to GMIB, a portion of the directly written GMIB guarantees are accounted for as insurance (i.e., not as embedded derivatives) but where the reinsurance agreements contain embedded derivatives. These embedded derivatives are included in premiums, reinsurance, and other receivables in the consolidated balance sheet with changes in estimated fair value reported in net derivative gains (losses). 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 with the exception of the input for nonperformance risk that reflects the credit of the reinsurer.

Other Policy-Related Balances

Other policy-related balances include policy and contract claims, unearned revenue liabilities and policyholder dividends due and unpaid.

The liability for policy and contract claims generally relates to incurred but not reported death, disability, and long-term care ("LTC") claims, as well as claims which have been reported but not yet settled. The liability for these claims is based on the Company's estimated ultimate cost of settling all claims. The Company derives estimates for the development of incurred but not reported claims principally from actuarial analyses of historical patterns of claims and claims development for each line of business. The methods used to determine these

estimates are continually reviewed. Adjustments resulting from this continuous review process and differences between estimates and payments for claims are recognized in policyholder benefits and claims expense in the period in which the estimates are changed or payments are made.

The unearned revenue liability relates to universal life-type and investment-type products and represents policy charges for services to be provided in future periods. The charges are deferred as unearned revenue and amortized using the product's estimated gross profits, similar to DAC. Such amortization is recorded in universal life and investment-type product policy fees.

Also included in other policy-related balances are policyholder dividends due and unpaid on participating policies. Such liability is presented at amounts contractually due to policyholders.

Recognition of Insurance Revenue and Related Benefits

Premiums related to traditional life and annuity policies with life contingencies are recognized as revenues when due from policyholders. Policyholder benefits and expenses are provided against such revenues to recognize profits over the estimated lives of the policies. When premiums are due over a significantly shorter period than the period over which benefits are provided, any excess profit is deferred and recognized into operations in a constant relationship to insurance in-force or, for annuities, the amount of expected future policy benefit payments.

Premiums related to non-medical health and disability contracts are recognized on a pro rata basis over the applicable contract term.

Deposits related to universal life-type and investment-type products are credited to PABs. Revenues from such contracts consist of amounts assessed against PABs for mortality, policy administration and surrender charges and are recorded in universal life and investment-type product policy fees in the period in which services are provided. Amounts that are charged to operations include interest credited and benefit claims incurred in excess of related PABs.

Premiums, policy fees, policyholder benefits and expenses are presented net of reinsurance.

The portion of fees allocated to embedded derivatives described previously is recognized within net derivative gains (losses) as part of the estimated fair value of embedded derivatives.

Other Revenues

Other revenues include, in addition to items described elsewhere herein, advisory fees, broker-dealer commissions and fees and administrative service fees. Such fees and commissions are recognized in the period in which services are performed.

Income Taxes

The Company was excluded from MetLife's life/non-life consolidated federal tax return for the five years subsequent to MetLife's July 2005 acquisition of MetLife Insurance Company of Connecticut. In 2011, MetLife Insurance Company of Connecticut and its subsidiaries joined the consolidated return and became a party to the MetLife tax sharing agreement. Prior to 2011, MetLife Insurance Company of Connecticut filed a consolidated tax return with its includable subsidiaries. Non-includable subsidiaries filed either separate individual corporate tax returns or separate consolidated tax returns.

The Company's accounting for income taxes represents management's best estimate of various events and transactions.

Deferred tax assets and liabilities resulting from temporary differences between the financial reporting and tax bases of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse.

The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. Valuation allowances are established when management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. Factors in management's determination include the performance of the business and its ability to generate capital gains. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

(i) future taxable income exclusive of reversing temporary differences and carryforwards;

(ii) future reversals of existing taxable temporary differences;

(iii) taxable income in prior carryback years; and

(iv) tax planning strategies.

The Company may be required to change its provision for income taxes in certain circumstances. Examples of such circumstances include when estimates used in determining valuation allowances on deferred tax assets significantly change or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in the consolidated financial statements in the year these changes occur.

The Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Unrecognized tax benefits due to tax uncertainties that do not meet the threshold are included within other liabilities and are charged to earnings in the period that such determination is made.

The Company classifies interest recognized as interest expense and penalties recognized as a component of income tax.

Reinsurance

The Company enters into reinsurance agreements primarily as a purchaser of reinsurance for its life insurance products and also as a provider of reinsurance for some insurance products issued by third parties and related parties.

For each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

For reinsurance of existing in-force blocks of long-duration contracts that transfer significant insurance risk, the difference, if any, between the amounts paid (received), and the liabilities ceded (assumed) related to the underlying contracts is considered the net cost of reinsurance at the inception of the reinsurance agreement. The

net cost of reinsurance is recorded as an adjustment to DAC and recognized as a component of other expenses on a basis consistent with the way the acquisition costs on the underlying reinsured contracts would be recognized. Subsequent amounts paid (received) on the reinsurance of in-force blocks, as well as amounts paid (received) related to new business, are recorded as ceded (assumed) premiums and ceded (assumed) future policy benefit liabilities are established.

The assumptions used to account for long-duration reinsurance agreements are consistent with those used for the underlying contracts. Ceded policyholder and contract related liabilities, other than those currently due, are reported gross on the balance sheet.

Amounts currently recoverable under reinsurance agreements are included in premiums, reinsurance and other receivables and amounts currently payable are included in other liabilities. Such assets and liabilities relating to reinsurance agreements with the same reinsurer may be recorded net on the balance sheet, if a right of offset exists within the reinsurance agreement. In the event that reinsurers do not meet their obligations to the Company under the terms of the reinsurance agreements, reinsurance balances recoverable could become uncollectible. In such instances, reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance.

The funds withheld liability represents amounts withheld by the Company in accordance with the terms of the reinsurance agreements. The Company withholds the funds rather than transferring the underlying investments and, as a result, records funds withheld liability within other liabilities. The Company recognizes interest on funds withheld, included in other expenses, at rates defined by the terms of the agreement which may be contractually specified or directly related to the investment portfolio.

Premiums, fees and policyholder benefits and claims include amounts assumed under reinsurance agreements and are net of reinsurance ceded. Amounts received from reinsurers for policy administration are reported in other revenues.

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. Deposits received are included in other liabilities and deposits made are included within premiums, reinsurance and other receivables. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as other revenues or other expenses, as appropriate. Periodically, the Company evaluates the adequacy of the expected payments or recoveries and adjusts the deposit asset or liability through other revenues or other expenses, as appropriate.

Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. The Company periodically reviews actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluates the financial strength of counterparties to its reinsurance agreements using criteria similar to that evaluated in the security impairment process discussed previously.

Cessions under reinsurance agreements do not discharge the Company's obligations as the primary insurer.

Employee Benefit Plans

Eligible employees, sales representatives and retirees of the Company are provided pension, postretirement and postemployment benefits under plans sponsored and administered by Metropolitan Life Insurance Company ("MLIC"), an affiliate of the Company. The Company's obligation and expense related to these benefits is limited to the amount of associated expense allocated from MLIC.

Foreign Currency

Assets, liabilities and operations of foreign affiliates and subsidiaries are recorded based on the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic and management indicators. The local currencies of foreign operations are the functional currencies. Assets and liabilities of foreign affiliates and subsidiaries are translated from the functional currency to U.S. dollars at the exchange rates in effect at each year-end and income and expense accounts are translated at the average rates of exchange prevailing during the year. The resulting translation adjustments are charged or credited directly to other comprehensive income or loss, net of applicable taxes. Gains and losses from foreign currency transactions, including the effect of re-measurement of monetary assets and liabilities to the appropriate functional currency, are reported as part of net investment gains (losses) in the period in which they occur.

Discontinued Operations

The results of operations of a component of the Company that either has been disposed of or is classified as held-for-sale are reported in discontinued operations if the operations and cash flows of the component have been or will be eliminated from the ongoing operations of the Company as a result of the disposal transaction and the Company will not have any significant continuing involvement in the operations of the component after the disposal transaction.

Litigation Contingencies

The Company is a party to a number of legal actions and is involved in a number of regulatory investigations. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on the Company's financial position. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Legal costs are recognized in other expenses as incurred. On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in the Company's consolidated financial statements. It is possible that an adverse outcome in certain of the Company's litigation and regulatory investigations, or the use of different assumptions in the determination of amounts recorded, could have a material effect upon the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Separate Accounts

Separate accounts are established in conformity with insurance laws and are generally not chargeable with liabilities that arise from any other business of the Company. Separate account assets are subject to general account claims only to the extent the value of such assets exceeds the separate account liabilities. Assets within the Company's separate accounts primarily include: mutual funds, fixed maturity and equity securities, mortgage loans, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents. The Company reports separately, as assets and liabilities, investments held in separate accounts and liabilities of the separate accounts if (i) such separate accounts are legally recognized; (ii) assets supporting the contract liabilities are legally insulated from the Company's general account liabilities; (iii) investments are directed by the contractholder; and (iv) all investment performance, net of contract fees and assessments, is passed through to the contractholder. The Company reports separate account assets meeting such criteria at their fair value which is based on the estimated fair values of the underlying assets comprising the portfolios of an individual separate account. Investment performance (including investment income, net investment gains (losses) and changes in unrealized gains (losses)) and the corresponding amounts credited to contractholders of such separate accounts are offset within the same line in the consolidated statements of operations. Separate accounts credited with a contractual investment return are combined on a line-by-line basis with the Company's general

account assets, liabilities, revenues and expenses and the accounting for these investments is consistent with the methodologies described herein for similar financial instruments held within the general account. Unit-linked separate account investments which are directed by contractholders but do not meet one or more of the other above criteria are included in other securities.

The Company's revenues reflect fees charged to the separate accounts, including mortality charges, risk charges, policy administration fees, investment management fees and surrender charges. Such fees are included in universal life and investment type product policy fees in the consolidated statements of operations.

Adoption of New Accounting Pronouncements

Financial Instruments

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

Effective July 1, 2011, the Company adopted new guidance regarding accounting for troubled debt restructurings. 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. Additionally, the guidance prohibits creditors from using the borrower's effective rate test to evaluate whether a concession has been granted to the borrower. The adoption did not have a material impact on the Company's consolidated financial statements. See also expanded disclosures in Note 2.

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 economic interest 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.

Effective December 31, 2010, the Company adopted guidance regarding disclosures about the credit quality of financing receivables and valuation allowances for credit losses, including credit quality indicators. Such disclosures must be disaggregated by portfolio segment or class based on how a company develops its valuation allowances for credit losses and how it manages its credit exposure. The Company has provided all material required disclosures in its consolidated financial statements.

Effective July 1, 2010, the Company adopted guidance regarding accounting for embedded credit derivatives within structured securities. This guidance clarifies the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Specifically, embedded credit derivatives resulting only from subordination of one financial instrument to another continue to qualify for the scope exception. Embedded credit derivative features other than subordination must be analyzed to determine whether they require bifurcation and separate accounting. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2010, the Company adopted guidance related to financial instrument transfers and consolidation of VIEs. The financial instrument transfer guidance eliminates the concept of a qualified special purpose entity ("QSPE"), eliminates the guaranteed mortgage securitization exception, changes the criteria for

achieving sale accounting when transferring a financial asset and changes the initial recognition of retained beneficial interests. The new consolidation guidance changes the definition of the primary beneficiary, as well as the method of determining whether an entity is a primary beneficiary of a VIE from a quantitative model to a qualitative model. Under the new qualitative model, the entity that has both the ability to direct the most significant activities of the VIE and the obligation to absorb losses or receive benefits that could be significant to the VIE is considered to be the primary beneficiary of the VIE. The guidance requires a quarterly reassessment, as well as enhanced disclosures, including the effects of a company's involvement with VIEs on its financial statements.

As a result of the adoption of this guidance, the Company consolidated certain former QSPEs that were previously accounted for as fixed maturity CMBS. The Company also elected FVO for all of the consolidated assets and liabilities of these entities. Upon consolidation, the Company recorded $6.8 billion of commercial mortgage loans and $6.7 billion of long-term debt based on estimated fair values at January 1, 2010 and de-recognized $52 million in fixed maturity securities. The consolidation also resulted in a decrease in retained earnings of $34 million, net of income tax, and an increase in accumulated other comprehensive income (loss) of $34 million, net of income tax, at January 1, 2010. For the year ended December 31, 2010, the Company recorded $411 million of net investment income on the consolidated assets, $402 million of interest expense in other expenses on the related long-term debt, and $24 million in net investment gains (losses) to remeasure the assets and liabilities at their estimated fair values.

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

Effective April 1, 2009, the Company adopted OTTI guidance. This guidance amends the previously used methodology for determining whether an OTTI exists for fixed maturity securities, changes the presentation of OTTI for fixed maturity securities and requires additional disclosures for OTTI on fixed maturity and equity securities in interim and annual financial statements. The Company's net cumulative effect adjustment of adopting the OTTI guidance was an increase of $22 million to retained earnings with a corresponding increase to accumulated other comprehensive loss to reclassify the noncredit loss portion of previously recognized OTTI losses on fixed maturity securities held at April 1, 2009. This cumulative effect adjustment was comprised of an increase in the amortized cost basis of fixed maturity securities of $36 million, net of policyholder related amounts of $2 million and net of deferred income taxes of $12 million, resulting in the net cumulative effect adjustment of $22 million. The increase in the amortized cost basis of fixed maturity securities of $36 million by sector was as follows: $17 million — ABS, $6 million — U.S. corporate securities and $13 million — CMBS. As a result of the adoption of the OTTI guidance, the Company's pre-tax earnings for the year ended December 31, 2009 increased by $148 million, offset by an increase in other comprehensive loss representing OTTI relating to noncredit losses recognized during the year ended December 31, 2009.

Effective January 1, 2009, the Company adopted guidance on disclosures about derivative instruments and hedging. This guidance requires enhanced qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments and disclosures about credit risk-related contingent features in derivative agreements. The Company has provided all of the material disclosures in its consolidated financial statements.

Effective January 1, 2009, the Company adopted prospectively an update on accounting for transfers of financial assets and repurchase financing transactions. This update provides guidance for evaluating whether to

account for a transfer of a financial asset and repurchase financing as a single transaction or as two separate transactions. The adoption did not have a material impact on the Company's consolidated financial statements.

Business Combinations and Noncontrolling Interests

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, 2009, the Company adopted revised guidance on business combinations and accounting for noncontrolling interests in the consolidated financial statements. Under this guidance:

- All business combinations (whether full, partial or "step" acquisitions) result in all assets and liabilities of an acquired business being recorded at fair value, with limited exceptions.
- Acquisition costs are generally expensed as incurred; restructuring costs associated with a business combination are generally expensed as incurred subsequent to the acquisition date.
- The fair value of the purchase price, including the issuance of equity securities, is determined on the acquisition date.
- Assets acquired and liabilities assumed in a business combination that arise from contingencies are recognized at fair value if the acquisition-date fair value can be reasonably determined. If the fair value is not estimable, an asset or liability is recorded if existence or incurrence at the acquisition date is probable and its amount is reasonably estimable.
- Changes in deferred income tax asset valuation allowances and income tax uncertainties after the acquisition date generally affect income tax expense.
- Noncontrolling interests (formerly known as "minority interests") are valued at fair value at the acquisition date and are presented as equity rather than liabilities.
- Net income (loss) includes amounts attributable to noncontrolling interests.
- When control is attained on previously noncontrolling interests, the previously held equity interests are remeasured at fair value and a gain or loss is recognized.
- Purchases or sales of equity interests that do not result in a change in control are accounted for as equity transactions.
- When control is lost in a partial disposition, realized gains or losses are recorded on equity ownership sold and the remaining ownership interest is remeasured and holding gains or losses are recognized.

As the Company did not have a minority interest, the adoption of this guidance did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2009, the Company adopted prospectively guidance on determination of the useful life of intangible assets. This guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. This change is intended to improve

the consistency between the useful life of a recognized intangible asset and the period of expected future cash flows used to measure the fair value of the asset. The Company determines useful lives and provides all of the material disclosures prospectively on intangible assets acquired on or after January 1, 2009 in accordance with this guidance.

Fair Value

Effective January 1, 2012, the Company adopted new guidance regarding fair value measurements that establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards ("IFRS"). Some of the amendments clarify the Financial Accounting Standards Board's ("FASB") intent on the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2010, the Company adopted guidance that requires disclosures about significant transfers into and/or out of Levels 1 and 2 of the fair value hierarchy and activity in Level 3. In addition, this guidance provides clarification of existing disclosure requirements about level of disaggregation and inputs and valuation techniques. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

The following pronouncements relating to fair value had no material impact on the Company's consolidated financial statements:

- Effective January 1, 2009, the Company implemented fair value measurements guidance for certain nonfinancial assets and liabilities that are recorded at fair value on a non-recurring basis. This guidance applies to such items as: (i) nonfinancial assets and nonfinancial liabilities initially measured at estimated fair value in a business combination; (ii) reporting units measured at estimated fair value in the first step of a goodwill impairment test; and (iii) indefinite-lived intangible assets measured at estimated fair value for impairment assessment.

- Effective January 1, 2009, the Company adopted prospectively guidance on issuer's accounting for liabilities measured at fair value with a third-party credit enhancement. This guidance states that an issuer of a liability with a third-party credit enhancement should not include the effect of the credit enhancement in the fair value measurement of the liability. In addition, it requires disclosures about the existence of any third-party credit enhancement related to liabilities that are measured at fair value.

- Effective April 1, 2009, the Company adopted guidance on: (i) estimating the fair value of an asset or liability if there was a significant decrease in the volume and level of trading activity for these assets or liabilities; and (ii) identifying transactions that are not orderly. The Company has provided all of the material disclosures in its consolidated financial statements.

- Effective December 31, 2009, the Company adopted guidance on: (i) measuring the fair value of investments in certain entities that calculate NAV per share; (ii) how investments within its scope would be classified in the fair value hierarchy; and (iii) enhanced disclosure requirements, for both interim and annual periods, about the nature and risks of investments measured at fair value on a recurring or non-recurring basis.

- Effective December 31, 2009, the Company adopted guidance on measuring liabilities at fair value. This guidance provides clarification for measuring fair value in circumstances in which a quoted price in an active market for the identical liability is not available. In such circumstances a company is required to

measure fair value using either a valuation technique that uses: (i) the quoted price of the identical liability when traded as an asset; or (ii) quoted prices for similar liabilities or similar liabilities when traded as assets; or (iii) another valuation technique that is consistent with the principles of fair value measurement such as an income approach (e.g., present value technique) or a market approach (e.g., "entry" value technique).

Deferred Policy Acquisition Costs

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

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

	As Previously Reported		Adjustment		As Adjusted	
	December 31,		December 31,		December 31,	
	2011	2010	2011	2010	2011	2010
	(In millions)					
Assets						
Other invested assets, principally at estimated fair value	$ 3,373	$ 1,716	$ (19)	$ (9)	$ 3,354	$ 1,707
Deferred policy acquisition costs and value of business acquired (1)	$ 4,876	$ 5,099	$ (688)	$ (708)	$ 4,188	$ 4,391
Deferred income tax assets	$ —	$ 356	$ —	$ 245	$ —	$ 601
Liabilities						
Deferred income tax liability	$ 1,172	$ —	$ (237)	$ —	$ 935	$ —
Equity						
Retained earnings	$ 1,657	$ 934	$ (484)	$ (477)	$ 1,173	$ 457
Accumulated other comprehensive income (loss)	$ 1,757	$ 212	$ 14	$ 5	$ 1,771	$ 217
Total stockholders' equity	$ 10,173	$ 7,951	$ (470)	$ (472)	$ 9,703	$ 7,479

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

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

	As Previously Reported			Adjustment			As Adjusted		
	Years Ended December 31,			Years Ended December 31,			Years Ended December 31,		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	(In millions)								
Revenues									
Net investment income	$ 3,083	$ 3,157	$ 2,335	$ (9)	$ (4)	$ (2)	$ 3,074	$ 3,153	$ 2,333
Expenses									
Other expenses	$ 2,919	$ 2,321	$ 1,207	$ (4)	$ 51	$ 127	$ 2,915	$ 2,372	$ 1,334
Income (loss) before provision for income tax	$ 1,761	$ 1,077	$ (814)	$ (5)	$ (55)	$ (129)	$ 1,756	$ 1,022	$ (943)
Provision for income tax expense (benefit)	$ 521	$ 320	$ (368)	$ 2	$ (17)	$ (43)	$ 523	$ 303	$ (411)
Net income (loss)	$ 1,240	$ 757	$ (446)	$ (7)	$ (38)	$ (86)	$ 1,233	$ 719	$ (532)

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

	As Previously Reported			Adjustment			As Adjusted		
	Years Ended December 31,			Years Ended December 31,			Years Ended December 31,		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	(In millions)								
Cash flows from operating activities									
Net income (loss)	$ 1,240	$ 757	$ (446)	$ (7)	$ (38)	$ (86)	$ 1,233	$ 719	$ (532)
Change in deferred policy acquisition costs, net	$ (182)	$ (138)	$ (559)	$ (5)	$ 51	$ 127	$ (187)	$ (87)	$ (432)
Change in income tax recoverable (payable)	$ 565	$ 208	$ (303)	$ 2	$ (17)	$ (43)	$ 567	$ 191	$ (346)
Cash flows from investing activities									
Net change in other invested assets	$ (22)	$ (194)	$ 16	$ 10	$ 4	$ 2	$ (12)	$ (190)	$ 18

Other Pronouncements

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

On January 1, 2012, the Company adopted new guidance regarding comprehensive income, which was applied retrospectively, that provides companies with the option to present the total of comprehensive income, components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements in annual financial statements. The objective of the standard is to increase the prominence of items reported in other comprehensive income and to facilitate convergence of GAAP and IFRS. The standard eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified in net income. The Company adopted the two-statement approach for annual statements.

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

Effective January 1, 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 April 1, 2009, the Company adopted prospectively guidance which establishes general standards for accounting and disclosures of events that occur subsequent to the balance sheet date but before financial statements are issued or available to be issued. The Company has provided all of the material disclosures in its consolidated financial statements.

Future Adoption of New Accounting Pronouncements

In December 2011, the FASB issued new guidance regarding balance sheet offsetting disclosures (Accounting Standards Update ("ASU") 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities),* effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The guidance should be applied retrospectively for all comparative periods presented. The amendments in ASU 2011-11 require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effects of those arrangements on its financial position. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The objective of ASU 2011-11 is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of IFRS. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

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

2. 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 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 OTTI losses:

	December 31, 2011					
	Cost or Amortized Cost	Gross Unrealized			Estimated Fair Value	% of Total
		Gains	Temporary Losses	OTTI Losses		
			(In millions)			
Fixed Maturity Securities:						
U.S. corporate securities	$ 16,018	$ 1,550	$ 229	$ —	$ 17,339	36.3 %
Foreign corporate securities	7,958	649	114	—	8,493	17.8
U.S. Treasury and agency securities	6,832	1,217	1	—	8,048	16.8
RMBS	6,478	330	189	125	6,494	13.6
CMBS	2,128	115	16	—	2,227	4.7
State and political subdivision securities	1,891	222	58	—	2,055	4.3
ABS	1,875	45	42	—	1,878	3.9
Foreign government securities	1,035	215	3	—	1,247	2.6
Total fixed maturity securities	$ 44,215	$ 4,343	$ 652	$ 125	$ 47,781	100.0 %
Equity Securities:						
Common stock	$ 148	$ 11	$ 13	$ —	$ 146	57.9 %
Non-redeemable preferred stock	147	3	44	—	106	42.1
Total equity securities	$ 295	$ 14	$ 57	$ —	$ 252	100.0 %

	December 31, 2010					
	Cost or Amortized Cost	Gross Unrealized			Estimated Fair Value	% of Total
		Gains	Temporary Losses	OTTI Losses		
			(In millions)			
Fixed Maturity Securities:						
U.S. corporate securities	$ 14,860	$ 816	$ 302	$ —	$ 15,374	34.2 %
Foreign corporate securities	8,095	502	127	—	8,470	18.8
U.S. Treasury and agency securities	7,665	143	132	—	7,676	17.1
RMBS	7,101	203	260	88	6,956	15.5
CMBS	2,203	113	39	—	2,277	5.1
State and political subdivision securities	1,755	22	131	—	1,646	3.7
ABS (1)	1,629	44	53	(2)	1,622	3.6
Foreign government securities	824	81	2	—	903	2.0
Total fixed maturity securities	$ 44,132	$ 1,924	$ 1,046	$ 86	$ 44,924	100.0 %
Equity Securities:						
Common stock	$ 121	$ 17	$ 1	$ —	$ 137	33.8 %
Non-redeemable preferred stock	306	9	47	—	268	66.2
Total equity securities	$ 427	$ 26	$ 48	$ —	$ 405	100.0 %

(1) OTTI losses as presented above represent 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 ABS was in an unrealized gain (loss) position of $2 million at December 31, 2010 due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also "—Net Unrealized Investment Gains (Losses)."

Within fixed maturity securities, a reclassification from the ABS sector to the RMBS sector has been made to the prior year amounts to conform to the current year presentation for securities backed by sub-prime residential mortgage loans to be consistent with market convention relating to the risks inherent in such securities and the Company's management of its investments within these asset sectors.

The Company held non-income producing fixed maturity securities with an estimated fair value of $5 million and $36 million with unrealized gains (losses) of ($2) million and $2 million at December 31, 2011 and 2010, respectively.

The Company held foreign currency derivatives with notional amounts of $946 million and $807 million to hedge the exchange rate risk associated with foreign denominated fixed maturity securities at December 31, 2011 and 2010, respectively.

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

The Company was not exposed to any concentrations of credit risk of any single issuer greater than 10% of the Company's stockholders' equity, other than the government securities summarized in the table below.

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 stockholders' equity at:

	December 31,	
	2011	2010
	Carrying Value (1)	
	(In millions)	
U.S. Treasury and agency fixed maturity securities	$ 8,048	$ 7,676
U.S. Treasury and agency fixed-income securities included in:		
Short-term investments	$ 2,186	$ 935
Cash equivalents	$ 108	$ 1,287

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

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

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:

	December 31,			
	2011		2010	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
Due in one year or less	$ 2,946	$ 2,970	$ 1,874	$ 1,889
Due after one year through five years	8,648	9,022	9,340	9,672
Due after five years through ten years	7,905	8,606	7,829	8,333
Due after ten years	14,235	16,584	14,156	14,175
Subtotal	33,734	37,182	33,199	34,069
RMBS, CMBS and ABS	10,481	10,599	10,933	10,855
Total fixed maturity securities	$ 44,215	$ 47,781	$ 44,132	$ 44,924

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

Net Unrealized Investment Gains (Losses)

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

	Years Ended December 31,		
	2011	2010	2009
	(In millions)		
Fixed maturity securities	$ 3,690	$ 878	$ (1,019)
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(125)	(86)	(141)
Total fixed maturity securities	3,565	792	(1,160)
Equity securities	(41)	(21)	(35)
Derivatives	239	(109)	(4)
Short-term investments	(2)	(2)	(10)
Other	(5)	(3)	(3)
Subtotal	3,756	657	(1,212)
Amounts allocated from:			
Insurance liability loss recognition	(325)	(33)	—
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	9	5	12
DAC and VOBA	(509)	(119)	146
Subtotal	(825)	(147)	158
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	42	30	46
Deferred income tax benefit (expense)	(1,063)	(198)	328
Net unrealized investment gains (losses)	$ 1,910	$ 342	$ (680)

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

	December 31,	
	2011	2010
	(In millions)	
Balance, beginning of period	$ (86)	$ (141)
Noncredit OTTI losses recognized (1)	5	(53)
Transferred to retained earnings (2)	—	16
Securities sold with previous noncredit OTTI loss	26	28
Subsequent changes in estimated fair value	(70)	64
Balance, end of period	$ (125)	$ (86)

(1) Noncredit OTTI losses recognized, net of DAC, were $8 million and ($44) million for the years ended December 31, 2011 and 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.

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

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Balance, beginning of period	$ 342	$ (680)	$ (2,682)
Cumulative effect of change in accounting principles, net of income tax	—	34	(39)
Fixed maturity securities on which noncredit OTTI losses have been recognized	(39)	39	(105)
Unrealized investment gains (losses) during the year	3,138	1,778	3,974
Unrealized investment gains (losses) relating to:			
Insurance liability gain (loss) recognition	(292)	(33)	—
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	4	(7)	10
DAC and VOBA	(390)	(265)	(744)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	12	(11)	34
Deferred income tax benefit (expense)	(865)	(513)	(1,128)
Balance, end of period	$ 1,910	$ 342	$ (680)
Change in net unrealized investment gains (losses)	$ 1,568	$ 1,022	$ 2,002

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 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 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.

	December 31, 2011					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 1,699	$ 71	$ 786	$ 158	$ 2,485	$ 229
Foreign corporate securities	1,213	68	162	46	1,375	114
U.S. Treasury and agency securities	118	—	20	1	138	1
RMBS	784	114	972	200	1,756	314
CMBS	152	4	111	12	263	16
State and political subdivision securities	6	—	367	58	373	58
ABS	803	12	261	30	1,064	42
Foreign government securities	70	3	4	—	74	3
Total fixed maturity securities	$ 4,845	$ 272	$ 2,683	$ 505	$ 7,528	$ 777
Equity Securities:						
Common stock	$ 35	$ 13	$ —	$ —	$ 35	$ 13
Non-redeemable preferred stock	32	16	59	28	91	44
Total equity securities	$ 67	$ 29	$ 59	$ 28	$ 126	$ 57
Total number of securities in an unrealized loss position	808		479			

	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	$ 1,956	$ 56	$ 1,800	$ 246	$ 3,756	$ 302
Foreign corporate securities	727	24	816	103	1,543	127
U.S. Treasury and agency securities	2,857	113	85	19	2,942	132
RMBS	2,235	62	1,606	286	3,841	348
CMBS	68	1	237	38	305	39
State and political subdivision securities	716	36	352	95	1,068	131
ABS	238	2	352	49	590	51
Foreign government securities	49	1	9	1	58	2
Total fixed maturity securities	$ 8,846	$ 295	$ 5,257	$ 837	$ 14,103	$ 1,132
Equity Securities:						
Common stock	$ 9	$ 1	$ —	$ —	$ 9	$ 1
Non-redeemable preferred stock	26	5	187	42	213	47
Total equity securities	$ 35	$ 6	$ 187	$ 42	$ 222	$ 48
Total number of securities in an unrealized loss position	759		637			

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:

	December 31, 2011					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	$ 4,205	$ 762	$ 137	$ 213	652	81
Six months or greater but less than nine months	507	137	36	42	91	13
Nine months or greater but less than twelve months	131	24	8	6	21	4
Twelve months or greater	2,180	359	197	138	373	40
Total	$ 7,023	$ 1,282	$ 378	$ 399		
Percentage of amortized cost			5 %	31 %		
Equity Securities:						
Less than six months	$ 59	$ 85	$ 6	$ 42	17	11
Six months or greater but less than nine months	—	—	—	—	—	—
Nine months or greater but less than twelve months	8	—	1	—	1	—
Twelve months or greater	14	17	1	7	6	4
Total	$ 81	$ 102	$ 8	$ 49		
Percentage of cost			10 %	48 %		

	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	$ 8,882	$ 439	$ 268	$ 109	686	43
Six months or greater but less than nine months	152	40	6	13	30	10
Nine months or greater but less than twelve months	48	25	2	11	11	3
Twelve months or greater	4,768	881	450	273	475	101
Total	$ 13,850	$ 1,385	$ 726	$ 406		
Percentage of amortized cost			5 %	29 %		
Equity Securities:						
Less than six months	$ 31	$ 30	$ 4	$ 7	8	12
Six months or greater but less than nine months	—	3	—	1	—	1
Nine months or greater but less than twelve months	5	7	—	2	1	1
Twelve months or greater	150	44	18	16	12	5
Total	$ 186	$ 84	$ 22	$ 26		
Percentage of cost			12 %	31 %		

Equity securities with gross unrealized losses of 20% or more for twelve months or greater decreased from $16 million at December 31, 2010 to $7 million at December 31, 2011. As shown in the section "— Evaluating Temporarily Impaired Available-for-Sale Securities" below, all of the equity securities with gross unrealized losses of 20% or more for twelve months or greater at December 31, 2011 were financial services industry investment grade non-redeemable preferred stock, of which 29% were rated A or better.

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

The gross unrealized losses related to fixed maturity and equity securities, including the portion of OTTI losses on fixed maturity securities recognized in accumulated other comprehensive income (loss) were $834 million and $1.2 billion at December 31, 2011 and 2010, respectively. The concentration, calculated as a percentage of gross unrealized losses (including OTTI losses), by sector and industry was as follows at:

	December 31,	
	2011	2010
Sector:		
RMBS	38 %	30 %
U.S. corporate securities	27	26
Foreign corporate securities	14	11
State and political subdivision securities	7	11
ABS	5	4
CMBS	2	3
U.S. Treasury and agency securities	—	11
Other	7	4
Total	100 %	100 %
Industry:		
Mortgage-backed	40 %	33 %
Finance	24	19
State and political subdivision securities	7	11
Consumer	7	5
Asset-backed	5	4
Communications	4	2
Utility	3	3
Industrial	1	1
U.S. Treasury and agency securities	—	11
Other	9	11
Total	100 %	100 %

Evaluating Temporarily Impaired Available-for-Sale Securities

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

	December 31,			
	2011		2010	
	Fixed Maturity Securities	Equity Securities	Fixed Maturity Securities	Equity Securities
	(In millions, except number of securities)			
Number of securities	9	1	15	—
Total gross unrealized losses	$ 152	$ 12	$ 210	$ —
Percentage of total gross unrealized losses	20 %	22 %	19 %	— %

Fixed maturity and equity securities, each with gross unrealized losses greater than $10 million, decreased $46 million during the year ended December 31, 2011. The decline in, or improvement in, gross unrealized losses for the year ended December 31, 2011, was primarily attributable to a decrease in interest rates, partially offset by widening credit spreads. These securities were included in the Company's OTTI review process.

As of December 31, 2011, $186 million of unrealized losses were from fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater. Of the $186 million, $124 million, or 67%, are related to unrealized losses on investment grade securities. Unrealized losses on investment grade securities are principally related to widening credit spreads or rising interest rates since purchase. Of the $186 million, $62 million, or 33%, are related to unrealized losses on below investment grade securities. Unrealized losses on below investment grade securities are principally related to RMBS (primarily alternative residential mortgage loans), and U.S. and foreign corporate securities (primarily industrial, financial services and utility industry securities) and were the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over the financial services industry sector, unemployment levels and valuations of residential real estate supporting non-agency RMBS. As explained further in Note 1, management evaluates these U.S. and foreign corporate securities based on factors such as expected cash flows and the financial condition and near-term and long-term prospects of the issuer; and evaluates non-agency RMBS based on actual and projected cash flows after considering the quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying assets backing a particular security, and the payment priority within the tranche structure of the security. See "— Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale" for a discussion of equity securities with an unrealized loss position of 20% or more of cost for 12 months or greater.

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

The following table presents certain information about the Company's equity securities available-for-sale with gross unrealized losses of 20% or more at December 31, 2011:

		Non-Redeemable Preferred Stock						
	All Equity Securities	All Types of Non-Redeemable Preferred Stock		Investment Grade				
				All Industries		Financial Services Industry		
	Gross Unrealized Losses	Gross Unrealized Losses	% of All Equity Securities	Gross Unrealized Losses	% of All Non-Redeemable Preferred Stock	Gross Unrealized Losses	% of All Industries	% A Rated or Better
	(In millions)			(In millions)		(In millions)		
Less than six months	$ 42	$ 34	81 %	$ 11	32 %	$ 11	100 %	73 %
Six months or greater but less than twelve months	—	—	— %	—	— %	—	— %	— %
Twelve months or greater	7	7	100 %	7	100 %	7	100 %	29 %
All equity securities with gross unrealized losses of 20% or more	$ 49	$ 41	84 %	$ 18	44 %	$ 18	100 %	56 %

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

Based on the Company's current evaluation of available-for-sale securities in an unrealized loss position in accordance with its impairment policy, and the Company's current intentions and assessments (as applicable to the type of security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired.

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

Other Securities

The table below presents certain information about the Company's other securities.

	December 31,	
	2011	2010
	(In millions)	
FVO general account securities	$ 49	$ 7
FVO contractholder-directed unit-linked investments	3,616	2,240
Total other securities — at estimated fair value	$ 3,665	$ 2,247

See Note 1 for discussion of FVO contractholder-directed unit-linked investments. See "— Net Investment Income" for the net investment income recognized on other securities and the related changes in estimated fair value subsequent to purchase included in net investment income.

Net Investment Gains (Losses)

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

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Total gains (losses) on fixed maturity securities:			
Total OTTI losses recognized	$ (42)	$ (103)	$ (552)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	(5)	53	165
Net OTTI losses on fixed maturity securities recognized in earnings	(47)	(50)	(387)
Fixed maturity securities — net gains (losses) on sales and disposals	81	123	(115)
Total gains (losses) on fixed maturity securities	34	73	(502)
Other net investment gains (losses):			
Equity securities	(21)	28	(119)
Mortgage loans	26	(18)	(32)
Real estate and real estate joint ventures	(1)	(21)	(61)
Other limited partnership interests	(5)	(13)	(72)
Other investment portfolio gains (losses)	(9)	10	4
Subtotal — investment portfolio gains (losses)	24	59	(782)
FVO CSEs — changes in estimated fair value:			
Commercial mortgage loans	(84)	758	—
Long-term debt — related to commercial mortgage loans	93	(734)	—
Other gains (losses)	2	67	(53)
Subtotal FVO CSEs and other gains (losses)	11	91	(53)
Total net investment gains (losses)	$ 35	$ 150	$ (835)

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

See "— Related Party Investment Transactions" for discussion of affiliated net investment gains (losses) related to transfers of invested assets to affiliates.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were ($7) million, $78 million and ($45) million for the years ended December 31, 2011, 2010 and 2009, 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 in the table below. Investment gains and losses on sales of securities are determined on a specific identification basis.

	Years Ended December 31,			Years Ended December 31,			Years Ended December 31,		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	Fixed Maturity Securities			Equity Securities			Total		
	(In millions)								
Proceeds	$ 11,634	$ 12,434	$ 8,766	$ 190	$ 109	$ 113	$ 11,824	$ 12,543	$ 8,879
Gross investment gains	$ 182	$ 244	$ 180	$ 9	$ 31	$ 6	$ 191	$ 275	$ 186
Gross investment losses	(101)	(121)	(295)	(22)	(1)	(28)	(123)	(122)	(323)
Total OTTI losses recognized in earnings:									
Credit-related	(38)	(47)	(348)	—	—	—	(38)	(47)	(348)
Other (1)	(9)	(3)	(39)	(8)	(2)	(97)	(17)	(5)	(136)
Total OTTI losses recognized in earnings	(47)	(50)	(387)	(8)	(2)	(97)	(55)	(52)	(484)
Net investment gains (losses)	$ 34	$ 73	$ (502)	$ (21)	$ 28	$ (119)	$ 13	$ 101	$ (621)

(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:

	Years Ended December 31,		
	2011	2010	2009
	(In millions)		
Sector:			
U.S. and foreign corporate securities — by industry:			
Communications	$ 11	$ 4	$ 88
Finance	9	7	84
Industrial	2	—	18
Consumer	—	10	53
Utility	—	2	6
Total U.S. and foreign corporate securities	22	23	249
RMBS	17	18	40
ABS	5	1	29
CMBS	3	8	69
Total	$ 47	$ 50	$ 387

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

	Years Ended December 31,		
	2011	2010	2009
	(In millions)		
Sector:			
Non-redeemable preferred stock	$ 6	$ —	$ 92
Common stock	2	2	5
Total	$ 8	$ 2	$ 97
Industry:			
Financial services industry:			
Perpetual hybrid securities	$ 6	$ —	$ 72
Common and remaining non-redeemable preferred stock	—	—	3
Total financial services industry	6	—	75
Other industries	2	2	22
Total	$ 8	$ 2	$ 97

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 for which a portion of the OTTI loss was recognized in other comprehensive income (loss):

	Years Ended December 31,	
	2011	2010
	(In millions)	
Balance, at January 1,	$ 63	$ 213
Additions:		
Initial impairments — credit loss OTTI recognized on securities not previously impaired	6	11
Additional impairments — credit loss OTTI recognized on securities previously impaired	17	10
Reductions:		
Sales (maturities, pay downs or prepayments) during the period of securities previously impaired as credit loss OTTI	(7)	(67)
Securities de-recognized in connection with the adoption of new guidance related to the consolidation of VIEs	—	(100)
Securities impaired to net present value of expected future cash flows	(22)	(1)
Increases in cash flows — accretion of previous credit loss OTTI	(2)	(3)
Balance, at December 31,	$ 55	$ 63

Net Investment Income

The components of net investment income were as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Investment income:			
Fixed maturity securities	$ 2,147	$ 2,120	$ 2,094
Equity securities	10	16	27
Other securities — FVO general account securities (1)	1	—	—
Mortgage loans	347	301	239
Policy loans	63	67	80
Real estate and real estate joint ventures	24	(24)	(120)
Other limited partnership interests	176	190	17
Cash, cash equivalents and short-term investments	5	9	16
International joint ventures	(5)	(10)	(6)
Other	3	3	(2)
Subtotal	2,771	2,672	2,345
Less: Investment expenses	100	97	109
Subtotal, net	2,671	2,575	2,236
Other securities — FVO contractholder-directed unit-linked investments (1)	71	167	97
FVO CSEs — Commercial mortgage loans	332	411	—
Subtotal	403	578	97
Net investment income	$ 3,074	$ 3,153	$ 2,333

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

Other securities – FVO general account securities	$ 2	$ —	$ 1
Other securities – FVO contractholder-directed unit-linked investments	$ (11)	$ 121	$ 89

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

See "— Related Party Investment Transactions" for discussion of affiliated net investment income and service charges included in the table above.

Securities Lending

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

Elements of the securities lending program are presented below at:

	December 31,	
	2011	2010
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 5,307	$ 6,992
Estimated fair value	$ 6,451	$ 7,054
Cash collateral on deposit from counterparties (2)	$ 6,456	$ 7,138
Security collateral on deposit from counterparties	$ 137	$ —
Reinvestment portfolio — estimated fair value	$ 6,295	$ 6,916

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

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

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

Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented in the table below at estimated fair value for cash and cash equivalents and fixed maturity securities and at carrying value for mortgage loans.

	December 31,	
	2011	2010
	(In millions)	
Invested assets on deposit (1)	$ 51	$ 55
Invested assets pledged as collateral (2)	897	525
Total invested assets on deposit and pledged as collateral	$ 948	$ 580

(1) The Company has invested assets on deposit with regulatory agencies consisting primarily of fixed maturity securities.

(2) The Company has pledged fixed maturity securities, mortgage loans and cash and cash equivalents in connection with various agreements and transactions, including funding agreements (see Note 7), and derivative transactions (see Note 3).

Mortgage Loans

Mortgage loans are summarized as follows at:

	December 31,			
	2011		2010	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Mortgage loans:				
Commercial	$ 5,390	55.0 %	$ 4,635	36.4 %
Agricultural	1,333	13.6	1,342	10.6
Subtotal	6,723	68.6	5,977	47.0
Valuation allowances	(61)	(0.6)	(87)	(0.7)
Subtotal mortgage loans, net	6,662	68.0	5,890	46.3
Commercial mortgage loans held by CSEs	3,138	32.0	6,840	53.7
Total mortgage loans, net	$ 9,800	100.0 %	$ 12,730	100.0 %

See "— Variable Interest Entities" for discussion of CSEs included in the table above and the decrease in commercial mortgage loans held by CSEs.

See "— Related Party Investment Transactions" for discussion of affiliated mortgage loans included in the table above.

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

	Commercial	Agricultural	Total
		(In millions)	
December 31, 2011:			
Mortgage loans:			
Evaluated individually for credit losses	$ 23	$ —	$ 23
Evaluated collectively for credit losses	5,367	1,333	6,700
Total mortgage loans	5,390	1,333	6,723
Valuation allowances:			
Specific credit losses	15	—	15
Non-specifically identified credit losses	43	3	46
Total valuation allowances	58	3	61
Mortgage loans, net of valuation allowance	$ 5,332	$ 1,330	$ 6,662
December 31, 2010:			
Mortgage loans:			
Evaluated individually for credit losses	$ 23	$ —	$ 23
Evaluated collectively for credit losses	4,612	1,342	5,954
Total mortgage loans	4,635	1,342	5,977
Valuation allowances:			
Specific credit losses	23	—	23
Non-specifically identified credit losses	61	3	64
Total valuation allowances	84	3	87
Mortgage loans, net of valuation allowance	$ 4,551	$ 1,339	$ 5,890

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

	Mortgage Loan Valuation Allowances		
	Commercial	Agricultural	Total
		(In millions)	
Balance at January 1, 2009	$ 44	$ 2	$ 46
Provision (release)	35	1	36
Charge-offs, net of recoveries	(5)	—	(5)
Balance at December 31, 2009	74	3	77
Provision (release)	16	—	16
Charge-offs, net of recoveries	(6)	—	(6)
Balance at December 31, 2010	84	3	87
Provision (release)	(26)	—	(26)
Charge-offs, net of recoveries	—	—	—
Balance at December 31, 2011	$ 58	$ 3	$ 61

Commercial Mortgage Loans — by Credit Quality Indicators with Estimated Fair Value. See Note 1 for a discussion of all credit quality indicators presented herein. Presented below for the commercial mortgage loans 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:

	Commercial						
	Recorded Investment						
	Debt Service Coverage Ratios						
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total	Estimated Fair Value	% of Total
	(In millions)					(In millions)	
December 31, 2011:							
Loan-to-value ratios:							
Less than 65%	$ 3,324	$ 135	$ 210	$ 3,669	68.1 %	$ 3,888	69.9 %
65% to 75%	719	54	52	825	15.3	852	15.3
76% to 80%	199	—	26	225	4.2	221	4.0
Greater than 80%	452	181	38	671	12.4	602	10.8
Total	$ 4,694	$ 370	$ 326	$ 5,390	100.0 %	$ 5,563	100.0 %
December 31, 2010:							
Loan-to-value ratios:							
Less than 65%	$ 2,051	$ 11	$ 34	$ 2,096	45.2 %	$ 2,196	47.1 %
65% to 75%	824	99	148	1,071	23.1	1,099	23.6
76% to 80%	301	29	7	337	7.3	347	7.4
Greater than 80%	828	163	140	1,131	24.4	1,018	21.9
Total	$ 4,004	$ 302	$ 329	$ 4,635	100.0 %	$ 4,660	100.0 %

Agricultural Mortgage Loans — by Credit Quality Indicator. The recorded investment in agricultural mortgage loans, prior to valuation allowances, by credit quality indicator, is as shown below. The estimated fair value of agricultural mortgage loans was $1.4 billion at both December 31, 2011 and 2010.

	Agricultural			
	December 31,			
	2011		2010	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(In millions)		(In millions)	
Loan-to-value ratios:				
Less than 65%	$ 1,129	84.7 %	$ 1,289	96.0 %
65% to 75%	142	10.7	53	4.0
76% to 80%	62	4.6	—	—
Total	$ 1,333	100.0 %	$ 1,342	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 December 31, 2011 and 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; and agricultural mortgage loans — 90 days or more. The recorded investment in mortgage loans, prior to valuation allowances, past due according to these aging categories, greater than 90 days past due 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	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(In millions)					
Commercial	$ —	$ —	$ —	$ —	$ —	$ 1
Agricultural	—	7	—	—	—	6
Total	$ —	$ 7	$ —	$ —	$ —	$ 7

Impaired Mortgage Loans. The unpaid principal balance, recorded investment, valuation allowances and carrying value, net of valuation allowances, for impaired mortgage loans, including those modified in a troubled debt restructuring, 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)							
December 31, 2011:								
Commercial	$ 23	$ 23	$ 15	$ 8	$ 15	$ 15	$ 38	$ 23
Agricultural	—	—	—	—	—	—	—	—
Total	$ 23	$ 23	$ 15	$ 8	$ 15	$ 15	$ 38	$ 23
December 31, 2010:								
Commercial	$ 23	$ 23	$ 23	$ —	$ —	$ —	$ 23	$ —
Agricultural	—	—	—	—	7	7	7	7
Total	$ 23	$ 23	$ 23	$ —	$ 7	$ 7	$ 30	$ 7

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

The average investment in impaired mortgage loans, including those modified in a troubled debt restructuring, and the related interest income, by portfolio segment, for the years ended December 31, 2011 and 2010, and for all mortgage loans for the year ended December 31, 2009 was:

	Impaired Mortgage Loans		
	Average Investment	Interest Income Recognized	
		Cash Basis	Accrual Basis
		(In millions)	
For the Year Ended December 31, 2011:			
Commercial	$ 29	$ 2	$ —
Agricultural	4	—	—
Total	$ 33	$ 2	$ —
For the Year Ended December 31, 2010:			
Commercial	$ 45	$ 2	$ —
Agricultural	13	—	—
Total	$ 58	$ 2	$ —
For the Year Ended December 31, 2009	$ 32	$ 2	$ —

Mortgage Loans Modified in a Troubled Debt Restructuring. See Note 1 for a discussion of loan modifications that are classified as troubled debt restructuring and the types of concessions typically granted. At December 31, 2011, the Company had one commercial mortgage loan modified during the period in a troubled debt restructuring with a pre-modification and post-modification carrying value of $15 million.

During the previous 12 months, the Company had no mortgage loans modified in a troubled debt restructuring with a subsequent payment default at December 31, 2011. Payment default is determined in the same manner as delinquency status — when interest and principal payments are past due as follows: commercial mortgage loans — 60 days or more; and agricultural mortgage loans — 90 days or more.

Real Estate and Real Estate Joint Ventures

Real estate investments by type consisted of the following:

	December 31,			
	2011		2010	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Traditional	$ 208	41.4 %	$ 105	21.0 %
Real estate joint ventures and funds	293	58.2	368	73.4
Real estate and real estate joint ventures	501	99.6	473	94.4
Foreclosed (commercial and agricultural)	2	0.4	28	5.6
Total real estate and real estate joint ventures	$ 503	100.0 %	$ 501	100.0 %

The Company classifies within traditional real estate its investment in income-producing real estate, which is comprised primarily of wholly-owned real estate and, to a lesser extent, joint ventures with interests in single property income-producing real estate. The Company classifies within real estate joint ventures and funds, its investments in joint ventures with interests in multi-property projects with varying strategies ranging from the development of properties to the operation of income-producing properties, as well as its investments in real estate private equity funds. From time to time, the Company transfers investments from these joint ventures to traditional real estate, if the Company retains an interest in the joint venture after a completed property commences operations and the Company intends to retain an interest in the property.

Properties acquired through foreclosure were $5 million and $28 million for the years ended December 31, 2011 and 2010, respectively, and include commercial and agricultural properties. There were no properties acquired through foreclosure for the year ended 2009. After the Company acquires properties through foreclosure, it evaluates whether the properties are appropriate for retention in its traditional real estate portfolio. Foreclosed real estate held at December 31, 2011 and 2010 includes those properties the Company has not selected for retention in its traditional real estate portfolio and which do not meet the criteria to be classified as held-for-sale.

The wholly-owned real estate within traditional real estate is net of accumulated depreciation of $27 million and $22 million at December 31, 2011 and 2010, respectively. Related depreciation expense on traditional wholly-owned real estate was $5 million, $4 million and $3 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Impairments recognized on real estate and real estate joint ventures were $1 million, $20 million and $61 million for the years ended December 31, 2011, 2010 and 2009, respectively. There was no real estate held-for-sale at December 31, 2011 and 2010. The carrying value of non-income producing real estate was $4 million and $5 million at December 31, 2011 and 2010, respectively.

Other Limited Partnership Interests

The carrying value of other limited partnership interests (which primarily represent ownership interests in pooled investment funds that principally make private equity investments in companies in the United States and

overseas) was $1.7 billion and $1.5 billion at December 31, 2011 and 2010, respectively. Included within other limited partnership interests were $409 million and $380 million at December 31, 2011 and 2010, respectively, of investments in hedge funds. Impairments of other limited partnership interests, principally other limited partnership interests accounted for under the cost method, were $2 million, $11 million and $66 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Collectively Significant Equity Method Investments

The Company holds investments in real estate joint ventures, real estate funds and other limited partnership interests consisting of leveraged buy-out funds, hedge funds, private equity funds, joint ventures and other funds. The portion of these investments accounted for under the equity method had a carrying value of $2.0 billion as of December 31, 2011. The Company's maximum exposure to loss related to these equity method investments is limited to the carrying value of these investments plus unfunded commitments of $1.0 billion as of December 31, 2011. Except for certain real estate joint ventures, the Company's investments in real estate funds and other limited partnership interests are generally of a passive nature in that the Company does not participate in the management of the entities.

As further described in Note 1, the Company generally records its share of earnings in its equity method investments using a three-month lag methodology and within net investment income. As of December 31, 2011, aggregate net investment income from these equity method real estate joint ventures, real estate funds and other limited partnership interests exceeded 10% of the Company's consolidated pre-tax income. Accordingly, the Company is providing the following aggregated summarized financial data for such equity method investments. This aggregated summarized financial data does not represent the Company's proportionate share of the assets, liabilities, or earnings of such entities.

As of, and for the year ended December 31, 2011, the aggregated summarized financial data presented below reflects the latest available financial information. Aggregate total assets of these entities totaled $173.1 billion and $134.3 billion as of December 31, 2011 and 2010, respectively. Aggregate total liabilities of these entities totaled $13.7 billion and $12.7 billion as of December 31, 2011 and 2010, respectively. Aggregate net income (loss) of these entities totaled $7.1 billion, $14.0 billion and $13.4 billion for the years ended December 31, 2011, 2010 and 2009, respectively. Aggregate net income (loss) from real estate joint ventures, real estate funds and other limited partnership interests is primarily comprised of investment income, including recurring investment income and realized and unrealized investment gains (losses).

Other Invested Assets

The following table presents the carrying value of the Company's other invested assets by type at:

	December 31,			
	2011		2010	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Freestanding derivatives with positive estimated fair values	$ 2,766	82.5 %	$ 1,520	89.0 %
Loans to affiliates	430	12.8	—	—
Leveraged leases, net of non-recourse debt	64	1.9	56	3.3
Tax credit partnerships	61	1.8	92	5.4
Joint venture investments	33	1.0	37	2.2
Other	—	—	2	0.1
Total	$ 3,354	100.0 %	$ 1,707	100.0 %

See Note 3 for information regarding the freestanding derivatives with positive estimated fair values. Loans to affiliates, some of which are regulated, are used by the affiliates to assist in meeting their capital requirements. See "— Related Party Investment Transactions" for information regarding loans to affiliates. See "— Leveraged Leases" for the composition of leveraged leases. Tax credit partnerships are established for the purpose of investing in low-income housing and other social causes, where the primary return on investment is in the form of income tax credits, and are accounted for under the equity method or under the effective yield method. Joint venture investments are accounted for under the equity method and represent the Company's investment in insurance underwriting joint ventures in China.

Leveraged Leases

Investment in leveraged leases, included in other invested assets, consisted of the following:

	December 31,	
	2011	2010
	(In millions)	
Rental receivables, net	$ 92	$ 92
Estimated residual values	14	14
Subtotal	106	106
Unearned income	(42)	(50)
Investment in leveraged leases	$ 64	$ 56

Rental receivables are generally due in periodic installments. The remaining payment periods were 21 years. For rental receivables, the primary credit quality indicator is whether the rental receivable is performing or non-performing, which is assessed monthly. The Company generally defines non-performing rental receivables as those that are 90 days or more past due. As of December 31, 2011 and 2010, all rental receivables were performing.

The deferred income tax liability related to leveraged leases was $35 million and $4 million at December 31, 2011 and 2010, respectively.

The components of income from investment in leveraged leases, excluding realized gains (losses) were as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Net income from investment in leveraged leases	$ 8	$ —	$ —
Less: Income tax expense on leveraged leases	(3)	—	—
Net investment income after income tax from investment in leveraged leases	$ 5	$ —	$ —

Cash Equivalents

The carrying value of cash equivalents, which includes securities and other investments with an original or remaining maturity of three months or less at the time of purchase, was $583 million and $1.8 billion at December 31, 2011 and 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 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.

The table below presents the purchased credit impaired fixed maturity securities held at:

	December 31,	
	2011	2010
	(In millions)	
Outstanding principal and interest balance (1)	$ 560	$ 20
Carrying value (2)	$ 418	$ 19

(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.

The following table presents information about purchased credit impaired fixed maturity securities acquired during the periods, as of their respective acquisition dates:

	December 31,	
	2011	2010
	(In millions)	
Contractually required payments (including interest)	$ 882	$ 24
Cash flows expected to be collected (1)	$ 761	$ 24
Fair value of investments acquired	$ 449	$ 19

(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 fixed maturity securities for:

	December 31,	
	2011	2010
	(In millions)	
Accretable yield, January 1,	$ 5	$ —
Investments purchased	312	5
Accretion recognized in earnings	(9)	—
Reclassification (to) from nonaccretable difference	12	—
Accretable yield, December 31,	$ 320	$ 5

Variable Interest Entities

The Company holds investments in certain entities that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The following table presents the

total assets and total liabilities relating to VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at December 31, 2011 and 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.

	December 31,	
	2011	2010
	(In millions)	
Consolidated securitization entities: (1)		
Assets:		
Mortgage loans held-for-investment (commercial mortgage loans)	$ 3,138	$ 6,840
Accrued investment income	14	31
Total assets	$ 3,152	$ 6,871
Liabilities:		
Long-term debt	$ 3,065	$ 6,773
Other liabilities	14	31
Total liabilities	$ 3,079	$ 6,804

(1) The Company consolidates former QSPEs that are structured as CMBS. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company's exposure was limited to that of its remaining investment in the former QSPEs of $59 million and $64 million at estimated fair value at December 31, 2011 and 2010, respectively. The long-term debt presented above bears interest primarily at fixed rates ranging from 2.25% to 5.57%, payable primarily on a monthly basis and is expected to be repaid over the next six years. Interest expense related to these obligations, included in other expenses, was $322 million and $402 million for the years ended December 31, 2011 and 2010, respectively. The Company sold certain of these CMBS investments in the third quarter of 2011, resulting in the deconsolidation of such entities and their related mortgage loans held-for-investment and long-term debt.

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:

	December 31,			
	2011		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)	$ 6,494	$ 6,494	$ 6,956	$ 6,956
CMBS (2)	2,227	2,227	2,277	2,277
ABS (2)	1,878	1,878	1,622	1,622
U.S. corporate securities	424	424	336	336
Foreign corporate securities	234	234	348	348
Other limited partnership interests	1,302	1,982	1,192	1,992
Real estate joint ventures	22	26	10	35
Total	$ 12,581	$ 13,265	$ 12,741	$ 13,566

(1) The maximum exposure to loss relating to the fixed maturity 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.

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

As described in Note 11, 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 years ended December 31, 2011, 2010 and 2009.

Related Party Investment Transactions

In the normal course of business, the Company transfers invested assets, primarily consisting of fixed maturity securities, to and from affiliates. Invested assets transferred to and from affiliates were as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Estimated fair value of invested assets transferred to affiliates	$ —	$ 582	$ 717
Amortized cost of assets transferred to affiliates	$ —	$ 533	$ 769
Net investment gains (losses) recognized on transfers	$ —	$ 49	$ (52)
Estimated fair value of invested assets transferred from affiliates	$ 33	$ 46	$ 143

During 2011 and 2009, the Company loaned $110 million and $200 million, respectively, to wholly-owned real estate subsidiaries of an affiliate, Metropolitan Life Insurance Company, which are included in mortgage loans. The carrying value of these loans was $307 million and $199 million at December 31, 2011, and 2010, respectively. The 2011 loan of $110 million bears interest at one-month LIBOR + 1.95% with quarterly interest only payments of $1 million through January 2015, when the principal balance is due. Of the amount loaned in 2009, $140 million bears interest at 7.26% due in quarterly principal and interest payments of $3 million through January 2020, when the principal balance is due. The remaining $60 million bears interest at 7.01% with quarterly interest only payments of $1 million through January 2020, when the principal balance is due. The loans to affiliates are secured by interests in the real estate subsidiaries, which own operating real estate with a fair value in excess of the loans. Net investment income from these loans was $14 million for both years ended December 31, 2011 and 2010, and less than $1 million for the year ended December 31, 2009.

During 2011, the Company issued loans totaling $430 million to Exeter Reassurance Company Ltd. ("Exeter"), an affiliate. These loans were outstanding at December 31, 2011, and are included in other invested assets. The loans of $305 million, issued by MetLife Insurance Company of Connecticut, and $125 million, issued by MLI-USA, are due on July 15, 2021 and December 16, 2021, respectively, and bear interest, payable semi-annually, at 5.64% and 5.86%, respectively. Both the principal and interest payments have been guaranteed by MetLife. Net investment income from these loans was $8 million for the year ended December 31, 2011.

The Company receives investment administrative services from an affiliate. These investment administrative service charges were $67 million, $56 million and $47 million for the years ended December 31, 2011, 2010 and 2009, respectively. The Company also had affiliated net investment income of less than $1 million, ($2) million and $2 million for the years ended December 31, 2011, 2010 and 2009, respectively.

3. Derivative Financial Instruments

Accounting for Derivative Financial Instruments

See Note 1 for a description of the Company's accounting policies for derivative financial instruments.

See Note 4 for information about the fair value hierarchy for derivatives.

Primary Risks Managed by 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:

		December 31,					
		2011			2010		
Primary Underlying Risk Exposure	Instrument Type	Notional Amount	Estimated Fair Value (1)		Notional Amount	Estimated Fair Value (1)	
			Assets	Liabilities		Assets	Liabilities
		(In millions)					
Interest rate	Interest rate swaps	$ 13,074	$ 1,418	$ 427	$ 9,102	$ 658	$ 252
	Interest rate floors	7,986	330	152	7,986	127	62
	Interest rate caps	10,133	19	—	7,158	29	1
	Interest rate futures	3,766	10	1	1,966	5	7
	Interest rate forwards	620	128	—	695	—	71
Foreign currency	Foreign currency swaps	1,792	297	62	2,561	585	68
	Foreign currency forwards	149	9	—	151	4	1
Credit	Credit default swaps	2,426	18	28	1,324	15	22
Equity market	Equity futures	1,007	4	—	93	—	—
	Equity options	2,111	482	—	733	77	—
	Variance swaps	2,430	51	8	1,081	20	8
	Total rate of return swaps	129	—	2	—	—	—
	Total	$ 45,623	$ 2,766	$ 680	$ 32,850	$ 1,520	$ 492

(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.

The following table presents the gross notional amount of derivative financial instruments by maturity at December 31, 2011:

	Remaining Life				
	One Year or Less	After One Year Through Five Years	After Five Years Through Ten Years	After Ten Years	Total
			(In millions)		
Interest rate swaps	$ 901	$ 3,589	$ 2,976	$ 5,608	$ 13,074
Interest rate floors	—	6,936	1,050	—	7,986
Interest rate caps	1,750	7,880	503	—	10,133
Interest rate futures	3,766	—	—	—	3,766
Interest rate forwards	210	410	—	—	620
Foreign currency swaps	523	599	281	389	1,792
Foreign currency forwards	149	—	—	—	149
Credit default swaps	12	2,414	—	—	2,426
Equity futures	1,007	—	—	—	1,007
Equity options	75	1,011	1,025	—	2,111
Variance swaps	270	1,086	1,074	—	2,430
Total rate of return swaps	129	—	—	—	129
Total	$ 8,792	$ 23,925	$ 6,909	$ 5,997	$ 45,623

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

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

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.

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

Foreign currency derivatives, including foreign currency swaps and foreign currency forwards, 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.

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

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

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

Credit default swaps are also used to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and one or more cash instruments such as U.S. Treasury securities, agency securities or other fixed maturity securities. 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. 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 Offered Rate ("LIBOR"), calculated by reference to an agreed notional principal amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company uses TRRs to hedge its equity market guarantees in certain of its insurance products. TRRs can be used as hedges or to synthetically create investments. The Company utilizes TRRs in non-qualifying hedging relationships.

Hedging

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

	December 31,					
	2011			2010		
Derivatives Designated as Hedging Instruments	Notional Amount	Estimated Fair Value		Notional Amount	Estimated Fair Value	
		Assets	Liabilities		Assets	Liabilities
	(In millions)					
Fair value hedges:						
Foreign currency swaps	$ 598	$ 188	$ 19	$ 787	$ 334	$ 18
Interest rate swaps	311	35	6	193	11	15
Subtotal	909	223	25	980	345	33
Cash flow hedges:						
Foreign currency swaps	445	31	12	295	15	11
Interest rate swaps	355	96	—	575	1	45
Interest rate forwards	620	128	—	695	—	71
Subtotal	1,420	255	12	1,565	16	127
Total qualifying hedges	$ 2,329	$ 478	$ 37	$ 2,545	$ 361	$ 160

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:

	December 31,					
	2011			2010		
Derivatives Not Designated or Not Qualifying as Hedging Instruments	Notional Amount	Estimated Fair Value		Notional Amount	Estimated Fair Value	
		Assets	Liabilities		Assets	Liabilities
	(In millions)					
Interest rate swaps	$ 12,408	$ 1,287	$ 421	$ 8,334	$ 646	$ 192
Interest rate floors	7,986	330	152	7,986	127	62
Interest rate caps	10,133	19	—	7,158	29	1
Interest rate futures	3,766	10	1	1,966	5	7
Foreign currency swaps	749	78	31	1,479	236	39
Foreign currency forwards	149	9	—	151	4	1
Credit default swaps	2,426	18	28	1,324	15	22
Equity futures	1,007	4	—	93	—	—
Equity options	2,111	482	—	733	77	—
Variance swaps	2,430	51	8	1,081	20	8
Total rate of return swaps	129	—	2	—	—	—
Total non-designated or non-qualifying derivatives	$ 43,294	$ 2,288	$ 643	$ 30,305	$ 1,159	$ 332

Net Derivative Gains (Losses)

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

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Derivatives and hedging gains (losses) (1)	$ 846	$ (74)	$ (717)
Embedded derivatives	273	132	(314)
Total net derivative gains (losses)	$ 1,119	$ 58	$ (1,031)

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

The following table presents earned income on derivatives for the:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Qualifying hedges:			
Net investment income	$ 2	$ 2	$ (1)
Interest credited to policyholder account balances	41	37	40
Non-qualifying hedges:			
Net derivative gains (losses)	83	6	(8)
Total	$ 126	$ 45	$ 31

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 liabilities.

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

Derivatives in Fair Value Hedging Relationships	Hedged Items in Fair Value Hedging Relationships	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Ineffectiveness Recognized in Net Derivative Gains (Losses)
			(In millions)	
For the Year Ended December 31, 2011:				
Interest rate swaps:	Fixed maturity securities	$ (7)	$ 5	$ (2)
	PABs (1)	36	(38)	(2)
Foreign currency swaps:	Foreign-denominated PABs (2)	(52)	30	(22)
Total		$ (23)	$ (3)	$ (26)
For the Year Ended December 31, 2010:				
Interest rate swaps:	Fixed maturity securities	$ (1)	$ 1	$ —
	PABs (1)	(13)	8	(5)
Foreign currency swaps:	Foreign-denominated PABs (2)	(38)	14	(24)
Total		$ (52)	$ 23	$ (29)
For the Year Ended December 31, 2009:				
Interest rate swaps:	Fixed maturity securities	$ 6	$ (6)	$ —
	PABs (1)	(8)	4	(4)
Foreign currency swaps:	Foreign-denominated PABs (2)	111	(117)	(6)
Total		$ 109	$ (119)	$ (10)

(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) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; (ii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (iii) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments; and (iv) interest rate swaps to convert floating rate investments to fixed rate investments.

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date, within two months of that date, or were no longer probable of occurring. The net amount reclassified into net derivative gains (losses) for the year ended December 31, 2011 related to such discontinued cash flow hedges was $1 million. The net amount reclassified into net derivative gains (losses) for the year ended December 31, 2010 related to such discontinued cash flow hedges was insignificant. There were no amounts reclassified into net derivative gains (losses) for the year ended December 31, 2009 related to such discontinued cash flow hedges.

At December 31, 2011 and 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 five years and six years, respectively.

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

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Accumulated other comprehensive income (loss), balance at January 1,	$ (109)	$ (1)	$ 20
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	357	(107)	(44)
Amounts reclassified to net derivative gains (losses)	(9)	(1)	23
Accumulated other comprehensive income (loss), balance at December 31,	$ 239	$ (109)	$ (1)

At December 31, 2011, insignificant amounts of deferred net gains (losses) on derivatives in accumulated other comprehensive income (loss) were 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 consolidated statements of operations and the consolidated statements of stockholders' equity:

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) on Derivatives	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)	(Ineffective Portion and Amount Excluded from Effectiveness Testing)
		Net Derivative Gains (Losses)	Net Derivative Gains (Losses)
		(In millions)	
For the Year Ended December 31, 2011:			
Interest rate swaps	$ 132	$ 1	$ —
Foreign currency swaps	17	(2)	—
Interest rate forwards	208	9	1
Credit forwards	—	1	—
Total	$ 357	$ 9	$ 1
For the Year Ended December 31, 2010:			
Interest rate swaps	$ (44)	$ —	$ —
Foreign currency swaps	(6)	(3)	—
Interest rate forwards	(71)	4	(1)
Credit forwards	14	—	—
Total	$ (107)	$ 1	$ (1)
For the Year Ended December 31, 2009:			
Interest rate swaps	$ —	$ —	$ —
Foreign currency swaps	(58)	(36)	—
Interest rate forwards	17	13	—
Credit forwards	(3)	—	—
Total	$ (44)	$ (23)	$ —

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

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 and swaps 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) credit default swaps to synthetically create investments; (vi) interest rate forwards to buy and sell securities to economically hedge its exposure to interest rates; (vii) basis swaps to better match the cash flows of assets and related liabilities; (viii) inflation swaps to reduce risk generated from inflation-indexed liabilities; (ix) covered call options for income generation; and (x) equity options to economically hedge certain invested assets against adverse changes in equity indices.

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

	Net Derivative Gains (Losses)	Net Investment Income (1)	Policyholder Benefits and Claims (2)
		(In millions)	
For the Year Ended December 31, 2011:			
Interest rate swaps	$ 511	$ —	$ —
Interest rate floors	114	—	—
Interest rate caps	(41)	—	—
Interest rate futures	118	—	—
Equity futures	(70)	—	(4)
Foreign currency swaps	27	—	—
Foreign currency forwards	—	—	—
Equity options	82	(7)	—
Interest rate options	—	—	—
Interest rate forwards	(1)	—	—
Variance swaps	33	—	—
Credit default swaps	—	—	—
Total	$ 773	$ (7)	$ (4)
For the Year Ended December 31, 2010:			
Interest rate swaps	$ 51	$ —	$ —
Interest rate floors	20	—	—
Interest rate caps	(9)	—	—
Interest rate futures	(22)	—	—
Equity futures	(12)	—	—
Foreign currency swaps	(31)	—	—
Foreign currency forwards	2	—	—
Equity options	(30)	(7)	—
Interest rate options	(3)	—	—
Interest rate forwards	1	—	—
Variance swaps	(6)	—	—
Credit default swaps	—	—	—
Total	$ (39)	$ (7)	$ —
For the Year Ended December 31, 2009:			
Interest rate swaps	$ (149)	$ —	$ —
Interest rate floors	(265)	—	—
Interest rate caps	4	—	—
Interest rate futures	(37)	—	—
Equity futures	(71)	—	—
Foreign currency swaps	(3)	—	—
Foreign currency forwards	(4)	—	—
Equity options	(121)	(1)	—
Interest rate options	—	—	—
Interest rate forwards	—	—	—
Variance swaps	(40)	—	—
Credit default swaps	(50)	—	—
Total	$ (736)	$ (1)	$ —

(1) Changes in estimated fair value related to economic hedges of equity method investments in joint ventures.

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

Credit Derivatives

In connection with synthetically created investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the non-qualifying derivatives and derivatives for purposes other than hedging table. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company's maximum amount at risk, assuming the value of all referenced credit obligations is zero, was $2.1 billion and $912 million at December 31, 2011 and 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 December 31, 2011, the Company would have paid $11 million to terminate all of these contracts, and at December 31, 2010, the Company would have received $13 million to terminate all of these contracts.

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

	December 31,					
	2011			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)			(In millions)		
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 2	$ 212	4.3	$ 1	$ 45	3.6
Credit default swaps referencing indices	—	661	3.1	11	679	3.7
Subtotal	2	873	3.4	12	724	3.7
Baa						
Single name credit default swaps (corporate)	(6)	434	4.6	—	5	3.0
Credit default swaps referencing indices	(7)	793	4.8	1	183	5.0
Subtotal	(13)	1,227	4.7	1	188	5.0
Total	$ (11)	$ 2,100	4.2	$ 13	$ 912	4.0

(1) The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's Investors Service, S&P and Fitch Ratings. 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.

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

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 OTC 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 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 4 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 OTC derivative instruments. At December 31, 2011 and 2010, the Company was obligated to return cash collateral under its control of $1.6 billion and $965 million, respectively. This 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 December 31, 2011 and 2010, the Company had received collateral consisting of various securities with a fair market value of $315 million and $3 million, respectively, which were held in separate custodial accounts. Subject to certain constraints, the Company is permitted by contract to sell or repledge this collateral, but at December 31, 2011, none of the collateral had been sold or repledged.

The Company's collateral arrangements for its OTC 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 OTC 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 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 of Collateral Provided: (2)	Fair Value of Incremental Collateral Provided Upon:	
	Estimated Fair Value (1) of Derivatives in Net Liability Position	Fixed Maturity Securities	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)			
December 31, 2011	$ 14	$ 9	$ 1	$ 10
December 31, 2010	$ 96	$ 58	$ 11	$ 62

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

(2) Included in fixed maturity securities in the consolidated balance sheets. Subject to certain constraints, the counterparties are permitted by contract to sell or repledge this collateral. At both December 31, 2011 and 2010, the Company did not provide any cash collateral.

Without considering the effect of netting agreements, the estimated fair value of the Company's OTC derivatives with credit-contingent provisions that were in a gross liability position at December 31, 2011 was $143 million. At December 31, 2011, the Company provided securities collateral of $9 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 December 31, 2011 would be $134 million. This amount does not consider gross derivative assets of $129 million for which the Company has the contractual right of offset.

The Company also has exchange-traded futures, which may require the pledging of collateral. At both December 31, 2011 and 2010, the Company did not pledge any securities collateral for exchange-traded futures. At December 31, 2011 and 2010, the Company provided cash collateral for exchange-traded futures of $140 million and $25 million, respectively, which is included in premiums, reinsurance and other receivables.

Embedded Derivatives

The Company issues certain products or purchases certain investments that contain embedded derivatives that are required to be separated from their host contracts and accounted for as freestanding derivatives. These host contracts principally include: variable annuities with guaranteed minimum benefits, including GMWBs, GMABs and certain GMIBs; affiliated ceded reinsurance of guaranteed minimum benefits related to GMWBs, GMABs and certain GMIBs; affiliated assumed reinsurance of guaranteed minimum benefits related to GMWBs and certain GMIBs; ceded reinsurance written on a funds withheld basis; and options embedded in debt or equity securities.

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

	December 31,	
	2011	2010
	(In millions)	
Net embedded derivatives within asset host contracts:		
Ceded guaranteed minimum benefits	$ 2,815	$ 936
Options embedded in debt or equity securities	(2)	(2)
Net embedded derivatives within asset host contracts	$ 2,813	$ 934
Net embedded derivatives within liability host contracts:		
Direct guaranteed minimum benefits	$ 1,363	$ 254
Assumed guaranteed minimum benefits	4	—
Funds withheld on ceded reinsurance	416	5
Net embedded derivatives within liability host contracts	$ 1,783	$ 259

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

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Net derivative gains (losses) (1), (2)	$ 273	$ 132	$ (314)

(1) The valuation of direct and assumed guaranteed minimum benefits includes an adjustment for nonperformance risk. The amounts included in net derivative gains (losses), in connection with this adjustment, were $354 million, ($153) million and ($567) million for the years ended December 31, 2011, 2010 and 2009, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes an adjustment for nonperformance risk. The amounts included in net derivative gains (losses), in connection with this adjustment, were ($476) million, $210 million and $816 million for the years ended December 31, 2011, 2010 and 2009, respectively.

(2) See Note 8 for discussion of affiliated net derivative gains (losses) included in the table above.

4. 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.

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:

	December 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	$ —	$ 15,907	$ 1,432	$ 17,339
Foreign corporate securities	—	7,913	580	8,493
U.S. Treasury and agency securities	4,326	3,722	—	8,048
RMBS	—	6,255	239	6,494
CMBS	—	2,080	147	2,227
State and political subdivision securities	—	2,032	23	2,055
ABS	—	1,658	220	1,878
Foreign government securities	—	1,245	2	1,247
Total fixed maturity securities	4,326	40,812	2,643	47,781
Equity securities:				
Common stock	51	74	21	146
Non-redeemable preferred stock	—	30	76	106
Total equity securities	51	104	97	252
Other securities:				
FVO general account securities	—	49	—	49
FVO contractholder-directed unit-linked investments	3,616	—	—	3,616
Total other securities	3,616	49	—	3,665
Short-term investments (1)	865	1,684	10	2,559
Mortgage loans held by CSEs	—	3,138	—	3,138
Derivative assets: (2)				
Interest rate contracts	10	1,708	187	1,905
Foreign currency contracts	—	306	—	306
Credit contracts	—	12	6	18
Equity market contracts	4	482	51	537
Total derivative assets	14	2,508	244	2,766
Net embedded derivatives within asset host contracts (3)	—	—	2,815	2,815
Separate account assets (4)	185	72,244	130	72,559
Total assets	$ 9,057	$ 120,539	$ 5,939	$ 135,535
Liabilities:				
Derivative liabilities: (2)				
Interest rate contracts	$ 1	$ 566	$ 13	$ 580
Foreign currency contracts	—	62	—	62
Credit contracts	—	21	7	28
Equity market contracts	—	2	8	10
Total derivative liabilities	1	651	28	680
Net embedded derivatives within liability host contracts (3)	—	—	1,783	1,783
Long-term debt of CSEs	—	3,065	—	3,065
Total liabilities	$ 1	$ 3,716	$ 1,811	$ 5,528

	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	$ —	$ 13,864	$ 1,510	$ 15,374
Foreign corporate securities	—	7,590	880	8,470
U.S. Treasury and agency securities	4,616	3,026	34	7,676
RMBS	—	6,674	282	6,956
CMBS	—	2,147	130	2,277
State and political subdivision securities	—	1,614	32	1,646
ABS	—	1,301	321	1,622
Foreign government securities	—	889	14	903
Total fixed maturity securities	4,616	37,105	3,203	44,924
Equity securities:				
Common stock	43	72	22	137
Non-redeemable preferred stock	—	54	214	268
Total equity securities	43	126	236	405
Other securities:				
FVO general account securities	—	7	—	7
FVO contractholder-directed unit-linked investments	2,240	—	—	2,240
Total other securities	2,240	7	—	2,247
Short-term investments (1)	390	584	173	1,147
Mortgage loans held by CSEs	—	6,840	—	6,840
Derivative assets: (2)				
Interest rate contracts	5	804	10	819
Foreign currency contracts	—	589	—	589
Credit contracts	—	3	12	15
Equity market contracts	—	77	20	97
Total derivative assets	5	1,473	42	1,520
Net embedded derivatives within asset host contracts (3)	—	—	936	936
Separate account assets (4)	76	61,410	133	61,619
Total assets	$ 7,370	$ 107,545	$ 4,723	$ 119,638
Liabilities:				
Derivative liabilities: (2)				
Interest rate contracts	$ 7	$ 315	$ 71	$ 393
Foreign currency contracts	—	69	—	69
Credit contracts	—	21	1	22
Equity market contracts	—	—	8	8
Total derivative liabilities	7	405	80	492
Net embedded derivatives within liability host contracts (3)	—	—	259	259
Long-term debt of CSEs	—	6,773	—	6,773
Total liabilities	$ 7	$ 7,178	$ 339	$ 7,524

(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.

(2) Derivative assets are presented within other invested assets in the consolidated balance sheets and 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.

(3) 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 PABs and other liabilities in the consolidated balance sheets. At December 31, 2011, fixed maturity securities and equity securities also included embedded derivatives of $1 million and ($3) million, respectively. At December 31, 2010, fixed maturity securities and equity securities included embedded derivatives of $3 million and ($5) million, respectively.

(4) 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.

See Note 2 for discussion of CSEs included in the tables above and for certain prior year amounts which have been reclassified to conform with the 2011 presentation.

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

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

When available, the estimated fair value of the Company's fixed maturity securities, equity securities, 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's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. 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's judgment or estimation and cannot be supported by reference to market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

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 Held by CSEs

The Company consolidates certain securitization entities that hold commercial mortgage loans. These commercial mortgage loans held by CSEs, for which the Company has elected the FVO, are presented within mortgage loans in the consolidated balance sheets. 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.

Derivatives

The estimated fair value of derivatives is determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for OTC derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models.

The significant inputs to the pricing models for most OTC 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 OTC 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, 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 management believes they are consistent with what other market participants would use when pricing such instruments.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC 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 OTC 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.

Embedded Derivatives Within Asset and Liability Host Contracts

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees and embedded derivatives related to funds withheld on ceded reinsurance. 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 benefits. 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 PABs in the consolidated balance sheets.

The fair value of these guarantees is estimated using the present value of projected future benefits minus the present value of projected future fees using actuarial and capital market assumptions including expectations concerning policyholder behavior. 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. The valuation of these guarantee liabilities includes adjustments for nonperformance risk and for a risk margin related to non-capital market inputs.

The nonperformance adjustment is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife'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 MetLife.

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.

The Company assumed, from an affiliated insurance company, the risk associated with certain GMIBs and GMWBs. These embedded derivatives are included in other policy-related balances in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these assumed risks is determined using a methodology consistent with that described previously for the guarantees directly written by the Company.

The Company ceded, to an affiliated reinsurance company, the risk associated with certain of the GMIBs, GMABs and GMWBs described above that are also accounted for as embedded derivatives. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also cedes, to the same affiliated reinsurance company, certain directly written GMIBs that are accounted for as insurance (i.e., not as embedded derivatives), but where the reinsurance agreement contains an embedded derivative. These

embedded derivatives are included within premiums, reinsurance and other receivables in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these ceded risks is determined using a methodology consistent with that described previously for the guarantees directly written by the Company with the exception of the input for nonperformance risk that reflects the credit of the reinsurer.

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, 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.

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. Assets within the Company's separate accounts include: mutual funds, fixed maturity securities, equity securities, derivatives, 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. 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.

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 management's own assumptions about what factors market participants would use in pricing these investments.

Level 1 Measurements:

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

These securities are comprised of U.S. Treasury securities, exchange traded common stock, exchange traded registered mutual fund interests included in 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 other securities include certain registered mutual fund interests priced using daily NAV provided by the fund managers.

Derivative Assets and Derivative Liabilities

These assets and liabilities are comprised of exchange-traded derivatives. 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. Valuation of these assets is based on unadjusted quoted prices in active markets that are readily and regularly available.

Level 2 Measurements:

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

This level includes fixed maturity securities and equity securities priced principally by independent pricing services using observable inputs. Other securities and short-term investments within this level are of a similar nature and class to the Level 2 securities described below.

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.

Derivative Assets and Derivative Liabilities

This level includes all types of derivative instruments utilized by the Company with the exception of exchange-traded derivatives 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.

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.

Separate Account Assets

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

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 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. 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 RMBS 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.

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 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.

Credit contracts.

Non-option-based — Significant unobservable inputs may include credit spreads, 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.

Option-based — Significant unobservable inputs may include the extrapolation beyond observable limits of dividend yield curves and equity volatility.

Direct and Assumed Guaranteed Minimum Benefits

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 Benefits

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 under "Direct and Assumed Guaranteed Minimum Benefits" 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 and equity securities referred to above. Separate account assets within this level also include other limited partnership interests. 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.

Transfers between Levels 1 and 2:

During the years ended December 31, 2011 and 2010, transfers between Levels 1 and 2 were not significant.

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 years ended December 31, 2011 and 2010 are summarized below.

Transfers into Level 3 were due primarily to 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 year ended December 31, 2011, transfers into Level 3 for fixed maturity securities of $44 million were principally comprised of certain U.S. corporate securities. During the year ended December 31, 2010, transfers into Level 3 for fixed maturity securities of $370 million were principally comprised of U.S. and foreign corporate securities and certain CMBS.

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.

During the year ended December 31, 2011, transfers out of Level 3 for fixed maturity securities of $480 million were principally comprised of certain ABS, U.S. and foreign corporate securities and U.S. treasury and agency securities. During the year ended December 31, 2010, transfers out of Level 3 for fixed maturity securities of $358 million and for separate account assets of $3 million were principally comprised of certain U.S. and foreign corporate securities, ABS and CMBS.

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	U.S. Treasury and Agency Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Year Ended December 31, 2011:								
Balance, January 1,	$ 1,510	$ 880	$ 34	$ 282	$ 130	$ 32	$ 321	$ 14
Total realized/unrealized gains (losses) included in:								
Earnings: (1), (2)								
Net investment income	6	1	—	1	—	—	—	—
Net investment gains (losses)	32	(20)	—	(5)	—	—	(6)	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	80	22	—	(9)	19	(8)	8	—
Purchases (3)	76	282	—	16	17	—	166	—
Sales (3)	(175)	(515)	—	(34)	(19)	(1)	(46)	(12)
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	40	3	—	1	—	—	—	—
Transfers out of Level 3 (4)	(137)	(73)	(34)	(13)	—	—	(223)	—
Balance, December 31,	$ 1,432	$ 580	$ —	$ 239	$ 147	$ 23	$ 220	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2011 included in earnings:								
Net investment income	$ 6	$ 1	$ —	$ 1	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ (9)	$ —	$ (5)	$ —	$ —	$ (2)	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Notes to the Consolidated Financial Statements — (Continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)								
	Equity Securities:			Net Derivatives: (5)					
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate Contracts	Foreign Currency Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)								
Year Ended December 31, 2011:									
Balance, January 1,	$ 22	$ 214	$ 173	$ (61)	$ —	$ 11	$ 12	$ 677	$ 133
Total realized/unrealized gains (losses) included in:									
Earnings: (1), (2)									
Net investment income	—	—	—	—	—	—	—	—	—
Net investment gains (losses)	2	(24)	(1)	—	—	—	—	—	(7)
Net derivative gains (losses)	—	—	—	50	—	(10)	32	277	—
Other comprehensive income (loss)	(6)	1	—	199	—	—	—	—	—
Purchases (3)	9	—	10	—	—	—	3	—	5
Sales (3)	(6)	(115)	(172)	—	—	—	—	—	(1)
Issuances (3)	—	—	—	—	—	(1)	(4)	—	—
Settlements (3)	—	—	—	(13)	—	(1)	—	78	—
Transfers into Level 3 (4)	—	—	—	(1)	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	—	—
Balance, December 31,	$ 21	$ 76	$ 10	$ 174	$ —	$ (1)	$ 43	$ 1,032	$ 130
Changes in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2011 included in earnings:									
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ (3)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 39	$ —	$ (10)	$ 33	$ 279	$ —

Notes to the Consolidated Financial Statements — (Continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	Foreign Corporate Securities	U.S. Treasury and Agency Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Year Ended December 31, 2010:								
Balance, January 1,	$ 1,605	$ 994	$ 33	$ 272	$ 45	$ 32	$ 290	$ 16
Total realized/unrealized gains (losses) included in:								
Earnings: (1), (2)								
Net investment income	7	(1)	—	1	—	—	1	—
Net investment gains (losses)	(5)	(3)	—	(4)	—	—	(5)	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	79	90	2	47	21	4	34	—
Purchases, sales, issuances and settlements (3)	(173)	(199)	(1)	(48)	1	(1)	53	4
Transfers into Level 3 (4)	147	114	—	21	85	—	—	3
Transfers out of Level 3 (4)	(150)	(115)	—	(7)	(22)	(3)	(52)	(9)
Balance, December 31,	$ 1,510	$ 880	$ 34	$ 282	$ 130	$ 32	$ 321	$ 14
Changes in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2010 included in earnings:								
Net investment income	$ 6	$ —	$ —	$ —	$ —	$ —	$ 1	$ —
Net investment gains (losses)	$ (10)	$ —	$ —	$ (2)	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)									
	Equity Securities:			Net Derivatives: (5)						
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate Contracts	Foreign Currency Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)								
Year Ended December 31, 2010:									
Balance, January 1,	$ 11	$ 258	$ 8	$ 2	$ 23	$ 4	$ 18	$ 445	$ 153
Total realized/unrealized gains (losses) included in:									
Earnings: (1), (2)									
Net investment income	—	—	1	—	—	—	—	—	—
Net investment gains (losses)	5	15	—	—	—	—	—	—	(5)
Net derivative gains (losses)	—	—	—	10	—	3	(6)	135	—
Other comprehensive income (loss)	3	6	—	(71)	—	13	—	—	—
Purchases, sales, issuances, and settlements (3)	3	(65)	164	(2)	—	(9)	—	97	(12)
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	(23)	—	—	—	(3)
Balance, December 31,	$ 22	$ 214	$ 173	$ (61)	$ —	$ 11	$ 12	$ 677	$ 133
Changes in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2010 included in earnings:									
Net investment income	$ —	$ —	$ 1	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 10	$ —	$ 3	$ (6)	$ 137	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	Foreign Corporate Securities	U.S. Treasury and Agency Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Year Ended December 31, 2009:								
Balance, January 1,	$ 1,401	$ 926	$ 36	$ 323	$ 116	$ 24	$ 297	$ 10
Total realized/unrealized gains (losses) included in:								
Earnings: (1), (2)								
Net investment income	3	(1)	—	—	1	—	—	—
Net investment gains (losses)	(117)	(94)	—	—	(43)	—	(55)	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	192	334	(1)	39	50	6	137	1
Purchases, sales, issuances and settlements (3)	(172)	(47)	(2)	(45)	(7)	2	(102)	(1)
Transfers into and/or out of Level 3 (4)	298	(124)	—	(45)	(72)	—	13	6
Balance, December 31,	$ 1,605	$ 994	$ 33	$ 272	$ 45	$ 32	$ 290	$ 16
Changes in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2009 included in earnings:								
Net investment income	$ 6	$ (1)	$ —	$ —	$ 1	$ —	$ —	$ —
Net investment gains (losses)	$ (105)	$ (43)	$ —	$ (25)	$ (56)	$ —	$ 4	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:							
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Other Securities	Net Derivatives (5)	Net Embedded Derivatives (6)	Separate Account Assets (7)	
	(In millions)							
Year Ended December 31, 2009:								
Balance, January 1,	$ 8	$ 318	$ —	$ 50	$ 309	$ 657	$ 159	
Total realized/unrealized gains (losses) included in:								
Earnings: (1), (2)								
Net investment income	—	—	—	—	—	—	—	
Net investment gains (losses)	—	(101)	—	—	—	—	—	
Net derivative gains (losses)	—	—	—	—	(40)	(328)	(7)	
Other comprehensive income (loss)	(1)	113	—	—	(3)	—	—	
Purchases, sales, issuances, and settlements (3)	4	(66)	8	(50)	(15)	116	1	
Transfers into and/or out of Level 3 (4)	—	(6)	—	—	(204)	—	—	
Balance, December 31,	$ 11	$ 258	$ 8	$ —	$ 47	$ 445	$ 153	
Changes in unrealized gains (losses) relating to assets and liabilities still held at December 31, 2009 included in earnings:								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	
Net investment gains (losses)	$ —	$ (38)	$ —	$ —	$ —	$ —	$ —	
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ (33)	$ (332)	$ —	

(1) Amortization of premium/discount is included within net investment income. Impairments charged to earnings on securities are included within net investment gains (losses). Lapses associated with embedded derivatives are included within net derivative gains (losses).

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

(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 year ended December 31, 2011, fees attributed to net embedded derivatives are included within settlements. For the years ended December 31, 2010 and 2009, fees attributed to net 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/or out of Level 3 in the same period are excluded from the rollforward.

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

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

(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).

Fair Value Option

Assets and Liabilities Held by CSEs

The Company has elected the FVO for the following assets and liabilities held by CSEs: commercial mortgage loans and long-term debt. The following table presents these commercial mortgage loans carried under the FVO at:

	December 31,	
	2011	2010
	(In millions)	
Unpaid principal balance	$ 3,019	$ 6,636
Excess of estimated fair value over unpaid principal balance	119	204
Carrying value at estimated fair value	$ 3,138	$ 6,840

The following table presents the long-term debt carried under the FVO related to the commercial mortgage loans at:

	December 31,	
	2011	2010
	(In millions)	
Contractual principal balance	$ 2,925	$ 6,541
Excess of estimated fair value over contractual principal balance	140	232
Carrying value at estimated fair value	$ 3,065	$ 6,773

Interest income on commercial mortgage loans 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). See Note 2.

Non-Recurring Fair Value Measurements

Certain assets 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.

	Years Ended December 31,								
	2011			2010			2009		
	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)	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Net Investment Gains (Losses)
	(In millions)								
Mortgage loans, net (1)	$ —	$ 8	$ 8	$ —	$ —	$ —	$ —	$ —	$ —
Other limited partnership interests (2)	$ 7	$ 5	$ (2)	$ 33	$ 22	$ (11)	$ 110	$ 44	$ (66)
Real estate joint ventures (3)	$ —	$ —	$ —	$ 25	$ 5	$ (20)	$ 90	$ 48	$ (42)

(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 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) *Other limited partnership interests* — 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 private equity and debt funds that typically invest primarily in a diversified pool of investments using certain investment strategies including domestic and international leveraged buyout funds; power, energy, timber and infrastructure development funds; venture capital funds; and below investment grade debt and mezzanine debt funds. 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 two to 10 years. Unfunded commitments for these investments were $3 million and $23 million at December 31, 2011 and 2010, respectively.

(3) *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 two to 10 years. There were no unfunded commitments for these investments at December 31, 2011. Unfunded commitments for these investments were $3 million at December 31, 2010.

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:

	December 31,					
	2011			2010		
	Notional Amount	Carrying Value	Estimated Fair Value	Notional Amount	Carrying Value	Estimated Fair Value
			(In millions)			
Assets:						
Mortgage loans, net (1)		$ 6,662	$ 6,946		$ 5,890	$ 6,022
Policy loans		$ 1,203	$ 1,307		$ 1,190	$ 1,260
Real estate joint ventures (2)		$ 69	$ 107		$ 79	$ 102
Other limited partnership interests (2)		$ 98	$ 126		$ 104	$ 116
Short-term investments (3)		$ 19	$ 19		$ 88	$ 88
Other invested assets (2)		$ 430	$ 477		—	—
Cash and cash equivalents		$ 745	$ 745		$ 1,928	$ 1,928
Accrued investment income		$ 568	$ 568		$ 559	$ 559
Premiums, reinsurance and other receivables (2)		$ 5,973	$ 6,880		$ 5,959	$ 6,164
Liabilities:						
PABs (2)		$ 23,144	$ 24,732		$ 24,622	$ 26,061
Payables for collateral under securities loaned and other transactions		$ 8,079	$ 8,079		$ 8,103	$ 8,103
Long-term debt (4)		$ 792	$ 970		$ 795	$ 930
Other liabilities (2)		$ 224	$ 224		$ 294	$ 294
Separate account liabilities (2)		$ 1,240	$ 1,240		$ 1,407	$ 1,407
Commitments: (5)						
Mortgage loan commitments	$ 167	$ —	$ —	$ 270	$ —	$ (2)
Commitments to fund bank credit facilities and private corporate bond investments	$ 248	$ —	$ 7	$ 315	$ —	$ (12)

(1) Mortgage loans as presented in the table above differ from the amounts presented in the consolidated balance sheets because this table does not include commercial mortgage loans held by CSEs, which 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.

(3) Short-term investments as presented in the table above differ 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 is 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, other securities, certain short-term investments, mortgage loans held by CSEs, derivative assets and liabilities, net embedded derivatives within asset and liability host contracts, separate account assets and long-term debt of CSEs. 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

The Company originates mortgage loans principally for investment purposes. These loans are principally carried at amortized cost. The estimated fair value of mortgage loans is primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk.

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 by 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.

Real Estate Joint Ventures and Other Limited Partnership Interests

Real estate joint ventures and other limited partnership interests included in the preceding table consist 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 comprised of loans to affiliates. The estimated fair value of loans to affiliates is determined by discounting the expected future cash flows using market interest rates currently available for instruments with similar terms and remaining maturities.

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 agreements, 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 agreements determined to transfer significant risk are not financial instruments subject to disclosure and thus have been excluded from the amounts presented in the preceding table. Amounts recoverable under ceded reinsurance agreements, which the Company has determined do not transfer significant 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, 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.

PABs

PABs 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 PABs 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.

Long-term Debt

The estimated fair value of long-term debt is 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 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: 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.

Other Liabilities

Other liabilities included in the table above reflect those other liabilities that satisfy the definition of financial instruments subject to disclosure. These items consist primarily of interest payable, amounts due for securities purchased but not yet settled, and funds withheld amounts payable which are 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 are not materially different from the carrying values.

Separate Account Liabilities

Separate account liabilities included in the preceding table represent 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 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 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 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.

5. Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding DAC and VOBA was as follows:

	DAC	VOBA	Total
		(In millions)	
Balance at January 1, 2009	$ 2,216	$ 2,661	$ 4,877
Capitalizations	703	—	703
Subtotal	2,919	2,661	5,580
Amortization related to:			
Net investment gains (losses)	195	86	281
Other expenses	(357)	(197)	(554)
Total amortization	(162)	(111)	(273)
Unrealized investment gains (losses)	(301)	(433)	(734)
Effect of foreign currency translation	2	—	2
Balance at December 31, 2009	2,458	2,117	4,575
Capitalizations	858	—	858
Subtotal	3,316	2,117	5,433
Amortization related to:			
Net investment gains (losses)	(57)	(17)	(74)
Other expenses	(399)	(297)	(696)
Total amortization	(456)	(314)	(770)
Unrealized investment gains (losses)	(155)	(117)	(272)
Balance at December 31, 2010	2,705	1,686	4,391
Capitalizations	1,342	—	1,342
Subtotal	4,047	1,686	5,733
Amortization related to:			
Net investment gains (losses)	(339)	(29)	(368)
Other expenses	(474)	(314)	(788)
Total amortization	(813)	(343)	(1,156)
Unrealized investment gains (losses)	(49)	(337)	(386)
Effect of foreign currency translation	(3)	—	(3)
Balance at December 31, 2011	$ 3,182	$ 1,006	$ 4,188

The estimated future amortization expense allocated to other expenses for the next five years for VOBA is $245 million in 2012, $192 million in 2013, $155 million in 2014, $124 million in 2015 and $101 million in 2016.

Amortization of DAC and VOBA is attributed to both investment gains and losses and to other expenses for the amount of gross margins or profits originating from transactions other than investment gains and losses. Unrealized investment gains and losses represent the amount of DAC and VOBA that would have been amortized if such gains and losses had been recognized.

See Note 1 for information on the retrospective application of the adoption of new accounting guidance related to DAC.

Information regarding DAC and VOBA by segment, as well as Corporate & Other, was as follows:

	DAC		VOBA		Total	
	December 31,					
	2011	2010	2011	2010	2011	2010
	(In millions)					
Retail Products	$ 3,042	$ 2,618	$ 1,005	$ 1,685	$ 4,047	$ 4,303
Corporate Benefit Funding	12	8	1	1	13	9
Corporate & Other	128	79	—	—	128	79
Total	$ 3,182	$ 2,705	$ 1,006	$ 1,686	$ 4,188	$ 4,391

6. Goodwill

Goodwill is the excess of cost over the estimated fair value of net assets acquired. In the first quarter of 2012, the Company reorganized its business into two segments: Retail Products and Corporate Benefit Funding. See Note 14 for a discussion on the Company's new segments. As a result of the reorganization, the Company reallocated goodwill from the former segments to the new segments. Information regarding goodwill was as follows:

	December 31,	
	2011	2010
	(In millions)	
Retail Products	$ 236	$ 236
Corporate Benefit Funding	307	307
Corporate & Other	410	410
Total	$ 953	$ 953

The Company performed its annual goodwill impairment tests during the third quarter of 2011 based upon data at June 30, 2011 and concluded that the fair values of all reporting units were in excess of their carrying values and, therefore, goodwill was not impaired. Such tests are described in more detail in Note 1.

Management continues to evaluate current market conditions that may affect the estimated fair value of the Company's reporting units to assess whether any goodwill impairment exists. Deteriorating or adverse market conditions for certain reporting units may have a significant impact on the estimated fair value of these reporting units and could result in future impairments of goodwill.

7. Insurance

Insurance Liabilities

Insurance liabilities, including affiliated insurance liabilities on reinsurance assumed and ceded, were as follows:

	Future Policy Benefits		Policyholder Account Balances		Other Policy-Related Balances	
	December 31,					
	2011	2010	2011	2010	2011	2010
	(In millions)					
Retail Products	$ 5,175	$ 4,304	$ 30,001	$ 27,580	$ 2,577	$ 2,285
Corporate Benefit Funding	14,028	12,991	8,375	9,452	14	5
Corporate & Other	6,280	5,903	3,699	2,259	398	362
Total	$ 25,483	$ 23,198	$ 42,075	$ 39,291	$ 2,989	$ 2,652

See Note 8 for discussion of affiliated reinsurance liabilities included in the table above.

Value of Distribution Agreements and Customer Relationships Acquired

Information regarding VODA and VOCRA, which are reported in other assets, was as follows:

	Amount
	(In millions)
Balance at January 1, 2009	$ 224
Amortization	(9)
Balance at December 31, 2009	215
Amortization	(12)
Balance at December 31, 2010	203
Amortization	(13)
Balance at December 31, 2011	$ 190

The estimated future amortization expense allocated to other expenses for the next five years for VODA and VOCRA is $15 million in 2012, $16 million in 2013, $17 million in 2014, $17 million in 2015 and $15 million in 2016.

Sales Inducements

Information regarding deferred sales inducements, which are reported in other assets, was as follows:

	Amount
	(In millions)
Balance at January 1, 2009	$ 422
Capitalization	124
Amortization	(53)
Balance at December 31, 2009	493
Capitalization	100
Amortization	(56)
Balance at December 31, 2010	537
Capitalization	79
Amortization	(81)
Balance at December 31, 2011	$ 535

Separate Accounts

Separate account assets and liabilities primarily include pass-through separate accounts totaling $72.4 billion and $61.6 billion at December 31, 2011 and 2010, respectively, for which the policyholder assumes all investment risk.

For the years ended December 31, 2011, 2010 and 2009, there were no investment gains (losses) on transfers of assets from the general account to the separate accounts.

Obligations Under Funding Agreements

The Company issues fixed and floating rate funding agreements, which are denominated in either U.S. dollars or foreign currencies, to certain special purpose entities ("SPEs") that have issued either debt securities or commercial paper for which payment of interest and principal is secured by such funding agreements. During the years ended December 31, 2011, 2010 and 2009, the Company issued $12.5 billion, $19.1 billion and $14.5 billion, respectively, and repaid $13.4 billion, $18.6 billion and $15.3 billion, respectively, of such funding agreements. At December 31, 2011 and 2010, funding agreements outstanding, which are included in PABs, were $5.4 billion and $6.6 billion, respectively.

MetLife Insurance Company of Connecticut is a member of the Federal Home Loan Bank ("FHLB") of Boston and held $70 million of common stock of the FHLB of Boston at both December 31, 2011 and 2010, which is included in equity securities.

The Company has also entered into funding agreements. The liability for funding agreements is included in PABs. Information related to the funding agreements was as follows:

	Liability		Collateral	
	December 31,			
	2011	2010	2011	2010
	(In millions)			
FHLB of Boston (1)	$ 450	$ 100	$ 518 (2)	$ 211 (2)
Farmer Mac (3)	$ 200	$ 200	$ 230 (4)	$ 231 (4)

(1) Represents funding agreements issued to the FHLB of Boston in exchange for cash and for which the FHLB of Boston has been granted a blanket lien on certain assets, including RMBS, to collateralize obligations under the funding agreements. The Company maintains control over these pledged assets, and may use, commingle, encumber or dispose of any portion of the collateral as long as there is no event of default and the remaining qualified collateral is sufficient to satisfy the collateral maintenance level. Upon any event of default by the Company, the FHLB of Boston's recovery on the collateral is limited to the amount of the Company's liability to the FHLB of Boston.

(2) Advances are collateralized by mortgage-backed securities. The amount of collateral presented is at estimated fair value.

(3) Represents funding agreements issued to certain SPEs that have issued debt securities for which payment of interest and principal is secured by such funding agreements, and such debt securities are also guaranteed as to payment of interest and principal by the Federal Agricultural Mortgage Corporation, a federally chartered instrumentality of the United States ("Farmer Mac").

(4) Secured by a pledge of certain eligible agricultural real estate mortgage loans. The amount of collateral presented is at carrying value.

Liabilities for Unpaid Claims and Claim Expenses

Information regarding the liabilities for unpaid claims and claim expenses relating to group accident and non-medical health policies and contracts, which are reported in future policy benefits and other policy-related balances, was as follows:

	Years Ended December 31,		
	2011	2010	2009
	(In millions)		
Balance at January 1,	$ 978	$ 805	$ 691
Less: Reinsurance recoverables	878	706	589
Net balance at January 1,	100	99	102
Incurred related to:			
Current year	5	24	26
Prior years	4	(12)	(17)
Total incurred	9	12	9
Paid related to:			
Current year	—	(1)	(1)
Prior years	(10)	(10)	(11)
Total paid	(10)	(11)	(12)
Net balance at December 31,	99	100	99
Add: Reinsurance recoverables	980	878	706
Balance at December 31,	$ 1,079	$ 978	$ 805

During 2011, 2010 and 2009, claim and claim adjustment expenses associated with prior years increased by $4 million and decreased by $12 million and $17 million, respectively, due to differences between the actual benefits paid and expected benefits owed during those periods.

Guarantees

The Company issues annuity contracts which may include contractual guarantees to the contractholder for: (i) return of no less than total deposits made to the contract less any partial withdrawals ("return of net deposits"); and (ii) the highest contract value on a specified anniversary date minus any withdrawals following the contract anniversary, or total deposits made to the contract less any partial withdrawals plus a minimum return ("anniversary contract value" or "minimum return"). These guarantees include benefits that are payable in the event of death or at annuitization.

The Company also issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee.

Information regarding the types of guarantees relating to annuity contracts and universal and variable life contracts was as follows:

	December 31,			
	2011		2010	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
Annuity Contracts (1)				
Return of Net Deposits				
Separate account value	$ 27,161	N/A	$ 21,840	N/A
Net amount at risk (2)	$795 (3)	N/A	$ 415 (3)	N/A
Average attained age of contractholders	63 years	N/A	62 years	N/A
Anniversary Contract Value or Minimum Return				
Separate account value	$ 49,389	$ 41,713	$ 42,553	$ 30,613
Net amount at risk (2)	$ 4,720 (3)	$ 6,595 (4)	$ 3,200 (3)	$ 3,523 (4)
Average attained age of contractholders	62 years	62 years	60 years	62 years

	December 31,	
	2011	2010
	Secondary Guarantees	
	(In millions)	
Universal and Variable Life Contracts (1)		
Account value (general and separate account)	$ 5,177	$ 3,740
Net amount at risk (2)	$ 80,477 (3)	$ 51,639 (3)
Average attained age of policyholders	58 years	59 years

(1) The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.

(2) The net amount at risk is based on the direct and assumed amount at risk (excluding ceded reinsurance).

(3) The net amount at risk for guarantees of amounts in the event of death is defined as the current GMDB in excess of the current account balance at the balance sheet date.

(4) The net amount at risk for guarantees of amounts at annuitization is defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance.

Information regarding the liabilities for guarantees (excluding base policy liabilities) relating to annuity and universal and variable life contracts was as follows:

	Annuity Contracts		Universal and Variable Life Contracts	
	Guaranteed Death Benefits	Guaranteed Annuitization Benefits	Secondary Guarantees	Total
			(In millions)	
Direct				
Balance at January 1, 2009	$ 98	$ 221	$ 108	$ 427
Incurred guaranteed benefits	48	(6)	187	229
Paid guaranteed benefits	(89)	—	—	(89)
Balance at December 31, 2009	57	215	295	567
Incurred guaranteed benefits	52	66	601	719
Paid guaranteed benefits	(30)	—	—	(30)
Balance at December 31, 2010	79	281	896	1,256
Incurred guaranteed benefits	84	128	140	352
Paid guaranteed benefits	(25)	—	—	(25)
Balance at December 31, 2011	$ 138	$ 409	$ 1,036	$ 1,583
Ceded				
Balance at January 1, 2009	$ 86	$ 72	$ —	$ 158
Incurred guaranteed benefits	38	2	142	182
Paid guaranteed benefits	(68)	—	—	(68)
Balance at December 31, 2009	56	74	142	272
Incurred guaranteed benefits	38	23	515	576
Paid guaranteed benefits	(18)	—	—	(18)
Balance at December 31, 2010	76	97	657	830
Incurred guaranteed benefits	59	42	110	211
Paid guaranteed benefits	(21)	—	—	(21)
Balance at December 31, 2011	$ 114	$ 139	$ 767	$ 1,020
Net				
Balance at January 1, 2009	$ 12	$ 149	$ 108	$ 269
Incurred guaranteed benefits	10	(8)	45	47
Paid guaranteed benefits	(21)	—	—	(21)
Balance at December 31, 2009	1	141	153	295
Incurred guaranteed benefits	14	43	86	143
Paid guaranteed benefits	(12)	—	—	(12)
Balance at December 31, 2010	3	184	239	426
Incurred guaranteed benefits	25	86	30	141
Paid guaranteed benefits	(4)	—	—	(4)
Balance at December 31, 2011	$ 24	$ 270	$ 269	$ 563

Account balances of contracts with insurance guarantees were invested in separate account asset classes as follows at:

	December 31,	
	2011	2010
	(In millions)	
Fund Groupings:		
Equity	$ 33,482	$ 34,207
Balanced	29,189	19,552
Bond	4,132	4,330
Money Market	1,077	1,136
Specialty	1,002	1,004
Total	$ 68,882	$ 60,229

8. Reinsurance

The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks and provide additional capacity for future growth.

Retail Products

For its Retail Life insurance products, the Company has historically reinsured the mortality risk primarily on an excess of retention basis or a quota share basis. The Company currently reinsures 90% of the mortality risk in excess of $1 million for most products and reinsures up to 90% of the mortality risk for certain other products. In addition to reinsuring mortality risk as described above, the Company reinsures other risks, as well as specific coverages. Placement of reinsurance is done primarily on an automatic basis and also on a facultative basis for risks with specified characteristics. On a case by case basis, the Company may retain up to $5 million per life on single life individual policies and reinsure 100% of amounts in excess of the amount the Company retains. The Company evaluates its reinsurance programs routinely and may increase or decrease its retention at any time. The Company also reinsures the risk associated with secondary death benefit guarantees on certain universal life insurance policies to an affiliate.

The Company's Retail Annuities business reinsures 100% of the living and death benefit guarantees associated with its variable annuities issued since 2006 to an affiliated reinsurer and certain portions of the living and death benefit guarantees associated with its variable annuities issued prior to 2006 to affiliated and unaffiliated reinsurers. Under these reinsurance agreements, the Company pays a reinsurance premium generally based on fees associated with the guarantees collected from policyholders, and receives reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations. The Company also reinsures 90% of its new production of fixed annuities to an affiliated reinsurer.

Corporate Benefit Funding

The Company's Corporate Benefit Funding segment periodically engages in reinsurance activities, as considered appropriate. The impact of these activities on the financial results of this segment has not been significant.

Corporate & Other

The Company also reinsures, through 100% quota share reinsurance agreements, certain run-off LTC and workers' compensation business written by the Company.

For other policies within Corporate & Other, the Company generally retains most of the risk and only cedes particular risks on certain client arrangements.

Catastrophe Coverage

The Company has exposure to catastrophes, which could contribute to significant fluctuations in the Company's results of operations. The Company uses excess of retention and quota share reinsurance agreements to provide greater diversification of risk and minimize exposure to larger risks.

Reinsurance Recoverables

The Company reinsures its business through a diversified group of well-capitalized, highly rated reinsurers. The Company analyzes recent trends in arbitration and litigation outcomes in disputes, if any, with its reinsurers. The Company monitors ratings and evaluates the financial strength of its reinsurers by analyzing their financial statements. In addition, the reinsurance recoverable balance due from each reinsurer is evaluated as part of the overall monitoring process. Recoverability of reinsurance recoverable balances is evaluated based on these analyses. The Company generally secures large reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. These reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance, which at December 31, 2011 and 2010, were immaterial.

The Company has secured certain reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. The Company had $2.5 billion and $2.9 billion of unsecured unaffiliated reinsurance recoverable balances at December 31, 2011 and 2010, respectively.

At December 31, 2011, the Company had $7.1 billion of net unaffiliated ceded reinsurance recoverables. Of this total, $6.5 billion, or 92%, were with the Company's five largest unaffiliated ceded reinsurers, including $1.9 billion of which were unsecured. At December 31, 2010, the Company had $6.7 billion of net unaffiliated ceded reinsurance recoverables. Of this total, $6.1 billion, or 91%, were with the Company's five largest unaffiliated ceded reinsurers, including $2.3 billion of which were unsecured.

The amounts in the consolidated statements of operations include the impact of reinsurance. Information regarding the effect of reinsurance was as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Premiums:			
Direct premiums	$ 2,429	$ 1,559	$ 1,782
Reinsurance assumed	7	13	14
Reinsurance ceded	(608)	(505)	(484)
Net premiums	$ 1,828	$ 1,067	$ 1,312
Universal life and investment-type product policy fees:			
Direct universal life and investment-type product policy fees	$ 2,572	$ 2,104	$ 1,681
Reinsurance assumed	92	120	115
Reinsurance ceded	(708)	(585)	(416)
Net universal life and investment-type product policy fees	$ 1,956	$ 1,639	$ 1,380
Other revenues:			
Direct other revenues	$ 209	$ 200	$ 121
Reinsurance ceded	299	303	477
Net other revenues	$ 508	$ 503	$ 598
Policyholder benefits and claims:			
Direct policyholder benefits and claims	$ 4,277	$ 3,708	$ 3,314
Reinsurance assumed	20	31	10
Reinsurance ceded	(1,637)	(1,834)	(1,259)
Net policyholder benefits and claims	$ 2,660	$ 1,905	$ 2,065
Interest credited to policyholder account balances:			
Direct interest credited to policyholder account balances	$ 1,206	$ 1,265	$ 1,270
Reinsurance assumed	68	64	64
Reinsurance ceded	(85)	(58)	(33)
Net interest credited to policyholder account balances	$ 1,189	$ 1,271	$ 1,301
Other expenses:			
Direct other expenses	$ 2,715	$ 2,158	$ 1,158
Reinsurance assumed	48	92	107
Reinsurance ceded	152	122	69
Net other expenses	$ 2,915	$ 2,372	$ 1,334

The amounts in the consolidated balance sheets include the impact of reinsurance. Information regarding the effect of reinsurance was as follows at:

	December 31, 2011			
	Direct	Assumed	Ceded	Total Balance Sheet
	(In millions)			
Assets:				
Premiums, reinsurance and other receivables	$ 686	$ 34	$ 19,503	$ 20,223
Deferred policy acquisition costs and value of business acquired	4,635	134	(581)	4,188
Total assets	$ 5,321	$ 168	$ 18,922	$ 24,411
Liabilities:				
Future policy benefits	$ 25,399	$ 84	$ —	$ 25,483
Other policy-related balances	677	1,515	797	2,989
Other liabilities	1,230	12	4,142	5,384
Total liabilities	$ 27,306	$ 1,611	$ 4,939	$ 33,856

	December 31, 2010			
	Direct	Assumed	Ceded	Total Balance Sheet
	(In millions)			
Assets:				
Premiums, reinsurance and other receivables	$ 376	$ 40	$ 16,592	$ 17,008
Deferred policy acquisition costs and value of business acquired	4,734	158	(501)	4,391
Total assets	$ 5,110	$ 198	$ 16,091	$ 21,399
Liabilities:				
Future policy benefits	$ 23,111	$ 87	$ —	$ 23,198
Other policy-related balances	674	1,435	543	2,652
Other liabilities	1,082	12	3,409	4,503
Total liabilities	$ 24,867	$ 1,534	$ 3,952	$ 30,353

Reinsurance agreements that do not expose the Company to a reasonable possibility of a significant loss from insurance risk are recorded using the deposit method of accounting. The deposit assets on reinsurance were $4.7 billion at both December 31, 2011 and 2010. There were no deposit liabilities on reinsurance at both December 31, 2011 and 2010.

Related Party Reinsurance Transactions

The Company has reinsurance agreements with certain MetLife subsidiaries, including MLIC, MetLife Reinsurance Company of South Carolina, Exeter, General American Life Insurance Company, MetLife Investors Insurance Company and MetLife Reinsurance Company of Vermont, all of which are related parties.

Information regarding the effect of affiliated reinsurance included in the consolidated statements of operations was as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Premiums:			
Reinsurance assumed	$ 7	$ 13	$ 14
Reinsurance ceded	(286)	(191)	(166)
Net premiums	$ (279)	$ (178)	$ (152)
Universal life and investment-type product policy fees:			
Reinsurance assumed	$ 92	$ 120	$ 115
Reinsurance ceded	(400)	(308)	(168)
Net universal life and investment-type product policy fees	$ (308)	$ (188)	$ (53)
Other revenues:			
Reinsurance assumed	$ —	$ —	$ —
Reinsurance ceded	299	303	477
Net other revenues	$ 299	$ 303	$ 477
Policyholder benefits and claims:			
Reinsurance assumed	$ 18	$ 29	$ 8
Reinsurance ceded	(484)	(343)	(239)
Net policyholder benefits and claims	$ (466)	$ (314)	$ (231)
Interest credited to policyholder account balances:			
Reinsurance assumed	$ 68	$ 64	$ 64
Reinsurance ceded	(84)	(59)	(33)
Net interest credited to policyholder account balances	$ (16)	$ 5	$ 31
Other expenses:			
Reinsurance assumed	$ 48	$ 93	$ 107
Reinsurance ceded	204	153	103
Net other expenses	$ 252	$ 246	$ 210

Information regarding the effect of affiliated reinsurance included in the consolidated balance sheets was as follows at:

	December 31,			
	2011		2010	
	Assumed	Ceded	Assumed	Ceded
	(In millions)			
Assets:				
Premiums, reinsurance and other receivables	$ 34	$ 12,345	$ 40	$ 9,826
Deferred policy acquisition costs and value of business acquired	134	(585)	158	(486)
Total assets	$ 168	$ 11,760	$ 198	$ 9,340
Liabilities:				
Future policy benefits	$ 44	$ —	$ 41	$ —
Other policy-related balances	1,515	758	1,435	508
Other liabilities	10	3,903	12	3,200
Total liabilities	$ 1,569	$ 4,661	$ 1,488	$ 3,708

The Company ceded risks to affiliates related to guaranteed minimum benefit guarantees written directly by the Company. These ceded reinsurance agreements contain embedded derivatives and changes in their fair value are also included within net derivative gains (losses). The embedded derivatives associated with the cessions are included within premiums, reinsurance and other receivables and were assets of $2.8 billion and $936 million at December 31, 2011 and 2010, respectively. For the years ended December 31, 2011, 2010 and 2009, net derivative gains (losses) associated with the embedded derivatives included $1.6 billion, ($2) million, and ($1.5) billion, respectively.

MLI-USA cedes two blocks of business to an affiliate on a 90% coinsurance with funds withheld basis. Certain contractual features of this agreement qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheets. The embedded derivative related to the funds withheld associated with this reinsurance agreement is included within other liabilities and increased the funds withheld balance by $416 million and $5 million at December 31, 2011 and 2010, respectively. Net derivative gains (losses) associated with the embedded derivatives were ($411) million, ($17) million and ($16) million at December 31, 2011, 2010 and 2009, respectively. The reinsurance agreement also includes an experience refund provision, whereby some or all of the profits on the underlying reinsurance agreement are returned to MLI-USA from the affiliated reinsurer during the first several years of the reinsurance agreement. The experience refund reduced the funds withheld by MLI-USA from the affiliated reinsurer by $337 million and $304 million at December 31, 2011 and 2010, respectively, and is considered unearned revenue, amortized over the life of the contract using the same assumptions as used for the DAC associated with the underlying policies. Amortization and interest of the unearned revenue associated with the experience refund was $91 million, $81 million and $36 million at December 31, 2011, 2010 and 2009, respectively, and is included in premiums and universal life and investment-type product policy fees in the consolidated statements of operations. At December 31, 2011 and 2010, unearned revenue related to the experience refund was $806 million and $560 million, respectively, and is included in other policy-related balances in the consolidated balance sheets.

The Company has secured certain reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. The Company had $4.8 billion and $4.4 billion of unsecured affiliated reinsurance recoverable balances at December 31, 2011 and 2010, respectively.

Affiliated reinsurance agreements that do not expose the Company to a reasonable possibility of a significant loss from insurance risk are recorded using the deposit method of accounting. The deposit assets on affiliated reinsurance were $4.6 billion at both December 31, 2011 and 2010. There were no deposit liabilities on affiliated reinsurance at both December 31, 2011 and 2010.

9. Debt

Long-term debt outstanding was as follows:

	Interest Rates	Maturity	December 31, 2011	December 31, 2010
			(In millions)	
Surplus notes — affiliated	8.595%	2038	$ 750	$ 750
Long-term debt — unaffiliated	7.028%	2030	42	45
Total long-term debt (1)			$ 792	$ 795

(1) Excludes $3.1 billion and $6.8 billion of long-term debt relating to CSEs at December 31, 2011 and 2010, respectively. See Note 2.

On December 23, 2010, Greater Sandhill I, LLC ("Greater Sandhill"), an affiliate of MLI-USA, issued to a third party long-term notes for $45 million maturing in 2030 with an interest rate of 7.028%. The notes were issued in exchange for certain investments, which are included in other invested assets. During the year ended December 31, 2011, Greater Sandhill repaid $3 million of the long-term notes.

In December 2009, MetLife Insurance Company of Connecticut renewed the $200 million surplus note to MetLife Credit Corporation, originally issued in December 2007, with an interest rate of six-month LIBOR plus 1.80%. On December 29, 2010, MetLife Insurance Company of Connecticut repaid the $200 million surplus note to MetLife Credit Corporation.

The aggregate maturities of long-term debt at December 31, 2011 are $1 million in each of 2012, 2013, 2014, 2015 and 2016, and $787 million thereafter.

Interest expense related to the Company's indebtedness included in other expenses was $67 million, $70 million and $71 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Payments of interest and principal on the outstanding surplus notes may be made only with the prior approval of the insurance department of the state of domicile.

10. Income Tax

The provision for income tax was as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Current:			
Federal	$ (157)	$ 55	$ 24
State and local	—	—	1
Foreign	(5)	(4)	(4)
Subtotal	(162)	51	21
Deferred:			
Federal	643	257	(419)
Foreign	42	(5)	(13)
Subtotal	685	252	(432)
Provision for income tax expense (benefit)	$ 523	$ 303	$ (411)

The reconciliation of the income tax provision at the U.S. statutory rate to the provision for income tax as reported was as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Tax provision at U.S. statutory rate	$ 615	$ 358	$ (330)
Tax effect of:			
Tax-exempt investment income	(71)	(67)	(69)
Prior year tax	(9)	8	(17)
Tax credits	(11)	(6)	—
Foreign tax rate differential	(1)	5	5
Change in valuation allowance	(2)	4	—
Other, net	2	1	—
Provision for income tax expense (benefit)	$ 523	$ 303	$ (411)

Deferred income tax represents the tax effect of the differences between the book and tax basis of assets and liabilities. Net deferred income tax assets and liabilities consisted of the following at:

	December 31,	
	2011	2010
	(In millions)	
Deferred income tax assets:		
Policyholder liabilities and receivables	$ 880	$ 1,298
Net operating loss carryforwards	124	99
Operating lease reserves	—	2
Capital loss carryforwards	123	359
Investments, including derivatives	119	297
Tax credit carryforwards	160	167
Other	41	20
	1,447	2,242
Less: Valuation allowance	2	4
	1,445	2,238
Deferred income tax liabilities:		
Net unrealized investment gains	1,021	168
DAC and VOBA	1,350	1,468
Other	9	1
	2,380	1,637
Net deferred income tax asset (liability)	$ (935)	$ 601

The following table sets forth the domestic, state, and foreign net operating and capital loss carryforwards for tax purposes at December 31, 2011:

	Net Operating Loss Carryforwards		Capital Loss Carryforwards	
	Amount	Expiration	Amount	Expiration
	(In millions)		(In millions)	
Domestic	$ 60	Beginning in 2025	$ 350	Beginning in 2013
State	$ 22	Beginning in 2012	$ —	N/A
Foreign	$ 413	Indefinite	$ —	N/A

Tax credit carryforwards of $160 million at December 31, 2011 will expire beginning in 2016.

The Company has recorded a valuation allowance related to tax benefits of certain state net operating losses. The valuation allowance reflects management's assessment, based on available information, that it is more likely than not that the deferred income tax asset for certain state net operating losses will not be realized. The tax benefit will be recognized when management believes that it is more likely than not that these deferred income tax assets are realizable. In 2011, the Company recorded an overall decrease to the deferred tax valuation allowance of $2 million.

Pursuant to Internal Revenue Service ("IRS") rules, the Company was excluded from MetLife's life/non-life consolidated federal tax return for the five years subsequent to MetLife's July 2005 acquisition of the Company. In 2011, MetLife Insurance Company of Connecticut and its subsidiaries joined the consolidated return and

became a party to the MetLife tax sharing agreement. Prior to 2011, MetLife Insurance Company of Connecticut filed a consolidated tax return with its includable subsidiaries. Non-includable subsidiaries filed either separate individual corporate tax returns or separate consolidated tax returns.

The Company files income tax returns with the U.S. federal government and various state and local jurisdictions, as well as foreign jurisdictions. The Company is under continuous examination by the IRS and other tax authorities in jurisdictions in which the Company has significant business operations. The income tax years under examination vary by jurisdiction. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or foreign income tax examinations by tax authorities for years prior to 2005 and is no longer subject to foreign income tax examinations for the years prior to 2006. The IRS exam of the current audit cycle, years 2005 and 2006, began in April 2010.

It is not expected that there will be a material change in the Company's liability for unrecognized tax benefits in the next 12 months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	Years Ended December 31,		
	2011	2010	2009
	(In millions)		
Balance at January 1,	$ 38	$ 44	$ 48
Additions for tax positions of prior years	—	1	2
Reductions for tax positions of prior years	(3)	—	—
Additions for tax positions of current year	2	—	—
Reductions for tax positions of current year	(8)	(7)	(6)
Balance at December 31,	$ 29	$ 38	$ 44
Unrecognized tax benefits that, if recognized would impact the effective rate	$ (3)	$ —	$ —

The Company classifies interest accrued related to unrecognized tax benefits in interest expense, included within other expenses, while penalties are included in income tax expense.

Interest and penalties were as follows:

	Years Ended December 31,		
	2011	2010	2009
	(In millions)		
Interest and penalties recognized in the consolidated statements of operations	$ —	$ 5	$ —

	December 31,	
	2011	2010
	(In millions)	
Interest and penalties included in other liabilities in the consolidated balance sheets	$ 9	$ 9

The U.S. Treasury Department and the IRS have indicated that they intend to address through regulations the methodology to be followed in determining the dividends received deduction ("DRD"), related to variable life insurance and annuity contracts. The DRD reduces the amount of dividend income subject to tax and is a significant component of the difference between the actual tax expense and expected amount determined using the federal statutory tax rate of 35%. Any regulations that the IRS ultimately proposes for issuance in this area will be subject to public notice and comment, at which time insurance companies and other interested parties will

have the opportunity to raise legal and practical questions about the content, scope and application of such regulations. As a result, the ultimate timing and substance of any such regulations are unknown at this time. For the years ended December 31, 2011 and 2010, the Company recognized an income tax benefit of $73 million and $67 million, respectively, related to the separate account DRD. The 2011 benefit included a benefit of $3 million related to a true-up of the 2010 tax return. The 2010 benefit included an expense of $28 million related to a true-up of the 2009 tax return.

11. Contingencies, Commitments and Guarantees

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large and/or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for some of the matters below. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at December 31, 2011.

Matters as to Which an Estimate Can Be Made

For some of the matters discussed below, the Company is able to estimate a reasonably possible range of loss. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. As of December 31, 2011, the aggregate range of reasonably possible losses in excess of amounts accrued for these matters was not material for the Company.

Matters as to Which an Estimate Cannot Be Made

For other matters disclosed below, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Sales Practices Claims

Over the past several years, the Company has faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to vigorously defend against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Connecticut General Life Insurance Company and MetLife Insurance Company of Connecticut are engaged in an arbitration proceeding to determine whether MetLife Insurance Company of Connecticut is owed money from Connecticut General Life Insurance Company or is required to refund several million dollars it collected and/or should stop submitting certain claims under reinsurance contracts in which Connecticut General Life Insurance Company reinsured death benefits payable under certain MetLife Insurance Company of Connecticut annuities.

A former Tower Square financial services representative is alleged to have misappropriated funds from customers. The Illinois Securities Division, the U.S. Postal Inspector, the Internal Revenue Service, FINRA and the U.S. Attorney's Office have conducted inquiries. Tower Square has made remediation to all the affected customers. The Illinois Securities Division has issued a Statement of Violations to Tower Square, and Tower Square is conducting discussions with the Illinois Securities Division.

Unclaimed Property Inquiries

More than 30 U.S. jurisdictions are auditing MetLife, Inc. and certain of its affiliates, including MetLife Insurance Company of Connecticut, for compliance with unclaimed property laws. Additionally, Metropolitan Life Insurance Company and certain of its affiliates have received subpoenas and other regulatory inquiries from certain regulators and other officials relating to claims-payment practices and compliance with unclaimed property laws. An examination of these practices by the Illinois Department of Insurance has been converted into a multistate targeted market conduct exam. On July 5, 2011, the New York Insurance Department issued a letter requiring life insurers doing business in New York to use data available on the U.S. Social Security Administration's Death Master File or a similar database to identify instances where death benefits under life insurance policies, annuities, and retained asset accounts are payable, to locate and pay beneficiaries under such contracts, and to report the results of the use of the data. It is possible that other jurisdictions may pursue similar investigations or inquiries, may join the multistate market conduct exam, or issue directives similar to the New York Insurance Department's letter. It is possible that the audits, market conduct exam, and related activity may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and changes to the Company's procedures for the identification and escheatment of abandoned property. The Company estimates that the reasonably possible amount of such additional payments in excess of amounts accrued is not material to the Company.

Summary

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Insolvency Assessments

Most of the jurisdictions in which the Company is admitted to transact business require insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets.

Assets and liabilities held for insolvency assessments were as follows:

	December 31,	
	2011	2010
	(In millions)	
Other Assets:		
Premium tax offset for future undiscounted assessments	$ 19	$ 8
Premium tax offsets currently available for paid assessments	2	1
	$ 21	$ 9
Other Liabilities:		
Insolvency assessments	$ 39	$ 13

On September 1, 2011, the New York State Department of Financial Services filed a liquidation plan for Executive Life Insurance Company of New York ("ELNY"), which had been under rehabilitation by the Liquidation Bureau since 1991. The plan will involve the satisfaction of insurers' financial obligations under a number of state life and health insurance guaranty associations and also contemplates that additional industry support for certain ELNY policyholders will be provided. The Company recorded a net charge of $11 million, after tax, related to ELNY.

Commitments

Commitments to Fund Partnership Investments

The Company makes commitments to fund partnership investments in the normal course of business. The amounts of these unfunded commitments were $1.2 billion at both December 31, 2011 and 2010. The Company anticipates that these amounts will be invested in partnerships over the next five years.

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $167 million and $270 million at December 31, 2011 and 2010, respectively.

Commitments to Fund Bank Credit Facilities and Private Corporate Bond Investments

The Company commits to lend funds under bank credit facilities and private corporate bond investments. The amounts of these unfunded commitments were $248 million and $315 million at December 31, 2011 and 2010, respectively.

Other Commitments

The Company has entered into collateral arrangements with affiliates, which require the transfer of collateral in connection with secured demand notes. At December 31, 2011 and 2010, the Company had agreed to fund up to $90 million and $114 million, respectively, of cash upon the request by these affiliates and had transferred collateral consisting of various securities with a fair market value of $109 million and $144 million, respectively, to custody accounts to secure the notes. Each of these affiliates is permitted by contract to sell or repledge this collateral.

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties pursuant to which it may be required to make payments now or in the future. In the context of acquisition, disposition, investment and other transactions, the Company has provided indemnities and guarantees, including those related to tax, environmental and other specific liabilities, and other indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. In addition, in the normal course of business, the Company provides indemnifications to counterparties in contracts with triggers similar to the foregoing, as well as for certain other liabilities, such as third-party lawsuits. These obligations are often subject to time limitations that vary in duration, including contractual limitations and those that arise by operation of law, such as applicable statutes of limitation. In some cases, the maximum potential obligation under the indemnities and guarantees is subject to a contractual limitation, such as in the case of MetLife International Insurance Company, Ltd. ("MLII"), a former affiliate, discussed below, while in other cases such limitations are not specified or applicable. Since certain of these obligations are not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future. Management believes that it is unlikely the Company will have to make any material payments under these indemnities, guarantees, or commitments.

The Company has provided a guarantee on behalf of MLII that is triggered if MLII cannot pay claims because of insolvency, liquidation or rehabilitation. Life insurance coverage in-force, representing the maximum potential obligation under this guarantee, was $272 million and $297 million at December 31, 2011 and 2010, respectively. The Company does not hold any collateral related to this guarantee, but has a recorded liability of $1 million that was based on the total account value of the guaranteed policies plus the amounts retained per policy at both December 31, 2011 and 2010. The remainder of the risk was ceded to external reinsurers.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Also, the Company indemnifies its agents for liabilities incurred as a result of their representation of the Company's interests. Since these indemnities are generally not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these indemnities in the future.

12. Equity

Return of Capital

During the year ended December 31, 2011, Sino-US MetLife Insurance Company Limited ("Sino"), an insurance underwriting joint venture of the Company accounted for under the equity method, merged with United MetLife Insurance Company Limited ("United"), another insurance underwriting joint venture of an affiliate of the Company. MetLife Insurance Company of Connecticut's ownership interest in the merged entity, Sino-US United MetLife Insurance Company Limited ("Sino-United") was determined based on its contributed capital and share of undistributed earnings of Sino compared to the contributed capital and undistributed earnings of all other investees of Sino and United. Since both of the joint ventures were under common ownership both prior to and subsequent to the merger, MetLife Insurance Company of Connecticut's investment in Sino-United is based on the carrying value of its investment in Sino. Pursuant to the merger, MetLife Insurance Company of Connecticut entered into an agreement to pay the affiliate an amount based on the relative fair values of their respective investments in Sino-United. Accordingly, upon completion of the estimation of fair value, $47 million, representing a return of capital, was paid during the year ended December 31, 2011. MetLife Insurance Company of Connecticut's investment in Sino-United is accounted for under the equity method and is included in other invested assets.

Common Stock

The Company has 40,000,000 authorized shares of common stock, 34,595,317 shares of which are outstanding at both December 31, 2011 and 2010. Of such outstanding shares, 30,000,000 shares are owned directly by MetLife and the remaining shares are owned by MetLife Investors Group, Inc.

Statutory Equity and Income

Each insurance company's state of domicile imposes minimum risk-based capital ("RBC") requirements that were developed by the National Association of Insurance Commissioners ("NAIC"). The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital, as defined by the NAIC, to authorized control level RBC, as defined by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. MetLife Insurance Company of Connecticut and MLI-USA each exceeded the minimum RBC requirements for all periods presented herein.

The NAIC has adopted the Codification of Statutory Accounting Principles ("Statutory Codification"). Statutory Codification is intended to standardize regulatory accounting and reporting to state insurance departments. However, statutory accounting principles continue to be established by individual state laws and permitted practices. Modifications by the various state insurance departments may impact the effect of Statutory Codification on the statutory capital and surplus of MetLife Insurance Company of Connecticut and MLI-USA.

Statutory accounting principles differ from GAAP primarily by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions, reporting surplus notes as surplus instead of debt, reporting of reinsurance agreements and valuing securities on a different basis.

In addition, certain assets are not admitted under statutory accounting principles and are charged directly to surplus. The most significant assets not admitted by the Company are net deferred income tax assets resulting from temporary differences between statutory accounting principles basis and tax basis not expected to reverse and become recoverable within three years.

Statutory net income (unaudited) of MetLife Insurance Company of Connecticut, a Connecticut domiciled insurer, was $46 million, $668 million and $81 million for the years ended December 31, 2011, 2010 and 2009, respectively. Statutory capital and surplus (unaudited), as filed with the Connecticut Insurance Department, was $5.1 billion at both December 31, 2011 and 2010.

Statutory net income (loss) (unaudited) of MLI-USA, a Delaware domiciled insurer, was $178 million, $2 million and ($24) million for the years ended December 31, 2011, 2010 and 2009, respectively. Statutory capital and surplus (unaudited), as filed with the Delaware Insurance Department, was $1.7 billion and $1.5 billion at December 31, 2011 and 2010.

Dividend Restrictions

Under Connecticut State Insurance Law, MetLife Insurance Company of Connecticut is permitted, without prior insurance regulatory clearance, to pay stockholder dividends to its stockholders as long as the amount of such dividends, when aggregated with all other dividends in the preceding 12 months, does not exceed the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year; or (ii) its statutory net gain from operations for the immediately preceding calendar year. MetLife Insurance Company of Connecticut will be permitted to pay a dividend in excess of the greater of such two amounts only if it files notice of its declaration of such a dividend and the amount thereof with the Connecticut Commissioner of Insurance (the "Connecticut Commissioner") and the Connecticut Commissioner does not disapprove the payment within 30 days after notice. In addition, any dividend that exceeds earned surplus (unassigned funds, reduced by 25% of unrealized appreciation in value or revaluation of assets or unrealized profits on investments) as of the last filed annual statutory statement requires insurance regulatory approval. Under Connecticut State Insurance Law, the Connecticut Commissioner has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its shareholders. During the years ended December 31, 2011 and 2010, MetLife Insurance Company of Connecticut paid a dividend of $517 million and $330 million, respectively. During the year ended December 31, 2009, MetLife Insurance Company of Connecticut did not pay a dividend. The maximum amount of dividends which MetLife Insurance Company of Connecticut may pay in 2012 without prior regulatory approval is $504 million.

Under Delaware State Insurance Law, MLI-USA is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to MetLife Insurance Company of Connecticut as long as the amount of the dividend when aggregated with all other dividends in the preceding 12 months does not exceed the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year; or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains). MLI-USA will be permitted to pay a dividend to MetLife Insurance Company of Connecticut in excess of the greater of such two amounts only if it files notice of the declaration of such a dividend and the amount thereof with the Delaware Commissioner and the Delaware Commissioner either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. In addition, any dividend that exceeds earned surplus (defined as unassigned funds) as of the last filed annual statutory statement requires insurance regulatory approval. Under Delaware State Insurance Law, the Delaware Commissioner has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its shareholders. During the years ended December 31, 2011, 2010 and 2009, MLI-USA did not pay dividends. Because MLI-USA's statutory unassigned funds was negative at December 31, 2011, MLI-USA cannot pay any dividends in 2012 without prior regulatory approval.

Other Comprehensive Income (Loss)

The following table sets forth the balance and changes in accumulated other comprehensive income (loss) including reclassification adjustments required for the years ended December 31, 2011, 2010 and 2009 in other comprehensive income (loss) that are included as part of net income for the current year that have been reported as a part of other comprehensive income (loss) in the current or prior year:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Holding gains (losses) on investments arising during the year	$ 3,157	$ 2,032	$ 3,365
Income tax effect of holding gains (losses)	(1,111)	(705)	(1,174)
Reclassification adjustments for recognized holding (gains) losses included in current year income	(58)	(215)	505
Income tax effect of reclassification adjustments	20	74	(176)
Allocation of holding (gains) losses on investments relating to other policyholder amounts	(678)	(305)	(734)
Income tax effect of allocation of holding (gains) losses to other policyholder amounts	238	107	255
Net unrealized investment gains (losses), net of income tax	1,568	988	2,041
Foreign currency translation adjustments, net of income tax expense (benefit) of ($2) million, ($1) million and $0	(14)	(16)	45
Other comprehensive income (loss), excluding cumulative effect of change in accounting principle	1,554	972	2,086
Cumulative effect of change in accounting principle, net of income tax expense (benefit) of $0, $18 million and ($21) million (see Note 1)	—	34	(39)
Other comprehensive income (loss), net of income tax	$ 1,554	$ 1,006	$ 2,047

13. Other Expenses

Information on other expenses was as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Compensation	$ 306	$ 283	$ 148
Commissions	1,418	936	796
Volume-related costs	162	130	308
Affiliated interest costs on ceded reinsurance	271	162	107
Capitalization of DAC	(1,342)	(858)	(703)
Amortization of DAC and VOBA	1,156	770	273
Interest expense on debt and debt issuance costs	389	472	71
Premium taxes, licenses & fees	75	47	45
Professional services	50	38	17
Rent	29	29	3
Other	401	363	269
Total other expenses	$ 2,915	$ 2,372	$ 1,334

Capitalization of DAC and Amortization of DAC and VOBA

See Note 5 for DAC and VOBA by segment and a rollforward of each including impacts of capitalization and amortization. See Note 1 for information on the retrospective application of the adoption of new accounting guidance related to DAC.

Interest Expense on Debt and Debt Issuance Costs

Interest expense on debt and debt issuance costs includes interest expense on debt (see Note 9) and interest expense related to CSEs (see Note 2).

Affiliated Expenses

Commissions, capitalization of DAC and amortization of DAC include the impact of affiliated reinsurance transactions. See Notes 8, 9 and 15 for discussion of affiliated expenses included in the table above.

14. Business Segment Information

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, the Company reorganized into two segments: Retail Products and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. Prior period results have been revised in connection with this reorganization.

The Retail Products segment offers a broad range of protection products and a variety of annuities primarily to individuals, and is organized into two businesses: Annuities and Life. Annuities include a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Life insurance products include variable life, universal life, term life and whole life products, including participating business.

The Corporate Benefit Funding segment includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets.

Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations and non-medical health business, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Operating earnings is the measure of segment profit or loss the Company uses to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is the Company's measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for GAAP net income (loss). The Company believes the presentation of operating earnings as the Company measures it for management purposes enhances the understanding of its performance by highlighting the results of operations and the underlying profitability drivers of the business.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB Fees"); and

- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");

- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of PABs but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of DAC and VOBA excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and business combinations.

In 2011, management modified its definition of operating earnings to exclude impacts related to certain variable annuity guarantees and Market Value Adjustments to better conform to the way it manages and assesses its business. Accordingly, such results are no longer reported in operating earnings. Consequently, prior years' results for Retail Products and total consolidated operating earnings have been reduced by $28 million, net of $15 million of income tax, and $47 million, net of $25 million of income tax, for the years ended December 31, 2010 and 2009, respectively.

Set forth in the tables below is certain financial information with respect to the Company's segments, as well as Corporate & Other, for the years ended December 31, 2011, 2010 and 2009 and at December 31, 2011 and 2010. The accounting policies of the segments are the same as those of the Company, except for operating earnings adjustments as defined above, the method of capital allocation and the accounting for gains (losses) from intercompany sales, which are eliminated in consolidation.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

Effective January 1, 2011, MetLife updated its economic capital model to align segment allocated equity with emerging standards and consistent risk principles. Such changes to MetLife's economic capital model are applied prospectively. Segment net investment income is also credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

Notes to the Consolidated Financial Statements — (Continued)

Year Ended December 31, 2011	Operating Earnings: Retail Products	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 704	$ 1,071	$ 53	$ 1,828	$ —	$ 1,828
Universal life and investment-type product policy fees	1,764	34	36	1,834	122	1,956
Net investment income	1,416	1,175	188	2,779	295	3,074
Other revenues	502	5	1	508	—	508
Net investment gains (losses)	—	—	—	—	35	35
Net derivative gains (losses)	—	—	—	—	1,119	1,119
Total revenues	4,386	2,285	278	6,949	1,571	8,520
Expenses						
Policyholder benefits and claims	889	1,598	53	2,540	120	2,660
Interest credited to policyholder account balances	988	180	—	1,168	21	1,189
Capitalization of DAC	(1,278)	(7)	(57)	(1,342)	—	(1,342)
Amortization of DAC and VOBA	788	4	6	798	358	1,156
Interest expense on debt	—	—	67	67	322	389
Other expenses	2,482	42	164	2,688	24	2,712
Total expenses	3,869	1,817	233	5,919	845	6,764
Provision for income tax expense (benefit)	181	164	(68)	277	246	523
Operating earnings	$ 336	$ 304	$ 113	753		
Adjustments to:						
Total revenues				1,571		
Total expenses				(845)		
Provision for income tax (expense) benefit				(246)		
Net income (loss)				$ 1,233		$ 1,233

At December 31, 2011:	Retail Products	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)	
Total assets	$ 120,633	$ 30,836	$ 19,595	$ 171,064
Separate account assets	$ 70,679	$ 1,880	$ —	$ 72,559
Separate account liabilities	$ 70,679	$ 1,880	$ —	$ 72,559

Notes to the Consolidated Financial Statements — (Continued)

Year Ended December 31, 2010	Operating Earnings: Retail Products	Operating Earnings: Corporate Benefit Funding	Operating Earnings: Corporate & Other	Operating Earnings: Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 417	$ 643	$ 7	$ 1,067	$ —	$ 1,067
Universal life and investment-type product policy fees	1,509	29	15	1,553	86	1,639
Net investment income	1,418	1,102	210	2,730	423	3,153
Other revenues	454	6	43	503	—	503
Net investment gains (losses)	—	—	—	—	150	150
Net derivative gains (losses)	—	—	—	—	58	58
Total revenues	3,798	1,780	275	5,853	717	6,570
Expenses						
Policyholder benefits and claims	659	1,159	12	1,830	75	1,905
Interest credited to policyholder account balances	954	193	96	1,243	28	1,271
Capitalization of DAC	(800)	(4)	(54)	(858)	—	(858)
Amortization of DAC and VOBA	686	2	10	698	72	770
Interest expense on debt	—	—	70	70	402	472
Other expenses	1,828	36	124	1,988	—	1,988
Total expenses	3,327	1,386	258	4,971	577	5,548
Provision for income tax expense (benefit)	165	139	(50)	254	49	303
Operating earnings	$ 306	$ 255	$ 67	628		
Adjustments to:						
Total revenues				717		
Total expenses				(577)		
Provision for income tax (expense) benefit				(49)		
Net income (loss)				$ 719		$ 719

At December 31, 2010:	Retail Products	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)	
Total assets	$ 103,263	$ 30,491	$ 20,659	$ 154,413
Separate account assets	$ 59,994	$ 1,625	$ —	$ 61,619
Separate account liabilities	$ 59,994	$ 1,625	$ —	$ 61,619

Year Ended December 31, 2009	Operating Earnings: Retail Products	Operating Earnings: Corporate Benefit Funding	Operating Earnings: Corporate & Other	Operating Earnings: Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 455	$ 849	$ 8	$ 1,312	$ —	$ 1,312
Universal life and investment-type product policy fees	1,308	29	5	1,342	38	1,380
Net investment income	1,260	1,061	43	2,364	(31)	2,333
Other revenues	592	6	—	598	—	598
Net investment gains (losses)	—	—	—	—	(835)	(835)
Net derivative gains (losses)	—	—	—	—	(1,031)	(1,031)
Total revenues	3,615	1,945	56	5,616	(1,859)	3,757
Expenses						
Policyholder benefits and claims	644	1,360	9	2,013	52	2,065
Interest credited to policyholder account balances	984	265	91	1,340	(39)	1,301
Capitalization of DAC	(671)	(2)	(30)	(703)	—	(703)
Amortization of DAC and VOBA	560	3	2	565	(292)	273
Interest expense on debt	—	2	69	71	—	71
Other expenses	1,574	34	86	1,694	(1)	1,693
Total expenses	3,091	1,662	227	4,980	(280)	4,700
Provision for income tax expense (benefit)	184	97	(138)	143	(554)	(411)
Operating earnings	$ 340	$ 186	$ (33)	493		
Adjustments to:						
Total revenues				(1,859)		
Total expenses				280		
Provision for income tax (expense) benefit				554		
Net income (loss)				$ (532)		$ (532)

Substantially all of the Company's premiums, universal life & investment-type product policy fees and other revenue are derived from life insurance products for each of the years ended December 31, 2011, 2010 and 2009.

Net investment income is based upon the actual results of each segment's specifically identifiable asset portfolio adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

Operating revenues derived from any customer did not exceed 10% of consolidated operating revenues for the years ended December 31, 2011, 2010 and 2009. Operating revenues from U.S. operations were $5.7 billion, $5.1 billion and $4.7 billion for the years ended December 31, 2011, 2010 and 2009, respectively, which represented 83%, 87% and 84%, respectively, of consolidated operating revenues.

15. Related Party Transactions

Service Agreements

The Company has entered into various agreements with affiliates for services necessary to conduct its activities. Typical services provided under these agreements include management, policy administrative functions, personnel, investment advice and distribution services. For certain agreements, charges are based on various performance measures or activity-based costing. The bases for such charges are modified and adjusted by management when necessary or appropriate to reflect fairly and equitably the actual incidence of cost incurred by the Company and/or affiliate. The aforementioned expenses and fees incurred with affiliates were comprised of the following:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Compensation	$ 259	$ 244	$ 110
Commissions	992	561	511
Volume-related costs	225	177	279
Professional services	20	16	—
Rent	26	26	—
Other	331	300	200
Total other expenses	$ 1,853	$ 1,324	$ 1,100

Revenues received from affiliates related to these agreements were recorded as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Universal life and investment-type product policy fees	$ 145	$ 114	$ 85
Other revenues	$ 136	$ 101	$ 71

The Company had net receivables from affiliates of $93 million and $60 million at December 31, 2011 and 2010, respectively, related to the items discussed above. These amounts exclude affiliated reinsurance balances discussed in Note 8. See Notes 2, 8 and 9 for additional related party transactions.

16. Subsequent Events

Litigation

Unclaimed Property Inquiries

More than 30 U.S. jurisdictions are auditing MetLife, Inc. and certain of its affiliates, including MetLife Insurance Company of Connecticut, for compliance with unclaimed property laws. Additionally, Metropolitan Life Insurance Company and certain of its affiliates have received subpoenas and other regulatory inquiries from certain regulators and other officials relating to claims-payment practices and compliance with unclaimed property laws. An examination of these practices by the Illinois Department of Insurance has been converted into a multi-state targeted market conduct exam. On July 5, 2011, the New York Insurance Department issued a letter requiring life insurers doing business in New York to use data available on the U.S. Social Security Administration's Death Master File or a similar database to identify instances where death benefits under life insurance policies, annuities, and retained asset accounts are payable, to locate and pay beneficiaries under such

contracts, and to report the results of the use of the data. In April 2012, the Company reached agreements with representatives of the U.S. jurisdictions that are conducting the audits referenced above and with the states most directly involved in the targeted market conduct exam referenced above to resolve the audits and the examination. The effectiveness of each agreement is conditioned upon the approval of a specified number of jurisdictions. Pursuant to the settlement to resolve the audits, the Company will, among other things, take specified action to identify liabilities under life insurance, annuity, and retained asset contracts, and, to the extent that it is unable to locate owners of amounts payable, to escheat these amounts with interest at a specified rate to the appropriate states. Pursuant to the settlements, the Company will, among other things, adopt specified procedures for identifying liabilities under life insurance, annuity, and retained asset contracts, for seeking to contact and pay beneficiaries under such liabilities, and for escheating unclaimed property to appropriate states. At least one other jurisdiction is pursuing a similar market conduct exam. It is possible that other jurisdictions may pursue similar exams or audits and that such exams or audits may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and/or further changes to the Company's procedures. The Company is not currently able to estimate these additional possible costs.

Dividend

On May 31, 2012, the Company's Board of Directors approved an extraordinary dividend to its shareholders consisting of all of the issued and outstanding shares of common stock of its wholly-owned subsidiary, MetLife Europe Limited ("MetLife Europe"). The dividend is expected to occur in 2012. At the dividend effective date, the Company's stockholders' equity will be reduced by the carrying amount of MetLife Europe's assets in excess of its liabilities. The carrying amount of MetLife Europe's assets in excess of its liabilities was $314 million at December 31, 2011.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule I

Consolidated Summary of Investments —
Other Than Investments in Related Parties
December 31, 2011
(In millions)

Types of Investments	Cost or Amortized Cost (1)	Estimated Fair Value	Amount at Which Shown on Balance Sheet
Fixed maturity securities:			
Bonds:			
U.S. Treasury and agency securities	$ 6,832	$ 8,048	$ 8,048
Foreign government securities	1,035	1,247	1,247
Public utilities	2,095	2,382	2,382
State and political subdivision securities	1,891	2,055	2,055
All other corporate bonds	21,245	22,830	22,830
Total bonds	33,098	36,562	36,562
Mortgage-backed and asset-backed securities	10,481	10,599	10,599
Redeemable preferred stock	636	620	620
Total fixed maturity securities	44,215	47,781	47,781
Other securities	3,690	3,665	3,665
Equity securities:			
Non-redeemable preferred stock	147	106	106
Common stock:			
Industrial, miscellaneous and all other	148	146	146
Total equity securities	295	252	252
Mortgage loans, net	9,800		9,800
Policy loans	1,203		1,203
Real estate and real estate joint ventures	503		503
Other limited partnership interests	1,696		1,696
Short-term investments	2,578		2,578
Other invested assets	3,354		3,354
Total investments	$ 67,334		$ 70,832

(1) The Company's other securities portfolio is mainly comprised of equity securities, including mutual funds, and fixed maturity securities. Cost or amortized cost for fixed maturity securities and mortgage loans represents original cost reduced by repayments, valuation allowances and impairments from other-than-temporary declines in estimated fair value that are charged to earnings and adjusted for amortization of premiums or discounts; for equity securities, cost represents original cost reduced by impairments from other-than-temporary declines in estimated fair value; for real estate, cost represents original cost reduced by impairments and adjusted for valuation allowances and depreciation; for real estate joint ventures and other limited partnership interests cost represents original cost reduced for other-than-temporary impairments or original cost adjusted for equity in earnings and distributions.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule II

Condensed Financial Information
(Parent Company Only)
December 31, 2011 and 2010
(In millions, except share and per share data)

	2011	2010
Condensed Balance Sheets		
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $31,856 and $33,974, respectively)	$ 34,063	$ 34,300
Equity securities available-for-sale, at estimated fair value (cost: $288 and $420, respectively)	244	396
Other securities, at estimated fair value	40	—
Mortgage loans (net of valuation allowances of $37 and $54, respectively)	5,109	4,698
Policy loans	1,101	1,127
Real estate and real estate joint ventures	351	329
Other limited partnership interests	1,141	1,057
Short-term investments, principally at estimated fair value	1,581	1,098
Investment in subsidiaries	5,753	4,233
Loans to subsidiaries	305	—
Other invested assets, principally at estimated fair value	2,095	1,481
Total investments	51,783	48,719
Cash and cash equivalents, principally at estimated fair value	379	1,364
Accrued investment income	358	377
Premiums, reinsurance and other receivables	6,993	6,549
Receivables from subsidiaries	728	665
Deferred policy acquisition costs and value of business acquired	1,184	1,966
Current income tax recoverable	66	16
Deferred income tax assets	—	938
Goodwill	885	885
Other assets	155	149
Separate account assets	15,739	19,184
Total assets	$ 78,270	$ 80,812
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits	$ 19,509	$ 19,453
Policyholder account balances	24,605	25,837
Other policy-related balances	730	485
Payables for collateral under securities loaned and other transactions	6,375	6,857
Long-term debt — affiliated	750	750
Current income tax payable	42	—
Other liabilities	817	767
Separate account liabilities	15,739	19,184
Total liabilities	68,567	73,333
Stockholders' Equity		
Common stock, par value $2.50 per share; 40,000,000 shares authorized; 34,595,317 shares issued and outstanding at December 31, 2011 and 2010	86	86
Additional paid-in capital	6,673	6,719
Retained earnings	1,173	457
Accumulated other comprehensive income (loss)	1,771	217
Total stockholders' equity	9,703	7,479
Total liabilities and stockholders' equity	$ 78,270	$ 80,812

See accompanying notes to the condensed financial information.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule II

Condensed Financial Information — (Continued)
(Parent Company Only)
For the Years Ended December 31, 2011, 2010 and 2009
(In millions)

	2011	2010	2009
Condensed Statements of Operations			
Revenues			
Premiums	$ 148	$ 148	$ 141
Universal life and investment-type product policy fees	632	633	631
Net investment income	1,943	2,018	1,895
Equity in earnings from subsidiaries	640	193	(394)
Other revenues	154	162	328
Net investment gains (losses):			
Other-than-temporary impairments on fixed maturity securities	(53)	(97)	(534)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(3)	47	160
Other net investment gains (losses)	70	152	(418)
Total net investment gains (losses)	14	102	(792)
Net derivative gains (losses)	241	(67)	(405)
Total revenues	3,772	3,189	1,404
Expenses			
Policyholder benefits and claims	755	800	801
Interest credited to policyholder account balances	710	691	801
Other expenses	784	744	506
Total expenses	2,249	2,235	2,108
Income (loss) before provision for income tax	1,523	954	(704)
Provision for income tax expense (benefit)	290	235	(172)
Net income (loss)	$ 1,233	$ 719	$ (532)
Comprehensive income (loss)	$ 2,787	$ 1,725	$ 1,515

See accompanying notes to the condensed financial information.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule II

Condensed Financial Information — (Continued)
(Parent Company Only)
For the Years Ended December 31, 2011, 2010 and 2009
(In millions)

	2011	2010	2009
Condensed Statements of Cash Flows			
Cash flows from operating activities			
Net cash provided by operating activities	$ 886	$ 1,129	$ 993
Cash flows from investing activities			
Sales, maturities and repayments of:			
Fixed maturity securities	13,921	13,203	10,125
Equity securities	163	127	129
Mortgage loans	552	279	429
Real estate and real estate joint ventures	12	14	3
Other limited partnership interests	159	92	94
Purchases of:			
Fixed maturity securities	(11,658)	(13,715)	(9,247)
Equity securities	(22)	(38)	(61)
Mortgage loans	(946)	(868)	(531)
Real estate and real estate joint ventures	(83)	(80)	(19)
Other limited partnership interests	(214)	(204)	(127)
Cash received in connection with freestanding derivatives	375	93	225
Cash paid in connection with freestanding derivatives	(453)	(102)	(434)
Issuances of loans to affiliates	(305)	—	—
Net change in policy loans	26	12	12
Net change in short-term investments	(487)	(169)	619
Net change in other invested assets	(389)	(401)	(941)
Net cash provided by (used in) investing activities	651	(1,757)	276
Cash flows from financing activities			
Policyholder account balances:			
Deposits	14,151	20,496	15,236
Withdrawals	(15,754)	(21,062)	(17,667)
Net change in payables for collateral under securities loaned and other transactions	(482)	1,295	(1,421)
Net change in short-term debt	—	—	(300)
Long-term debt repaid	—	(200)	—
Financing element on certain derivative instruments	127	(24)	(53)
Return of capital	(47)	—	—
Dividends on common stock	(517)	(330)	—
Net cash (used in) provided by financing activities	(2,522)	175	(4,205)
Change in cash and cash equivalents	(985)	(453)	(2,936)
Cash and cash equivalents, beginning of year	1,364	1,817	4,753
Cash and cash equivalents, end of year	$ 379	$ 1,364	$ 1,817
Supplemental disclosures of cash flow information:			
Net cash paid (received) during the year for:			
Interest	$ 64	$ 74	$ 73
Income tax	$ (66)	$ 98	$ 76

See accompanying notes to the condensed financial information.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule II

Notes to the Condensed Financial Information
(Parent Company Only)

1. Basis of Presentation

The condensed financial information of MetLife Insurance Company of Connecticut (the "Parent Company") should be read in conjunction with the consolidated financial statements of MetLife Insurance Company of Connecticut and its subsidiaries and the notes thereto. These condensed unconsolidated financial statements reflect the results of operations, financial position and cash flows for the Parent Company. Investments in subsidiaries are accounted for using the equity method of accounting.

The preparation of these condensed unconsolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to adopt accounting policies and make certain estimates and assumptions. The most important of these estimates and assumptions relate to the fair value measurements, the accounting for goodwill and identifiable intangible assets and the provision for potential losses that may arise from litigation and regulatory proceedings and tax audits, which may affect the amounts reported in the condensed unconsolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Certain amounts in the prior years' condensed unconsolidated financial statements have been reclassified to conform with the 2011 presentation.

2. Support Agreements

The Parent Company has entered into a net worth maintenance agreement with its indirect subsidiary, MetLife Europe Limited ("MetLife Europe"), an Ireland company. Under the agreement, the Parent Company agreed, without limitation as to amount, to cause MetLife Europe to have capital and surplus equal to the greater of (a) €14 million, or (b) such amount that will be sufficient to provide solvency cover equal to 150% of the minimum solvency cover required by applicable law and regulation, as interpreted and applied by the Irish Financial Services Regulatory Authority or any successor body.

The Parent Company has entered into a net worth maintenance agreement with its indirect subsidiary, MetLife Assurance Limited ("MAL"), a United Kingdom company. Under the agreement, the Parent Company agreed, without limitation as to amount, to cause MAL to have capital and surplus equal to the greater of (a) £50 million, (b) such amount that will be sufficient to provide solvency cover equal to 175% of MAL's capital resources requirement as defined by applicable law and regulation as required by the Financial Services Authority of the United Kingdom (the "FSA") or any successor body, or (c) such amount that will be sufficient to provide solvency cover equal to 125% of MAL's individual capital guidance as defined by applicable law and regulation as required by the FSA or any successor body.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule III

Consolidated Supplementary Insurance Information
December 31, 2011, 2010 and 2009

(In millions)

Segment	DAC and VOBA	Future Policy Benefits and Other Policy-Related Balances	Policyholder Account Balances	Unearned Revenue (1)
2011				
Retail Products	$ 4,047	$ 7,752	$ 30,001	$ 184
Corporate Benefit Funding	13	14,042	8,375	2
Corporate & Other	128	6,678	3,699	72
Total	$ 4,188	$ 28,472	$ 42,075	$ 258
2010				
Retail Products	$ 4,303	$ 6,589	$ 27,580	$ 217
Corporate Benefit Funding	9	12,996	9,452	—
Corporate & Other	79	6,265	2,259	45
Total	$ 4,391	$ 25,850	$ 39,291	$ 262
2009				
Retail Products	$ 4,531	$ 5,356	$ 27,109	$ 286
Corporate Benefit Funding	7	12,702	9,393	—
Corporate & Other	37	5,860	940	14
Total	$ 4,575	$ 23,918	$ 37,442	$ 300

(1) Amounts are included within the future policy benefits and other policy-related balances.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule III

Consolidated Supplementary Insurance Information — (Continued)
December 31, 2011, 2010 and 2009

(In millions)

Segment	Premium Revenue and Policy Charges	Net Investment Income	Policyholder Benefits and Claims and Interest Credited to Policyholder Account Balances	Amortization of DAC and VOBA Charged to Other Expenses	Other Operating Expenses (1)	Premiums Written (Excluding Life)
2011						
Retail Products	$ 2,590	$ 1,353	$ 1,977	$ 1,146	$ 1,204	$ —
Corporate Benefit Funding	1,105	1,142	1,763	4	36	—
Corporate & Other	89	579	109	6	519	8
Total	$ 3,784	$ 3,074	$ 3,849	$ 1,156	$ 1,759	$ 8
2010						
Retail Products	$ 2,012	$ 1,374	$ 1,658	$ 758	$ 1,028	$ —
Corporate Benefit Funding	672	1,098	1,341	2	32	—
Corporate & Other	22	681	177	10	542	5
Total	$ 2,706	$ 3,153	$ 3,176	$ 770	$ 1,602	$ 5
2009						
Retail Products	$ 1,801	$ 1,224	$ 1,619	$ 268	$ 903	$ —
Corporate Benefit Funding	878	1,069	1,647	3	34	—
Corporate & Other	13	40	100	2	124	4
Total	$ 2,692	$ 2,333	$ 3,366	$ 273	$ 1,061	$ 4

(1) Includes other expenses, excluding amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") charged to other expenses.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule IV

Consolidated Reinsurance
December 31, 2011, 2010 and 2009

(In millions)

	Gross Amount	Ceded	Assumed	Net Amount	% Amount Assumed to Net
2011					
Life insurance in-force	$ 378,153	$ 340,477	$ 8,085	$ 45,761	17.7 %
Insurance premium					
Life insurance	$ 2,180	$ 366	$ 7	$ 1,821	0.4 %
Accident and health	249	242	—	7	— %
Total insurance premium	$ 2,429	$ 608	$ 7	$ 1,828	0.4 %
2010					
Life insurance in-force	$ 326,366	$ 289,559	$ 8,217	$ 45,024	18.3 %
Insurance premium					
Life insurance	$ 1,310	$ 263	$ 13	$ 1,060	1.2 %
Accident and health	249	242	—	7	— %
Total insurance premium	$ 1,559	$ 505	$ 13	$ 1,067	1.2 %
2009					
Life insurance in-force	$ 278,335	$ 242,647	$ 9,044	$ 44,732	20.2 %
Insurance premium					
Life insurance	$ 1,525	$ 235	$ 14	$ 1,304	1.1 %
Accident and health	257	249	—	8	— %
Total insurance premium	$ 1,782	$ 484	$ 14	$ 1,312	1.1 %

For the year ended December 31, 2011, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $195.2 billion and $8.1 billion, respectively, and life insurance premiums of $286 million and $7 million, respectively. For the year ended December 31, 2010, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $156.6 billion and $8.2 billion, respectively, and life insurance premiums of $191 million and $13 million, respectively. For the year ended December 31, 2009, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $120.5 billion and $9.0 billion, respectively, and life insurance premiums of $166 million and $14 million, respectively.

Part IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this report:

(1) Financial Statements

The financial statements are listed in the Index to Consolidated Financial Statements and Schedules.

(2) Financial Statement Schedules

The financial statement schedules are listed in the Index to Consolidated Financial Statements and Schedules.

(3) Exhibits

The exhibits are listed in the Exhibit Index which begins on page E-1.

Annex C

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission file number: 33-03094

MetLife Insurance Company of Connecticut

(Exact name of registrant as specified in its charter)

Connecticut	**06-0566090**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1300 Hall Boulevard, Bloomfield, Connecticut	**06002**
(Address of principal executive offices)	*(Zip Code)*

(860) 656-3000

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

At August 10, 2012, 34,595,317 shares of the registrant's common stock, $2.50 par value per share, were outstanding, of which 30,000,000 shares were owned directly by MetLife, Inc. and the remaining 4,595,317 shares were owned by MetLife Investors Group, Inc., a wholly-owned subsidiary of MetLife, Inc.

REDUCED DISCLOSURE FORMAT

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is, therefore, filing this Form 10-Q with the reduced disclosure format.

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As used in this Form 10-Q, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife").

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife Insurance Company of Connecticut and its subsidiaries. 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 Insurance Company of Connecticut's filings with the U.S. Securities and Exchange Commission (the "SEC"). These factors include: (1) difficult conditions in the global capital markets; (2) concerns over U.S. fiscal policy and the "fiscal cliff" in the U.S., as well as rating agency downgrades of U.S. Treasury securities; (3) uncertainty about the effectiveness of governmental and regulatory actions to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (4) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access MetLife's credit facilities; (5) impact of comprehensive financial services regulation reform, including regulation of MetLife by the Federal Reserve, on us; (6) exposure to financial and capital market risk, including as a result of the disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (7) 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; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) impairments of goodwill and realized losses or market value impairments to illiquid assets; (11) defaults on our mortgage loans; (12) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (13) our ability to address unforeseen liabilities, asset impairments, or rating actions arising from acquisitions or dispositions and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (14) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (15) downgrades in our claims paying ability, financial strength ratings or MetLife's credit ratings; (16) ineffectiveness of MetLife's risk management policies and procedures; (17) availability and effectiveness of reinsurance or indemnification arrangements, as well as default or failure of counterparties to perform; (18) 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; (19) catastrophe losses; (20) 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;

(21) unanticipated changes in industry trends; (22) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (23) changes in accounting standards, practices and/or policies; (24) increased expenses relating to pension and postretirement benefit plans for employees and retirees of MetLife and its subsidiaries, as well as health care and other employee benefits; (25) 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; (26) adverse results or other consequences from litigation, arbitration or regulatory investigations; (27) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (28) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (29) regulatory, legislative or tax changes that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to the employees who conduct our business; (30) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems, cyber- or other information security systems and management continuity planning; (31) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (32) other risks and uncertainties described from time to time in MetLife Insurance Company of Connecticut's filings with the SEC.

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

Note Regarding Reliance on Statements in Our Contracts

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

Part I — Financial Information

Item 1. *Financial Statements*

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Balance Sheets
June 30, 2012 (Unaudited) and December 31, 2011

(In millions, except share and per share data)

	June 30, 2012	December 31, 2011
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $46,156 and $44,215, respectively)	$ 50,408	$ 47,781
Equity securities available-for-sale, at estimated fair value (cost: $281 and $295, respectively)	267	252
Other securities, at estimated fair value	50	3,665
Mortgage loans (net of valuation allowances of $42 and $61, respectively; includes $2,932 and $3,138, respectively, at estimated fair value, relating to variable interest entities)	9,395	9,800
Policy loans	1,232	1,203
Real estate and real estate joint ventures	482	503
Other limited partnership interests	1,800	1,696
Short-term investments, principally at estimated fair value	2,525	2,578
Other invested assets, principally at estimated fair value	3,282	3,354
Total investments	69,441	70,832
Cash and cash equivalents, principally at estimated fair value	968	745
Accrued investment income (includes $14 and $14, respectively, relating to variable interest entities)	566	568
Premiums, reinsurance and other receivables	20,224	20,223
Deferred policy acquisition costs and value of business acquired	3,972	4,188
Current income tax recoverable	145	140
Goodwill	953	953
Other assets	817	856
Separate account assets	79,608	72,559
Total assets	$ 176,694	$ 171,064
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits	$ 26,063	$ 25,483
Policyholder account balances	37,616	42,075
Other policy-related balances	3,089	2,989
Payables for collateral under securities loaned and other transactions	9,257	8,079
Long-term debt (includes $2,849 and $3,065, respectively, at estimated fair value, relating to variable interest entities)	3,641	3,857
Deferred income tax liability	1,331	935
Other liabilities (includes $14 and $14, respectively, relating to variable interest entities)	5,804	5,384
Separate account liabilities	79,608	72,559
Total liabilities	166,409	161,361
Contingencies, Commitments and Guarantees (Note 9)		
Stockholders' Equity		
Common stock, par value $2.50 per share; 40,000,000 shares authorized; 34,595,317 shares issued and outstanding at June 30, 2012 and December 31, 2011	86	86
Additional paid-in capital	6,673	6,673
Retained earnings	1,343	1,173
Accumulated other comprehensive income (loss)	2,183	1,771
Total stockholders' equity	10,285	9,703
Total liabilities and stockholders' equity	$ 176,694	$ 171,064

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Operations and Comprehensive Income
For the Three Months and Six Months Ended June 30, 2012 and 2011 (Unaudited)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
Premiums	$ 406	$ 641	$ 786	$ 777
Universal life and investment-type product policy fees	575	493	1,119	948
Net investment income	656	795	1,548	1,581
Other revenues	125	131	248	261
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(18)	(21)	(31)	(30)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	4	6	2	4
Other net investment gains (losses)	85	(12)	104	(15)
Total net investment gains (losses)	71	(27)	75	(41)
Net derivative gains (losses)	582	133	143	(23)
Total revenues	2,415	2,166	3,919	3,503
Expenses				
Policyholder benefits and claims	636	818	1,225	1,145
Interest credited to policyholder account balances	167	304	606	591
Other expenses	887	739	1,344	1,254
Total expenses	1,690	1,861	3,175	2,990
Income (loss) before provision for income tax	725	305	744	513
Provision for income tax expense (benefit)	227	97	227	154
Net income	$ 498	$ 208	$ 517	$ 359
Comprehensive income (loss)	$ 1,000	$ 555	$ 872	$ 656

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Stockholders' Equity
For the Six Months Ended June 30, 2012 and 2011 (Unaudited)

(In millions)

				Accumulated Other Comprehensive Income (Loss)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Total Equity
Balance at December 31, 2011	$ 86	$ 6,673	$ 1,173	$ 1,984	$ (74)	$ (139)	$ 9,703
Dividend of subsidiary (Note 2)			(347)	(2)		59	(290)
Net income			517				517
Other comprehensive income (loss), net of income tax				335	3	17	355
Balance at June 30, 2012	$ 86	$ 6,673	$ 1,343	$ 2,317	$ (71)	$ (63)	$ 10,285

				Accumulated Other Comprehensive Income (Loss)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Total Equity
Balance at December 31, 2010	$ 86	$ 6,719	$ 934	$ 388	$ (51)	$ (125)	$ 7,951
Cumulative effect of change in accounting principle, net of income tax (Note 1)			(477)	5			(472)
Balance at January 1, 2011	86	6,719	457	393	(51)	(125)	7,479
Return of capital		(52)					(52)
Net income			359				359
Other comprehensive income (loss), net of income tax				285	(8)	20	297
Balance at June 30, 2011	$ 86	$ 6,667	$ 816	$ 678	$ (59)	$ (105)	$ 8,083

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2012 and 2011 (Unaudited)

(In millions)

	Six Months Ended June 30,	
	2012	**2011**
Net cash provided by operating activities	$ 870	$ 403
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	5,321	8,910
Equity securities	25	131
Mortgage loans	795	517
Real estate and real estate joint ventures	21	6
Other limited partnership interests	116	171
Purchases of:		
Fixed maturity securities	(7,147)	(10,303)
Equity securities	(17)	(6)
Mortgage loans	(363)	(387)
Real estate and real estate joint ventures	(8)	(48)
Other limited partnership interests	(156)	(176)
Cash received in connection with freestanding derivatives	365	286
Cash paid in connection with freestanding derivatives	(186)	(250)
Dividend of subsidiary	(53)	—
Net change in policy loans	(29)	—
Net change in short-term investments	(107)	(972)
Net change in other invested assets	(28)	(250)
Other, net	—	1
Net cash used in investing activities	(1,451)	(2,370)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	8,438	10,207
Withdrawals	(8,594)	(8,858)
Net change in payables for collateral under securities loaned and other transactions	1,178	98
Long-term debt repaid	(207)	(170)
Financing element on certain derivative instruments	(13)	(23)
Net cash provided by financing activities	802	1,254
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	2	5
Change in cash and cash equivalents	223	(708)
Cash and cash equivalents, beginning of period	745	1,928
Cash and cash equivalents, end of period	$ 968	$ 1,220
Supplemental disclosures of cash flow information:		
Net cash paid during the period for:		
Interest	$ 118	$ 221
Income tax	$ 68	$ 20
Non-cash transactions during the period:		
Disposal of subsidiary (1):		
Assets disposed	$ 4,857	$ —
Liabilities disposed	(4,567)	—
Net assets disposed	290	—
Cash disposed	(53)	—
Dividend of interests in subsidiary	(237)	—
Loss on dividend of interests in subsidiary	$ —	$ —

(1) See Note 2.

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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

Business

"MICC" or the "Company" refers to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). The Company offers individual annuities, individual life insurance, and institutional protection and asset accumulation products.

The Company is organized into two segments: Retail and Corporate Benefit Funding. See Note 12 for further information on the reorganization of the Company's segments in the first quarter of 2012, which was retrospectively applied.

Basis of Presentation

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

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

The accompanying interim condensed consolidated financial statements include the accounts of MetLife Insurance Company of Connecticut 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. Intercompany accounts and transactions have been eliminated.

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

Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2012 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements. See "— Adoption of New Accounting Pronouncements" for discussion of accounting pronouncements adopted in the first quarter of 2012, which were retrospectively applied.

Since the Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity.

The accompanying interim condensed consolidated financial statements reflect all adjustments (including normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company at June 30, 2012, its consolidated results of operations and comprehensive income for the three months and six months ended June 30, 2012 and 2011, its consolidated statements of stockholders' equity for the six months ended June 30, 2012 and 2011, and its consolidated statements of cash flows for the six months ended June 30, 2012 and 2011, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2011 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, as revised by MetLife Insurance Company of Connecticut's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on May 31, 2012 (as revised, the "2011 Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2011 Annual Report.

Adoption of New Accounting Pronouncements

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

On January 1, 2012, the Company adopted new guidance regarding comprehensive income, which was retrospectively applied, that provides companies with the option to present the total of comprehensive income, components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements in annual financial statements. The objective of the standard is to increase the prominence of items reported in other comprehensive income and to facilitate convergence of GAAP and International Financial Reporting Standards ("IFRS"). The standard eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified in net income. The Company adopted the two-statement approach for annual financial statements.

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

Effective January 1, 2012, the Company adopted new guidance regarding fair value measurements that establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. Some of the amendments clarify the FASB's intent on the

application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption did not have a material impact on the Company's consolidated financial statements. See also expanded disclosures in Note 5.

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

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

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

	Three Months Ended June 30, 2011			Six Months Ended June 30, 2011		
	As Previously Reported	Adjustment	As Adjusted	As Previously Reported	Adjustment	As Adjusted
	(In millions)					
Revenues						
Net investment income	$ 796	$ (1)	$ 795	$ 1,584	$ (3)	$ 1,581
Expenses						
Other expenses	$ 729	$ 10	$ 739	$ 1,233	$ 21	$ 1,254
Income (loss) before provision for income tax	$ 316	$ (11)	$ 305	$ 537	$ (24)	$ 513
Provision for income tax expense (benefit)	$ 100	$ (3)	$ 97	$ 161	$ (7)	$ 154
Net income (loss)	$ 216	$ (8)	$ 208	$ 376	$ (17)	$ 359

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

	Six Months Ended June 30, 2011		
	As Previously Reported	Adjustment	As Adjusted
		(In millions)	
Net cash provided by operating activities	$ 406	$ (3)	$ 403
Net change in other invested assets	$ (253)	$ 3	$ (250)

Future Adoption of New Accounting Pronouncements

In December 2011, the FASB issued new guidance regarding balance sheet offsetting disclosures (Accounting Standards Update ("ASU") 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities),* effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The guidance should be applied retrospectively for all comparative periods presented. The amendments in ASU 2011-11 require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effects of those arrangements on its financial position. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The objective of ASU 2011-11 is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of IFRS. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

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

2. Disposition

During June 2012, the Company dividended all of the issued and outstanding shares of common stock of its wholly-owned subsidiary, MetLife Europe Limited ("MetLife Europe") to MetLife. The net book value of MetLife Europe at the time of the dividend was $290 million which was recorded as a dividend of retained earnings of $347 million and an increase to other comprehensive income of $57 million, net of income tax. As of the date of dividend, the Company no longer consolidates the assets, liabilities and operations of MetLife Europe. The net income of MetLife Europe was not material for the periods prior to dividend. MetLife Europe was reported in Corporate & Other. See Note 12 for a discussion of Corporate & Other.

3. Investments

Fixed Maturity and Equity Securities Available-for-Sale

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

	June 30, 2012					
	Cost or Amortized Cost	Gross Unrealized			Estimated Fair Value	% of Total
		Gains	Temporary Losses	OTTI Losses		
	(In millions)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 16,703	$ 1,757	$ 166	$ —	$ 18,294	36.3 %
U.S. Treasury and agency securities	7,832	1,325	1	—	9,156	18.2
Foreign corporate securities	7,842	624	61	—	8,405	16.7
Residential mortgage-backed securities ("RMBS")	6,270	359	111	126	6,392	12.7
Commercial mortgage-backed securities ("CMBS")	2,337	124	11	—	2,450	4.8
State and political subdivision securities	1,998	309	29	—	2,278	4.5
Asset-backed securities ("ABS")	2,100	51	29	—	2,122	4.2
Foreign government securities	1,074	240	3	—	1,311	2.6
Total fixed maturity securities	$ 46,156	$ 4,789	$ 411	$ 126	$ 50,408	100.0 %
Equity Securities:						
Common stock	$ 137	$ 10	$ 4	$ —	$ 143	53.6 %
Non-redeemable preferred stock	144	5	25	—	124	46.4
Total equity securities	$ 281	$ 15	$ 29	$ —	$ 267	100.0 %

	December 31, 2011					
	Cost or Amortized Cost	Gross Unrealized			Estimated Fair Value	% of Total
		Gains	Temporary Losses	OTTI Losses		
	(In millions)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 16,018	$ 1,550	$ 229	$ —	$ 17,339	36.3 %
U.S. Treasury and agency securities	6,832	1,217	1	—	8,048	16.8
Foreign corporate securities	7,958	649	114	—	8,493	17.8
RMBS	6,478	330	189	125	6,494	13.6
CMBS	2,128	115	16	—	2,227	4.7
State and political subdivision securities	1,891	222	58	—	2,055	4.3
ABS	1,875	45	42	—	1,878	3.9
Foreign government securities	1,035	215	3	—	1,247	2.6
Total fixed maturity securities	$ 44,215	$ 4,343	$ 652	$ 125	$ 47,781	100.0 %
Equity Securities:						
Common stock	$ 148	$ 11	$ 13	$ —	$ 146	57.9 %
Non-redeemable preferred stock	147	3	44	—	106	42.1
Total equity securities	$ 295	$ 14	$ 57	$ —	$ 252	100.0 %

The Company held non-income producing fixed maturity securities with an estimated fair value of $22 million and $5 million with unrealized gains (losses) of ($1) million and ($2) million at June 30, 2012 and December 31, 2011, respectively.

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

	June 30, 2012	December 31, 2011
	Carrying Value (1)	
	(In millions)	
U.S. Treasury and agency securities included in:		
Fixed maturity securities	$ 9,156	$ 8,048
Short-term investments	2,282	2,186
Cash equivalents	293	108
Total U.S. Treasury and agency securities	$ 11,731	$ 10,342

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

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

	June 30, 2012		December 31, 2011	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
Due in one year or less	$ 3,358	$ 3,381	$ 2,946	$ 2,970
Due after one year through five years	9,932	10,366	8,648	9,022
Due after five years through ten years	7,836	8,653	7,905	8,606
Due after ten years	14,323	17,044	14,235	16,584
Subtotal	35,449	39,444	33,734	37,182
RMBS, CMBS and ABS	10,707	10,964	10,481	10,599
Total fixed maturity securities	$ 46,156	$ 50,408	$ 44,215	$ 47,781

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 2011 Annual Report, the Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale

securities holdings, including fixed maturity securities, equity securities and perpetual hybrid securities, in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

Net Unrealized Investment Gains (Losses)

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

	June 30, 2012	December 31, 2011
	(In millions)	
Fixed maturity securities	$ 4,370	$ 3,690
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(126)	(125)
Total fixed maturity securities	4,244	3,565
Equity securities	(10)	(41)
Derivatives	331	239
Short-term investments	(3)	(2)
Other	(3)	(5)
Subtotal	4,559	3,756
Amounts allocated from:		
Insurance liability loss recognition	(508)	(325)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	14	9
DAC and VOBA	(611)	(509)
Subtotal	(1,105)	(825)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	41	42
Deferred income tax benefit (expense)	(1,249)	(1,063)
Net unrealized investment gains (losses)	$ 2,246	$ 1,910

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

	Six Months Ended June 30, 2012	Year Ended December 31, 2011
	(In millions)	
Balance, beginning of period	$ (125)	$ (86)
Noncredit OTTI losses recognized (1)	(2)	5
Securities sold with previous noncredit OTTI loss	9	26
Subsequent changes in estimated fair value	(8)	(70)
Balance, end of period	$ (126)	$ (125)

(1) Noncredit OTTI losses recognized, net of DAC, were ($7) million and $8 million for the six months ended June 30, 2012 and year ended December 31, 2011, respectively.

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

	Six Months Ended June 30, 2012
	(In millions)
Balance, beginning of period	$ 1,910
Fixed maturity securities on which noncredit OTTI losses have been recognized	(1)
Unrealized investment gains (losses) during the period	804
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	(183)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	5
DAC and VOBA	(102)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(1)
Deferred income tax benefit (expense)	(186)
Balance, end of period	$ 2,246
Change in net unrealized investment gains (losses)	$ 336

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

Presented below is certain information about the estimated fair value and gross unrealized losses of fixed maturity and equity securities in an unrealized loss position. The unrealized loss amounts presented below include the noncredit component of OTTI loss. Fixed maturity securities on which a noncredit OTTI loss has been recognized in accumulated other comprehensive income (loss) are categorized by length of time as being "less than 12 months" or "equal to or greater than 12 months" in a continuous unrealized loss position based on the point in time that the estimated fair value initially declined to below the amortized cost basis and not the period of time since the unrealized loss was deemed a noncredit OTTI loss.

	June 30, 2012					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 1,460	$ 53	$ 708	$ 113	$ 2,168	$ 166
U.S. Treasury and agency securities	1,932	1	—	—	1,932	1
Foreign corporate securities	779	27	218	34	997	61
RMBS	463	64	973	173	1,436	237
CMBS	239	3	116	8	355	11
State and political subdivision securities	80	2	119	27	199	29
ABS	427	6	296	23	723	29
Foreign government securities	79	3	—	—	79	3
Total fixed maturity securities	$ 5,459	$ 159	$ 2,430	$ 378	$ 7,889	$ 537
Equity Securities:						
Common stock	$ 31	$ 4	$ —	$ —	$ 31	$ 4
Non-redeemable preferred stock	7	3	54	22	61	25
Total equity securities	$ 38	$ 7	$ 54	$ 22	$ 92	$ 29
Total number of securities in an unrealized loss position	645		450			

	December 31, 2011					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	$ 1,699	$ 71	$ 786	$ 158	$ 2,485	$ 229
U.S. Treasury and agency securities	118	—	20	1	138	1
Foreign corporate securities	1,213	68	162	46	1,375	114
RMBS	784	114	972	200	1,756	314
CMBS	152	4	111	12	263	16
State and political subdivision securities	6	—	367	58	373	58
ABS	803	12	261	30	1,064	42
Foreign government securities	70	3	4	—	74	3
Total fixed maturity securities	$ 4,845	$ 272	$ 2,683	$ 505	$ 7,528	$ 777
Equity Securities:						
Common stock	$ 35	$ 13	$ —	$ —	$ 35	$ 13
Non-redeemable preferred stock	32	16	59	28	91	44
Total equity securities	$ 67	$ 29	$ 59	$ 28	$ 126	$ 57
Total number of securities in an unrealized loss position	808		479			

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

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

	June 30, 2012					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	$ 4,104	$ 149	$ 39	$ 35	371	18
Six months or greater but less than nine months	378	15	14	4	102	4
Nine months or greater but less than twelve months	1,010	275	57	86	139	23
Twelve months or greater	2,137	358	175	127	368	40
Total	$ 7,629	$ 797	$ 285	$ 252		
Percentage of amortized cost			4 %	32 %		
Equity Securities:						
Less than six months	$ 8	$ 14	$ 1	$ 4	19	5
Six months or greater but less than nine months	20	21	2	6	2	2
Nine months or greater but less than twelve months	6	22	1	8	6	3
Twelve months or greater	14	16	—	7	6	2
Total	$ 48	$ 73	$ 4	$ 25		
Percentage of cost			8 %	34 %		

	December 31, 2011					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	$ 4,205	$ 762	$ 137	$ 213	652	81
Six months or greater but less than nine months	507	137	36	42	91	13
Nine months or greater but less than twelve months	131	24	8	6	21	4
Twelve months or greater	2,180	359	197	138	373	40
Total	$ 7,023	$ 1,282	$ 378	$ 399		
Percentage of amortized cost			5 %	31 %		
Equity Securities:						
Less than six months	$ 59	$ 85	$ 6	$ 42	17	11
Six months or greater but less than nine months	—	—	—	—	—	—
Nine months or greater but less than twelve months	8	—	1	—	1	—
Twelve months or greater	14	17	1	7	6	4
Total	$ 81	$ 102	$ 8	$ 49		
Percentage of cost			10 %	48 %		

Equity securities with gross unrealized losses of 20% or more for twelve months or greater were $7 million at both June 30, 2012 and December 31, 2011. As shown in the section "— Evaluating Temporarily Impaired Available-for-Sale Securities" below, all of the equity securities with gross unrealized losses of 20% or more for twelve months or greater at June 30, 2012 were financial services industry investment grade non-redeemable preferred stock, of which 43% were rated A or better.

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

The gross unrealized losses related to fixed maturity and equity securities, including the portion of OTTI losses on fixed maturity securities recognized in accumulated other comprehensive income (loss) were $566 million and $834 million at June 30, 2012 and December 31, 2011, respectively. The concentration, calculated as a percentage of gross unrealized losses (including OTTI losses), by sector and industry was as follows at:

	June 30, 2012	December 31, 2011
Sector:		
RMBS	42 %	38 %
U.S. corporate securities	29	27
Foreign corporate securities	11	14
ABS	5	5
State and political subdivision securities	5	7
CMBS	2	2
Other	6	7
Total	100 %	100 %
Industry:		
Mortgage-backed	44 %	40 %
Finance	18	24
Consumer	6	7
Asset-backed	5	5
State and political subdivision securities	5	7
Utility	4	3
Communications	4	4
Industrial	1	1
Other	13	9
Total	100 %	100 %

Evaluating Temporarily Impaired Available-for-Sale Securities

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

	June 30, 2012		December 31, 2011	
	Fixed Maturity Securities	Equity Securities	Fixed Maturity Securities	Equity Securities
	(In millions, except number of securities)			
Number of securities	8	—	9	1
Total gross unrealized losses	$ 124	$ —	$ 152	$ 12
Percentage of total gross unrealized losses	23 %	— %	20 %	22 %

Fixed maturity and equity securities, each with gross unrealized losses greater than $10 million, decreased $40 million during the six months ended June 30, 2012. The decline in, or improvement in, gross unrealized

losses for the six months ended June 30, 2012 was primarily attributable to a decrease in interest rates and narrowing credit spreads. These securities were included in the Company's OTTI review process.

As of June 30, 2012, $217 million of unrealized losses were from fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater. Of the $217 million, $127 million, or 59%, was related to unrealized losses on investment grade securities. Unrealized losses on investment grade securities were principally related to widening credit spreads or rising interest rates since purchase. Of the $217 million, $90 million, or 41%, was related to unrealized losses on below investment grade securities. Unrealized losses on below investment grade securities were principally related to non-agency RMBS (primarily alternative residential mortgage loans) and U.S. and foreign corporate securities (primarily financial services industry securities) and were the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over the financial services sector, unemployment levels and valuations of residential real estate supporting non-agency RMBS. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for the factors management considers in evaluating these corporate and structured securities. See "— Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale" for a discussion of equity securities with an unrealized loss position of 20% or more of cost for 12 months or greater.

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

The following table presents certain information about the Company's equity securities available-for-sale with gross unrealized losses of 20% or more at June 30, 2012:

		Non-Redeemable Preferred Stock						
	All Equity Securities	All Types of Non-Redeemable Preferred Stock		Investment Grade				
				All Industries		Financial Services Industry		
	Gross Unrealized Losses	Gross Unrealized Losses	% of All Equity Securities	Gross Unrealized Losses	% of All Non-Redeemable Preferred Stock	Gross Unrealized Losses	% of All Industries	% A Rated or Better
	(In millions)			(In millions)		(In millions)		
Less than six months	$ 4	$ 3	75 %	$ 1	33 %	$ 1	100 %	100 %
Six months or greater but less than twelve months	14	14	100 %	9	64 %	9	100 %	89 %
Twelve months or greater	7	7	100 %	7	100 %	7	100 %	43 %
All equity securities with gross unrealized losses of 20% or more	$ 25	$ 24	96 %	$ 17	71 %	$ 17	100 %	71 %

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

several factors including whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of non-redeemable preferred stock with a severe or an extended unrealized loss. The Company also considered whether any issuers of non-redeemable preferred stock with an unrealized loss held by the Company, regardless of credit rating, have deferred any dividend payments. No such dividend payments had been deferred.

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

Based on the Company's current evaluation of available-for-sale securities in an unrealized loss position in accordance with its impairment policy, and the Company's current intentions and assessments (as applicable to the type of security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired.

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

Other Securities

The table below presents certain information about the Company's securities for which the fair value option ("FVO") has been elected at:

	June 30, 2012	December 31, 2011
	(In millions)	
FVO general account securities	$ 50	$ 49
FVO contractholder-directed unit-linked investments (1)	—	3,616
Total other securities — at estimated fair value	$ 50	$ 3,665

(1) During June 2012, the Company disposed of MetLife Europe which held the FVO contractholder-directed unit-linked investments. See Note 2 for discussion of this disposition. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of FVO contractholder-directed unit-linked investments.

See "— Net Investment Income" and "— Net Investment Gains (Losses)" for the net investment income recognized on other securities and the related changes in estimated fair value subsequent to purchase included in earnings for securities still held as of the end of the respective periods.

Net Investment Gains (Losses)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Total gains (losses) on fixed maturity securities:				
Total OTTI losses recognized	$ (18)	$ (21)	$ (31)	$ (30)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	4	6	2	4
Net OTTI losses on fixed maturity securities recognized in earnings	(14)	(15)	(29)	(26)
Fixed maturity securities — net gains (losses) on sales and disposals	63	2	78	(18)
Total gains (losses) on fixed maturity securities	49	(13)	49	(44)
Other net investment gains (losses):				
Equity securities	2	(24)	(3)	(23)
Other securities — FVO general account securities — changes in estimated fair value subsequent to purchase	—	—	1	—
Mortgage loans	16	14	20	18
Real estate and real estate joint ventures	—	—	(3)	—
Other limited partnership interests	—	(4)	1	(2)
Other investment portfolio gains (losses)	(1)	(1)	—	(5)
Subtotal — investment portfolio gains (losses)	66	(28)	65	(56)
FVO consolidated securitization entities ("CSEs") — changes in estimated fair value:				
Commercial mortgage loans	(7)	7	(1)	25
Long-term debt — related to commercial mortgage loans	13	(5)	11	(11)
Other gains (losses)	(1)	(1)	—	1
Subtotal FVO CSEs and other gains (losses)	5	1	10	15
Total net investment gains (losses)	$ 71	$ (27)	$ 75	$ (41)

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

Gains (losses) from foreign currency transactions included within net investment gains (losses) were less than $1 million and $1 million for the three months and six months ended June 30, 2012, respectively, and ($2) million and ($3) million for the three months and six months ended June 30, 2011, respectively.

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

	Three Months Ended June 30,					
	2012	2011	2012	2011	2012	2011
	Fixed Maturity Securities		Equity Securities		Total	
	(In millions)					
Proceeds	$ 1,079	$ 2,529	$ 5	$ 128	$ 1,084	$ 2,657
Gross investment gains	$ 67	$ 33	$ 2	$ 2	$ 69	$ 35
Gross investment losses	(4)	(31)	—	(20)	(4)	(51)
Total OTTI losses recognized in earnings:						
Credit-related	(14)	(6)	—	—	(14)	(6)
Other (1)	—	(9)	—	(6)	—	(15)
Total OTTI losses recognized in earnings	(14)	(15)	—	(6)	(14)	(21)
Net investment gains (losses)	$ 49	$ (13)	$ 2	$ (24)	$ 51	$ (37)

	Six Months Ended June 30,					
	2012	2011	2012	2011	2012	2011
	Fixed Maturity Securities		Equity Securities		Total	
	(In millions)					
Proceeds	$ 2,994	$ 5,042	$ 26	$ 144	$ 3,020	$ 5,186
Gross investment gains	$ 104	$ 51	$ 7	$ 5	$ 111	$ 56
Gross investment losses	(26)	(69)	(4)	(22)	(30)	(91)
Total OTTI losses recognized in earnings:						
Credit-related	(22)	(17)	—	—	(22)	(17)
Other (1)	(7)	(9)	(6)	(6)	(13)	(15)
Total OTTI losses recognized in earnings	(29)	(26)	(6)	(6)	(35)	(32)
Net investment gains (losses)	$ 49	$ (44)	$ (3)	$ (23)	$ 46	$ (67)

(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 June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Sector:				
U.S. and foreign corporate securities — by industry:				
Finance	$ —	$ 9	$ 7	$ 9
Utility	—	—	3	—
Communications	—	—	2	4
Industrial	—	—	1	—
Other industries	6	—	6	—
Total U.S. and foreign corporate securities	6	9	19	13
RMBS (1)	8	6	10	9
CMBS	—	—	—	3
ABS (1)	—	—	—	1
Total	$ 14	$ 15	$ 29	$ 26

(1) See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for discussion of a reclassification from the ABS sector to the RMBS sector for securities backed by sub-prime residential mortgage loans.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Sector:				
Common stock	$ —	$ —	$ 6	$ —
Non-redeemable preferred stock	—	6	—	6
Total	$ —	$ 6	$ 6	$ 6
Industry:				
Financial services industry — perpetual hybrid securities	$ —	$ 6	$ —	$ 6
Other industries	—	—	6	—
Total	$ —	$ 6	$ 6	$ 6

Credit Loss Rollforward

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Balance, beginning of period	$ 50	$ 43	$ 55	$ 63
Additions:				
Initial impairments — credit loss OTTI on securities not previously impaired	4	4	4	4
Additional impairments — credit loss OTTI on securities previously impaired	5	1	7	4
Reductions:				
Sales, maturities, pay downs and prepayments during the period on securities previously impaired as credit loss OTTI	(3)	(2)	(4)	(4)
Securities impaired to net present value of expected future cash flows	—	—	—	(20)
Increases in cash flows — accretion of previous credit loss OTTI	—	—	(6)	(1)
Balance, end of period	$ 56	$ 46	$ 56	$ 46

Net Investment Income

The components of net investment income were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Investment income:				
Fixed maturity securities	$ 531	$ 538	$ 1,064	$ 1,073
Equity securities	5	5	7	7
Other securities — FVO general account securities (1)	—	1	—	1
Mortgage loans	87	87	177	171
Policy loans	15	15	30	31
Real estate and real estate joint ventures	54	10	68	2
Other limited partnership interests	49	40	97	120
Cash, cash equivalents and short-term investments	1	1	2	3
International joint ventures	(2)	1	(3)	(2)
Other	2	3	3	5
Subtotal	742	701	1,445	1,411
Less: Investment expenses	24	27	48	51
Subtotal, net	718	674	1,397	1,360
Other securities — FVO contractholder-directed unit-linked investments (1)	(106)	25	62	30
FVO CSEs — Commercial mortgage loans	44	96	89	191
Subtotal	(62)	121	151	221
Net investment income	$ 656	$ 795	$ 1,548	$ 1,581

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

Other securities — FVO general account securities	$ —	$ 1	$ 1	$ 1
Other securities — FVO contractholder-directed unit-linked investments	$ —	$ 18	$ —	$ (7)

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

See "— Related Party Investment Transactions" for discussion of affiliated net investment income and investment expenses included in the table above.

Securities Lending

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

Elements of the securities lending program are presented below at:

	June 30, 2012	December 31, 2011
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 6,406	$ 5,307
Estimated fair value	$ 7,698	$ 6,451
Cash collateral on deposit from counterparties (2)	$ 7,853	$ 6,456
Security collateral on deposit from counterparties	$ 117	$ 137
Reinvestment portfolio — estimated fair value	$ 7,772	$ 6,295

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

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

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

Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented in the table below at estimated fair value for cash and cash equivalents and fixed maturity securities and at carrying value for mortgage loans.

	June 30, 2012	December 31, 2011
	(In millions)	
Invested assets on deposit (1)	$ 56	$ 51
Invested assets pledged as collateral (2)	869	897
Total invested assets on deposit and pledged as collateral	$ 925	$ 948

(1) The Company has invested assets on deposit with regulatory agencies consisting primarily of fixed maturity securities.

(2) The Company has pledged fixed maturity securities, mortgage loans and cash and cash equivalents in connection with various agreements and transactions, including funding agreements (see Note 7 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report) and derivative transactions (see Note 4).

Mortgage Loans

Mortgage loans are summarized as follows at:

	June 30, 2012		December 31, 2011	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Mortgage loans:				
Commercial	$ 5,252	55.9 %	$ 5,390	55.0 %
Agricultural	1,253	13.3	1,333	13.6
Subtotal	6,505	69.2	6,723	68.6
Valuation allowances	(42)	(0.4)	(61)	(0.6)
Subtotal mortgage loans, net	6,463	68.8	6,662	68.0
Commercial mortgage loans held by CSEs	2,932	31.2	3,138	32.0
Total mortgage loans, net	$ 9,395	100.0 %	$ 9,800	100.0 %

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

See "— Related Party Investment Transactions" for discussion of affiliated mortgage loans included in the table above.

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

	Commercial	Agricultural	Total
		(In millions)	
June 30, 2012:			
Mortgage loans:			
Evaluated individually for credit losses	$ 23	$ —	$ 23
Evaluated collectively for credit losses	5,229	1,253	6,482
Total mortgage loans	5,252	1,253	6,505
Valuation allowances:			
Specific credit losses	11	—	11
Non-specifically identified credit losses	28	3	31
Total valuation allowances	39	3	42
Mortgage loans, net of valuation allowance	$ 5,213	$ 1,250	$ 6,463
December 31, 2011:			
Mortgage loans:			
Evaluated individually for credit losses	$ 23	$ —	$ 23
Evaluated collectively for credit losses	5,367	1,333	6,700
Total mortgage loans	5,390	1,333	6,723
Valuation allowances:			
Specific credit losses	15	—	15
Non-specifically identified credit losses	43	3	46
Total valuation allowances	58	3	61
Mortgage loans, net of valuation allowance	$ 5,332	$ 1,330	$ 6,662

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

	Mortgage Loan Valuation Allowances		
	Commercial	Agricultural	Total
		(In millions)	
For the Three Months Ended June 30, 2012:			
Balance, beginning of period	$ 54	$ 3	$ 57
Provision (release)	(15)	—	(15)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 39	$ 3	$ 42
For the Three Months Ended June 30, 2011:			
Balance, beginning of period	$ 80	$ 4	$ 84
Provision (release)	(14)	—	(14)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 66	$ 4	$ 70
For the Six Months Ended June 30, 2012:			
Balance, beginning of period	$ 58	$ 3	$ 61
Provision (release)	(19)	—	(19)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 39	$ 3	$ 42
For the Six Months Ended June 30, 2011:			
Balance, beginning of period	$ 84	$ 3	$ 87
Provision (release)	(18)	1	(17)
Charge-offs, net of recoveries	—	—	—
Balance, end of period	$ 66	$ 4	$ 70

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

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

	Commercial						
	Recorded Investment						
	Debt Service Coverage Ratios						
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total	Estimated Fair Value	% of Total
	(In millions)					(In millions)	
June 30, 2012:							
Loan-to-value ratios:							
Less than 65%	$ 3,684	$ 83	$ 66	$ 3,833	73.0 %	$ 4,108	74.2 %
65% to 75%	765	39	—	804	15.3	822	14.8
76% to 80%	129	—	26	155	2.9	158	2.9
Greater than 80%	278	159	23	460	8.8	448	8.1
Total	$ 4,856	$ 281	$ 115	$ 5,252	100.0 %	$ 5,536	100.0 %
December 31, 2011:							
Loan-to-value ratios:							
Less than 65%	$ 3,324	$ 135	$ 210	$ 3,669	68.1 %	$ 3,888	69.9 %
65% to 75%	719	54	52	825	15.3	852	15.3
76% to 80%	199	—	26	225	4.2	221	4.0
Greater than 80%	452	181	38	671	12.4	602	10.8
Total	$ 4,694	$ 370	$ 326	$ 5,390	100.0 %	$ 5,563	100.0 %

Agricultural Mortgage Loans — by Credit Quality Indicator. Presented below is certain information about the credit quality of agricultural mortgage loans. The estimated fair value of agricultural mortgage loans was $1.3 billion and $1.4 billion at June 30, 2012 and December 31, 2011, respectively.

	Agricultural			
	June 30, 2012		December 31, 2011	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(In millions)		(In millions)	
Loan-to-value ratios:				
Less than 65%	$ 1,180	94.2 %	$ 1,129	84.7 %
65% to 75%	72	5.7	142	10.7
76% to 80%	1	0.1	62	4.6
Total	$ 1,253	100.0 %	$ 1,333	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 June 30, 2012 and December 31, 2011. The Company defines delinquent mortgage loans consistent with industry practice, when interest and principal payments are past due as follows: commercial mortgage loans — 60 days or more and agricultural mortgage loans — 90 days or more. The Company had no mortgage loans past due and no loans in non-accrual status at both June 30, 2012 and December 31, 2011.

Impaired Mortgage Loans. Presented below is certain information about impaired mortgage loans, by portfolio segment, at:

	Impaired Mortgage Loans							
	Loans with a Valuation Allowance				Loans without a Valuation Allowance		All Impaired Loans	
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Carrying Value	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Carrying Value
	(In millions)							
June 30, 2012:								
Commercial	$ 23	$ 23	$ 11	$ 12	$ —	$ —	$ 23	$ 12
Agricultural	—	—	—	—	—	—	—	—
Total	$ 23	$ 23	$ 11	$ 12	$ —	$ —	$ 23	$ 12
December 31, 2011:								
Commercial	$ 23	$ 23	$ 15	$ 8	$ 15	$ 15	$ 38	$ 23
Agricultural	—	—	—	—	—	—	—	—
Total	$ 23	$ 23	$ 15	$ 8	$ 15	$ 15	$ 38	$ 23

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

	Impaired Mortgage Loans		
	Average Recorded Investment	Interest Income Recognized	
		Cash Basis	Accrual Basis
		(In millions)	
For the Three Months Ended June 30, 2012:			
Commercial	$ 23	$ —	$ —
Agricultural	—	—	—
Total	$ 23	$ —	$ —
For the Three Months Ended June 30, 2011:			
Commercial	$ 23	$ —	$ —
Agricultural	7	—	—
Total	$ 30	$ —	$ —
For the Six Months Ended June 30, 2012:			
Commercial	$ 28	$ 1	$ —
Agricultural	—	—	—
Total	$ 28	$ 1	$ —
For the Six Months Ended June 30, 2011:			
Commercial	$ 23	$ 1	$ —
Agricultural	7	—	—
Total	$ 30	$ 1	$ —

Mortgage Loans Modified in a Troubled Debt Restructuring. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for a discussion of loan modifications that are classified as troubled debt restructuring and the types of concessions typically granted. There were no mortgage loans modified during the three months and six months ended June 30, 2012 and 2011.

During the three months and six months ended June 30, 2012 and 2011, there were no mortgage loans with subsequent payment default which were modified as a troubled debt restructuring during the previous 12 months. Payment default is determined in the same manner as delinquency status — when interest and principal payments are past due as described above.

Cash Equivalents

The carrying value of cash equivalents, which includes securities and other investments with an original or remaining maturity of three months or less at the time of purchase, was $752 million and $583 million at June 30, 2012 and December 31, 2011, respectively.

Purchased Credit Impaired Investments

See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for information about investments acquired with evidence of credit quality deterioration since origination and for which it was probable at the acquisition date that the Company would be unable to collect all contractually required payments.

Variable Interest Entities

The Company holds investments in certain entities that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The following table presents the total assets and total liabilities relating to VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at June 30, 2012 and December 31, 2011. Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company's obligation to the VIEs is limited to the amount of its committed investment.

	June 30, 2012	December 31, 2011
	(In millions)	
CSEs: (1)		
Assets:		
Mortgage loans held-for-investment (commercial mortgage loans)	$ 2,932	$ 3,138
Accrued investment income	14	14
Total assets	$ 2,946	$ 3,152
Liabilities:		
Long-term debt	$ 2,849	$ 3,065
Other liabilities	14	14
Total liabilities	$ 2,863	$ 3,079

(1) The Company consolidates former qualified special purpose entities ("QSPEs") that are structured as CMBS. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company's exposure was limited to that of its remaining investment in the former QSPEs of $68 million and $59 million at estimated fair value at June 30, 2012 and December 31, 2011, respectively. The long-term debt presented above bears interest primarily at fixed rates ranging from 2.25% to 5.57%, payable primarily on a monthly basis and is expected to be repaid over the next four years. Interest expense related to these obligations, included in other expenses, was $42 million and $85 million for the three months and six months ended June 30, 2012, respectively, and $94 million and $187 million for the three months and six months ended June 30, 2011, respectively.

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:

	June 30, 2012		December 31, 2011	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities available-for-sale:				
RMBS (2)	$ 6,392	$ 6,392	$ 6,494	$ 6,494
CMBS (2)	2,450	2,450	2,227	2,227
ABS (2)	2,122	2,122	1,878	1,878
U.S. corporate securities	440	440	424	424
Foreign corporate securities	255	255	234	234
Other limited partnership interests	1,378	1,955	1,302	1,982
Real estate joint ventures	19	23	22	26
Total	$ 13,056	$ 13,637	$ 12,581	$ 13,265

(1) The maximum exposure to loss relating to the fixed maturity securities is equal to their estimated fair value. 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.

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

As described in Note 9, 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 six months ended June 30, 2012 and 2011.

Related Party Investment Transactions

As more fully described in Note 2 of the Notes of the Consolidated Financial Statements in the 2011 Annual Report, the Company has loans outstanding to affiliates.

The Company has loans outstanding to wholly-owned real estate subsidiaries of Metropolitan Life Insurance Company ("MLIC"), an affiliate, which are included in mortgage loans. The carrying value of these loans was $306 million and $307 million at June 30, 2012 and December 31, 2011, respectively. Net investment income from these loans was $4 million and $8 million for the three months and six months ended June 30, 2012, respectively, and $3 million and $7 million for the three months and six months ended June 30, 2011, respectively.

The Company also has loans outstanding to Exeter Reassurance Company Ltd. ("Exeter"), an affiliate, which are included in other invested assets. The carrying value of these loans was $430 million at both June 30, 2012 and December 31, 2011. Net investment income from these loans was $6 million and $12 million for the three months and six months ended June 30, 2012, respectively. There was no net investment income from these loans for the three months and six months ended June 30, 2011.

The Company receives investment administrative services from an affiliate. These investment administrative service charges were $17 million and $34 million for the three months and six months ended June 30, 2012, respectively, and $18 million and $33 million for the three months and six months ended June 30, 2011, respectively. The Company also had affiliated net investment income of less than $1 million for both the three months and six months ended June 30, 2012 and 2011.

4. Derivative Financial Instruments

Accounting for Derivative Financial Instruments

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

Freestanding derivatives are carried in the Company's consolidated balance sheets either as assets within other invested assets or as liabilities within other liabilities at estimated fair value as determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for OTC derivatives.

The determination of estimated fair value of freestanding derivatives, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models.

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

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

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are generally reported in net derivative gains (losses) except for those (i) in policyholder benefits and claims for economic hedges of variable annuity guarantees included in future policy benefits; and (ii) in net investment income for economic hedges of equity method investments in joint ventures. 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"); or (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"). In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship. Assessments of hedge effectiveness and measurements of ineffectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

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

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

Under a cash flow hedge, changes in the estimated fair value of the hedging derivative measured as effective are reported within other comprehensive income (loss), a separate component of stockholders' equity, and the deferred gains or losses on the derivative are reclassified into the consolidated statement of operations and

comprehensive income when the Company's earnings are affected by the variability in cash flows of the hedged item. Changes in the estimated fair value of the hedging instrument measured as ineffectiveness are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations and comprehensive income within interest income or interest expense to match the location of the hedged item.

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 statements of operations and comprehensive income when the Company's earnings are affected by the variability in cash flows of the hedged item.

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

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

The Company issues certain products and purchases certain investments that contain embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. If the instrument would not be accounted for in its entirety at estimated fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative. Such embedded derivatives are carried in the consolidated balance sheets at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses). 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.

Primary Risks Managed by 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:

		June 30, 2012			December 31, 2011		
			Estimated Fair Value (1)			Estimated Fair Value (1)	
Primary Underlying Risk Exposure	Instrument Type	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
		(In millions)					
Interest rate	Interest rate swaps	$ 16,708	$ 1,524	$ 469	$ 13,074	$ 1,418	$ 427
	Interest rate floors	7,986	355	157	7,986	330	152
	Interest rate caps	8,613	9	—	10,133	19	—
	Interest rate futures	3,564	2	21	3,766	10	1
	Interest rate forwards	519	116	—	620	128	—
Foreign currency	Foreign currency swaps	1,334	110	53	1,792	297	62
	Foreign currency forwards	143	5	1	149	9	—
Credit	Credit default swaps	2,706	15	17	2,426	18	28
Equity market	Equity futures	1,374	—	38	1,007	4	—
	Equity options	2,869	507	—	2,111	482	—
	Variance swaps	2,503	20	26	2,430	51	8
	Total rate of return swaps ("TRRs")	130	—	6	129	—	2
	Total	$ 48,449	$ 2,663	$ 788	$ 45,623	$ 2,766	$ 680

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

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

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.

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

Foreign currency derivatives, including foreign currency swaps and foreign currency forwards, 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.

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

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

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

Credit default swaps are also used to synthetically create credit investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and one or more cash instruments such as U.S. Treasury securities, agency securities or other fixed maturity securities. 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. 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.

TRRs are swaps whereby the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and the London Inter-Bank Offered Rate (“LIBOR”), calculated by reference to an agreed notional principal amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the

swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company uses TRRs to hedge its equity market guarantees in certain of its insurance products. TRRs can be used as hedges or to synthetically create investments. The Company utilizes TRRs in non-qualifying hedging relationships.

Hedging

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

	June 30, 2012			December 31, 2011		
	Notional Amount	Estimated Fair Value		Notional Amount	Estimated Fair Value	
Derivatives Designated as Hedging Instruments		Assets	Liabilities		Assets	Liabilities
		(In millions)				
Fair value hedges:						
Foreign currency swaps	$ 122	$ —	$ 18	$ 598	$ 188	$ 19
Interest rate swaps	489	38	8	311	35	6
Subtotal	611	38	26	909	223	25
Cash flow hedges:						
Foreign currency swaps	506	41	8	445	31	12
Interest rate swaps	733	155	—	355	96	—
Interest rate forwards	490	116	—	620	128	—
Subtotal	1,729	312	8	1,420	255	12
Total qualifying hedges	$ 2,340	$ 350	$ 34	$ 2,329	$ 478	$ 37

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:

	June 30, 2012			December 31, 2011		
	Notional Amount	Estimated Fair Value		Notional Amount	Estimated Fair Value	
Derivatives Not Designated or Not Qualifying as Hedging Instruments		Assets	Liabilities		Assets	Liabilities
		(In millions)				
Interest rate swaps	$ 15,486	$ 1,331	$ 461	$ 12,408	$ 1,287	$ 421
Interest rate floors	7,986	355	157	7,986	330	152
Interest rate caps	8,613	9	—	10,133	19	—
Interest rate futures	3,564	2	21	3,766	10	1
Interest rate forwards	29	—	—	—	—	—
Foreign currency swaps	706	69	27	749	78	31
Foreign currency forwards	143	5	1	149	9	—
Credit default swaps	2,706	15	17	2,426	18	28
Equity futures	1,374	—	38	1,007	4	—
Equity options	2,869	507	—	2,111	482	—
Variance swaps	2,503	20	26	2,430	51	8
TRRs	130	—	6	129	—	2
Total non-designated or non-qualifying derivatives	$ 46,109	$ 2,313	$ 754	$ 43,294	$ 2,288	$ 643

Net Derivative Gains (Losses)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Derivatives and hedging gains (losses) (1)	$ 517	$ 9	$ (36)	$ (94)
Embedded derivatives	65	124	179	71
Total net derivative gains (losses)	$ 582	$ 133	$ 143	$ (23)

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

The following table presents earned income on derivatives for the:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Qualifying hedges:				
Net investment income	$ 1	$ —	$ 1	$ 1
Interest credited to policyholder account balances	6	12	16	23
Non-qualifying hedges:				
Net derivative gains (losses)	47	7	55	17
Policyholder benefits and claims	(2)	—	(2)	—
Total	$ 52	$ 19	$ 70	$ 41

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 liabilities.

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 presents the amount of such net derivative gains (losses):

Derivatives in Fair Value Hedging Relationships	Hedged Items in Fair Value Hedging Relationships	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Ineffectiveness Recognized in Net Derivative Gains (Losses)
			(In millions)	
For the Three Months Ended June 30, 2012:				
Interest rate swaps:	Fixed maturity securities	$ (2)	$ 1	$ (1)
	Policyholder account balances ("PABs") (1)	15	(15)	—
Foreign currency swaps:	Foreign-denominated PABs (2)	(44)	40	(4)
Total		$ (31)	$ 26	$ (5)
For the Three Months Ended June 30, 2011:				
Interest rate swaps:	Fixed maturity securities	$ (4)	$ 3	$ (1)
	PABs (1)	5	(5)	—
Foreign currency swaps:	Foreign-denominated PABs (2)	14	(17)	(3)
Total		$ 15	$ (19)	$ (4)
For the Six Months Ended June 30, 2012:				
Interest rate swaps:	Fixed maturity securities	$ (2)	$ 1	$ (1)
	PABs (1)	2	(3)	(1)
Foreign currency swaps:	Foreign-denominated PABs (2)	(32)	24	(8)
Total		$ (32)	$ 22	$ (10)
For the Six Months Ended June 30, 2011:				
Interest rate swaps:	Fixed maturity securities	$ (3)	$ 2	$ (1)
	PABs (1)	—	(1)	(1)
Foreign currency swaps:	Foreign-denominated PABs (2)	36	(43)	(7)
Total		$ 33	$ (42)	$ (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) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; (iii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; and (iv) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments.

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

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date, within two months of that date, or were no longer probable of occurring. There were no amounts reclassified into net derivative gains (losses) for both the three months and six months ended June 30, 2012, related to such discontinued cash flow hedges. The net amounts reclassified into net derivative gains (losses) were $1 million for both the three months and six months ended June 30, 2011, related to such discontinued cash flow hedges.

At June 30, 2012 and December 31, 2011, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions did not exceed seven years and five years, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Accumulated other comprehensive income (loss), balance at beginning of period	$ 142	$ (132)	$ 239	$ (109)
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	187	35	91	14
Amounts reclassified to net derivative gains (losses)	2	(2)	1	(4)
Accumulated other comprehensive income (loss), balance at end of period	$ 331	$ (99)	$ 331	$ (99)

At June 30, 2012, $4 million of deferred net gains (losses) on derivatives in accumulated other comprehensive income (loss) were 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 comprehensive income and the interim condensed consolidated statements of stockholders' equity:

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) on Derivatives	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)	(Ineffective Portion and Amount Excluded from Effectiveness Testing)
		Net Derivative Gains (Losses)	Net Derivative Gains (Losses)
		(In millions)	
For the Three Months Ended June 30, 2012:			
Interest rate swaps	$ 96	$ —	$ —
Foreign currency swaps	19	(2)	—
Interest rate forwards	72	—	(1)
Credit forwards	—	—	—
Total	$ 187	$ (2)	$ (1)
For the Three Months Ended June 30, 2011:			
Interest rate swaps	$ 15	$ 1	$ —
Foreign currency swaps	—	—	—
Interest rate forwards	20	—	(8)
Credit forwards	—	1	—
Total	$ 35	$ 2	$ (8)
For the Six Months Ended June 30, 2012:			
Interest rate swaps	$ 62	$ —	$ —
Foreign currency swaps	14	(1)	—
Interest rate forwards	15	—	—
Credit forwards	—	—	—
Total	$ 91	$ (1)	$ —
For the Six Months Ended June 30, 2011:			
Interest rate swaps	$ 4	$ 1	$ —
Foreign currency swaps	(1)	2	—
Interest rate forwards	11	—	(8)
Credit forwards	—	1	—
Total	$ 14	$ 4	$ (8)

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

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 and swaps 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 and equity variance swaps to economically hedge liabilities embedded in certain variable annuity products; (v) credit default swaps to synthetically create investments; (vi) interest rate forwards to buy and sell securities to economically

hedge its exposure to interest rates; (vii) inflation swaps to reduce risk generated from inflation-indexed liabilities; (viii) covered call options for income generation; and (ix) equity options to economically hedge certain invested assets against adverse changes in equity indices.

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)
		(In millions)	
For the Three Months Ended June 30, 2012:			
Interest rate swaps	$ 217	$ —	$ —
Interest rate floors	52	—	—
Interest rate caps	(10)	—	—
Interest rate futures	140	—	—
Equity futures	17	—	7
Foreign currency swaps	10	—	—
Foreign currency forwards	5	—	—
Equity options	48	(1)	—
Interest rate options	(11)	—	—
Interest rate forwards	4	—	—
Variance swaps	11	—	—
Credit default swaps	(14)	—	—
Total	$ 469	$ (1)	$ 7
For the Three Months Ended June 30, 2011:			
Interest rate swaps	$ 28	$ —	$ —
Interest rate floors	18	—	—
Interest rate caps	(16)	—	—
Interest rate futures	(11)	—	—
Equity futures	4	—	(1)
Foreign currency swaps	(1)	—	—
Foreign currency forwards	(5)	—	—
Equity options	1	(1)	—
Interest rate options	—	—	—
Interest rate forwards	—	—	—
Variance swaps	(4)	—	—
Credit default swaps	2	—	—
Total	$ 16	$ (1)	$ (1)

	Net Derivative Gains (Losses)	Net Investment Income (1)	Policyholder Benefits and Claims (2)
		(In millions)	
For the Six Months Ended June 30, 2012:			
Interest rate swaps	$ 39	$ —	$ —
Interest rate floors	20	—	—
Interest rate caps	(12)	—	—
Interest rate futures	79	—	—
Equity futures	(93)	—	(23)
Foreign currency swaps	5	—	—
Foreign currency forwards	3	—	—
Equity options	(73)	(2)	—
Interest rate options	(11)	—	—
Interest rate forwards	2	—	—
Variance swaps	(49)	—	—
Credit default swaps	6	—	—
Total	$ (84)	$ (2)	$ (23)
For the Six Months Ended June 30, 2011:			
Interest rate swaps	$ 4	$ —	$ —
Interest rate floors	1	—	—
Interest rate caps	(17)	—	—
Interest rate futures	(12)	—	—
Equity futures	4	—	(1)
Foreign currency swaps	2	—	—
Foreign currency forwards	(16)	—	—
Equity options	(21)	(2)	—
Interest rate options	—	—	—
Interest rate forwards	—	—	—
Variance swaps	(10)	—	—
Credit default swaps	2	—	—
Total	$ (63)	$ (2)	$ (1)

(1) Changes in estimated fair value related to economic hedges of equity method investments in joint ventures.

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

Credit Derivatives

In connection with synthetically created credit investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the non-qualifying derivatives and derivatives for purposes other than hedging table. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company's maximum amount at risk, assuming the value of all referenced credit

obligations is zero, was $2.5 billion and $2.1 billion at June 30, 2012 and December 31, 2011, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current fair value of the credit default swaps. At June 30, 2012 and December 31, 2011, the Company would have paid $4 million and $11 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:

	June 30, 2012			December 31, 2011		
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)			(In millions)		
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 1	$ 167	3.7	$ 2	$ 212	4.3
Credit default swaps referencing indices	7	661	2.6	—	661	3.1
Subtotal	8	828	2.8	2	873	3.4
Baa						
Single name credit default swaps (corporate)	(4)	539	4.2	(6)	434	4.6
Credit default swaps referencing indices	(7)	1,124	5.0	(7)	793	4.8
Subtotal	(11)	1,663	4.8	(13)	1,227	4.7
Ba						
Single name credit default swaps (corporate)	—	—	—	—	—	—
Credit default swaps referencing indices	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
B						
Single name credit default swaps (corporate)	—	—	—	—	—	—
Credit default swaps referencing indices	(1)	36	5.0	—	—	—
Subtotal	(1)	36	5.0	—	—	—
Total	$ (4)	$ 2,527	4.1	$ (11)	$ 2,100	4.2

(1) The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's Investors Service ("Moody's"), Standard & Poor's Rating Services ("S&P") and Fitch Ratings. 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.

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

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 OTC 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 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 OTC derivative instruments. At June 30, 2012 and December 31, 2011, the Company was obligated to return cash collateral under its control of $1.4 billion and $1.6 billion, respectively. This 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 June 30, 2012 and December 31, 2011, the Company had received collateral consisting of various securities with a fair market value of $592 million and $315 million, respectively, which were held in separate custodial accounts. Subject to certain constraints, the Company is permitted by contract to sell or repledge this collateral, but at June 30, 2012, none of the collateral had been sold or repledged.

The Company's collateral arrangements for its OTC 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 both the Company and the counterparty to maintain a specific investment grade credit rating from each of Moody's and S&P. If a party's credit ratings were to fall below that specific investment grade credit rating, that party would be in violation of these provisions, and the other party to the derivative instruments could terminate the transactions and demand immediate settlement and payment based on such party's reasonable valuation of the derivative instruments.

The following table presents the estimated fair value of the Company's OTC 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 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 of Derivatives in Net Liability Position (1)	Estimated Fair Value of Collateral Provided:	Fair Value of Incremental Collateral Provided Upon:	
		Fixed Maturity Securities (2)	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)			
June 30, 2012	$ 25	$ 7	$ 2	$ 17
December 31, 2011	$ 14	$ 9	$ 1	$ 10

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

(2) Included in fixed maturity securities in the consolidated balance sheets. Subject to certain constraints, the counterparties are permitted by contract to sell or repledge this collateral. At both June 30, 2012 and December 31, 2011, the Company did not provide any cash collateral.

Without considering the effect of netting agreements, the estimated fair value of the Company's OTC derivatives with credit-contingent provisions that were in a gross liability position at June 30, 2012 was $86 million. At June 30, 2012, the Company provided collateral of $7 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 June 30, 2012 would be $79 million. This amount does not consider gross derivative assets of $61 million for which the Company has the contractual right of offset.

The Company also has exchange-traded futures, which may require the pledging of collateral. At both June 30, 2012 and December 31, 2011, the Company did not pledge any securities collateral for exchange-traded futures. At June 30, 2012 and December 31, 2011, the Company provided cash collateral for exchange-traded futures of $123 million and $140 million, respectively, which is included in premiums, reinsurance and other receivables.

Embedded Derivatives

The Company issues certain products or purchases certain investments that contain embedded derivatives that are required to be separated from their host contracts and accounted for as freestanding derivatives. These host contracts principally include: variable annuities with guaranteed minimum benefits, including guaranteed minimum withdrawal benefits ("GMWBs"), guaranteed minimum accumulation benefits ("GMABs") and certain

guaranteed minimum income benefits ("GMIBs"); affiliated ceded reinsurance of guaranteed minimum benefits related to GMWBs, GMABs and certain GMIBs; affiliated assumed reinsurance of guaranteed minimum benefits related to GMWBs and certain GMIBs; ceded reinsurance written on a funds withheld basis; and options embedded in debt or equity securities.

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

	June 30, 2012	December 31, 2011
	(In millions)	
Net embedded derivatives within asset host contracts:		
Ceded guaranteed minimum benefits	$ 2,846	$ 2,815
Options embedded in debt or equity securities	(10)	(2)
Net embedded derivatives within asset host contracts	$ 2,836	$ 2,813
Net embedded derivatives within liability host contracts:		
Direct guaranteed minimum benefits	$ 1,062	$ 1,363
Assumed guaranteed minimum benefits	5	4
Funds withheld on ceded reinsurance	565	416
Net embedded derivatives within liability host contracts	$ 1,632	$ 1,783

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Net derivative gains (losses) (1), (2)	$ 65	$ 124	$ 179	$ 71

(1) The valuation of direct and assumed guaranteed minimum benefits includes an adjustment for nonperformance risk. The amounts included in net derivative gains (losses), in connection with this adjustment, were $136 million and ($102) million for the three months and six months ended June 30, 2012, respectively, and $1 million and ($28) million for the three months and six months ended June 30, 2011, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes an adjustment for nonperformance risk. The amounts included in net derivative gains (losses), in connection with this adjustment, were ($292) million and $39 million for the three months and six months ended June 30, 2012, respectively, and ($18) million and $23 million for the three months and six months ended June 30, 2011, respectively.

(2) See Note 13 for discussion of affiliated net derivative gains (losses) included in the table above.

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.

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:

	June 30, 2012			
	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	$ —	$ 16,772	$ 1,522	$ 18,294
U.S. Treasury and agency securities	4,850	4,306	—	9,156
Foreign corporate securities	—	7,707	698	8,405
RMBS	—	6,159	233	6,392
CMBS	—	2,292	158	2,450
State and political subdivision securities	—	2,253	25	2,278
ABS	—	1,833	289	2,122
Foreign government securities	—	1,309	2	1,311
Total fixed maturity securities	4,850	42,631	2,927	50,408
Equity securities:				
Common stock	48	73	22	143
Non-redeemable preferred stock	—	33	91	124
Total equity securities	48	106	113	267
Other securities:				
FVO general account securities	—	50	—	50
FVO contractholder-directed unit-linked investments (1)	—	—	—	—
Total other securities	—	50	—	50
Short-term investments (2)	1,837	593	22	2,452
Mortgage loans held by CSEs	—	2,932	—	2,932
Derivative assets: (3)				
Interest rate contracts	2	1,821	183	2,006
Foreign currency contracts	—	115	—	115
Credit contracts	—	7	8	15
Equity market contracts	—	507	20	527
Total derivative assets	2	2,450	211	2,663
Net embedded derivatives within asset host contracts (4)	—	—	2,846	2,846
Separate account assets (5)	213	79,246	149	79,608
Total assets	$ 6,950	$ 128,008	$ 6,268	$ 141,226
Liabilities:				
Derivative liabilities: (3)				
Interest rate contracts	$ 21	$ 612	$ 14	$ 647
Foreign currency contracts	—	54	—	54
Credit contracts	—	15	2	17
Equity market contracts	38	6	26	70
Total derivative liabilities	59	687	42	788
Net embedded derivatives within liability host contracts (4)	—	—	1,632	1,632
Long-term debt of CSEs	—	2,849	—	2,849
Total liabilities	$ 59	$ 3,536	$ 1,674	$ 5,269

	December 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	$ —	$ 15,907	$ 1,432	$ 17,339
U.S. Treasury and agency securities	4,326	3,722	—	8,048
Foreign corporate securities	—	7,913	580	8,493
RMBS	—	6,255	239	6,494
CMBS	—	2,080	147	2,227
State and political subdivision securities	—	2,032	23	2,055
ABS	—	1,658	220	1,878
Foreign government securities	—	1,245	2	1,247
Total fixed maturity securities	4,326	40,812	2,643	47,781
Equity securities:				
Common stock	51	74	21	146
Non-redeemable preferred stock	—	30	76	106
Total equity securities	51	104	97	252
Other securities:				
FVO general account securities	—	49	—	49
FVO contractholder-directed unit-linked investments	3,616	—	—	3,616
Total other securities	3,616	49	—	3,665
Short-term investments (2)	865	1,684	10	2,559
Mortgage loans held by CSEs	—	3,138	—	3,138
Derivative assets: (3)				
Interest rate contracts	10	1,708	187	1,905
Foreign currency contracts	—	306	—	306
Credit contracts	—	12	6	18
Equity market contracts	4	482	51	537
Total derivative assets	14	2,508	244	2,766
Net embedded derivatives within asset host contracts (4)	—	—	2,815	2,815
Separate account assets (5)	185	72,244	130	72,559
Total assets	$ 9,057	$ 120,539	$ 5,939	$135,535
Liabilities:				
Derivative liabilities: (3)				
Interest rate contracts	$ 1	$ 566	$ 13	$ 580
Foreign currency contracts	—	62	—	62
Credit contracts	—	21	7	28
Equity market contracts	—	2	8	10
Total derivative liabilities	1	651	28	680
Net embedded derivatives within liability host contracts (4)	—	—	1,783	1,783
Long-term debt of CSEs	—	3,065	—	3,065
Total liabilities	$ 1	$ 3,716	$ 1,811	$ 5,528

(1) During June 2012, the Company disposed of MetLife Europe which held the FVO contractholder-directed unit-linked investments. See Note 2 for discussion of this disposition.

(2) 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 on a recurring basis.

(3) Derivative assets are presented within other invested assets in the consolidated balance sheets and 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.

(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 PABs and other liabilities in the consolidated balance sheets. At June 30, 2012, fixed maturity securities and equity securities also included embedded derivatives of $0 and ($10) million, respectively. At December 31, 2011, fixed maturity securities and equity securities included embedded derivatives of $1 million and ($3) 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.

Investments

On behalf of the Company's chief investment officer and chief financial officer, a pricing and valuation committee that is independent of the trading and investing functions and comprised of senior management, provides oversight of control systems and valuation policies for securities, mortgage loans and derivatives. On a monthly basis, this committee reviews and approves new transaction types and markets, ensures that observable market prices and market-based parameters are used for valuation, wherever possible, determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time and provides oversight of the selection of independent third party pricing providers and the controls and procedures to evaluate third party pricing. Periodically, the chief accounting officer reports to the audit committee on compliance with fair value accounting standards.

The Company reviews its valuation methodologies on an ongoing basis and revises those methodologies when necessary based on changing market conditions. Assurance is gained on the overall reasonableness and consistent application of input assumptions, valuation methodologies and compliance with fair value accounting standards through controls designed to ensure valuations represent an exit price. Several controls are utilized, including certain monthly controls, which include, but are not limited to, analysis of portfolio returns to corresponding benchmark returns, comparing a sample of executed prices of securities sold to the fair value estimates, comparing fair value estimates to management's knowledge of the current market, reviewing the bid/ask spreads to assess activity, comparing prices from multiple independent pricing services and ongoing due diligence to confirm that independent pricing services use market-based parameters. The process includes a determination of the observability of inputs used in estimated fair values received from independent pricing services or brokers by assessing whether these inputs can be corroborated by observable market data. The Company ensures that prices received from independent brokers, also referred to herein as "consensus pricing," represent a reasonable estimate of fair value by reviewing such pricing with the Company's knowledge of the current market dynamics and current pricing for similar financial instruments. While independent non-binding broker quotations are utilized, they are not used for a significant portion of the portfolio. For example, fixed maturity securities priced using independent non-binding broker quotations represent less than 0.5% of the total estimated fair value of fixed maturity securities and represent 7% of the total estimated fair value of Level 3 fixed maturity securities.

The Company also applies a formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value. If prices received from independent pricing services are not considered reflective of market activity or representative of estimated fair value, independent non-binding broker quotations are obtained, or an internally developed valuation is prepared. Internally developed valuations of current estimated fair value, which reflect internal estimates of liquidity and nonperformance risks, compared with pricing received from the independent pricing services, did not produce material differences in the estimated fair values for the majority of the portfolio; accordingly, overrides have not been material. This is, in part, because internal estimates of liquidity and nonperformance risks are generally based on available market evidence and estimates used by other market participants. In the absence of such market-based evidence, management's best estimate is used.

Securities, Short-term Investments and Long-term Debt of CSEs

When available, the estimated fair value of fixed maturity securities, equity securities, 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's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. 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. 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's judgment or estimation and cannot be supported by reference to market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

The estimated fair value of long-term debt of CSEs is determined on a basis consistent with the methodologies described herein for 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.

Level 2 Measurements:

This level includes fixed maturity securities and equity securities priced principally by independent pricing services using observable inputs. Other securities and short-term investments within this level are of a similar nature and class to the Level 2 fixed maturity securities and equity securities described below.

U.S. corporate and foreign corporate securities

These securities are principally valued using the market and income approaches. Valuations are 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 ("DCF") 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.

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 yield 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 yield 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.

Structured securities comprised of RMBS, CMBS and ABS

These securities are principally valued using the market approach and income approach. Valuation is based primarily on matrix pricing, DCF methodologies 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.

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.

Level 3 Measurements:

In general, fixed maturity securities and equity securities 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.

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 approach. Valuations are based primarily on matrix pricing or other similar techniques that utilize unobservable inputs or inputs that cannot be derived principally from, or corroborated by, observable market data, including illiquidity premium, delta spread adjustments or spreads over below investment grade curves to reflect industry trends or specific credit-related issues; and 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. Certain valuations are 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 independent non-binding broker quotations and 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.

Structured securities comprised of RMBS, CMBS and ABS

These securities are principally valued using the market approach and income approach. Valuation is based primarily on matrix pricing, DCF methodologies or other similar techniques that utilize inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data including spreads over below investment grade curves to reflect industry trends on specific credit-related issues. Below investment grade securities, alternative residential mortgage loan RMBS and RMBS 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. Certain of these valuations are based on independent non-binding broker quotations.

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, DCF methodologies or other similar techniques using inputs such as comparable credit rating and issuance structure. Certain of these securities 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 independent non-binding broker quotations.

Mortgage Loans Held by CSEs

The Company consolidates certain securitization entities that hold mortgage loans.

Level 2 Measurements:

These investments are principally valued using the market approach. The principal market for these investments 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.

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. Assets within the Company's separate accounts include: mutual funds, fixed maturity securities, equity securities, derivatives, other limited partnership interests, short-term investments and cash and cash equivalents.

Level 2 Measurements:

These assets are comprised of investments that are similar in nature to the instruments described under "— Securities, Short-term Investments and Long-term Debt of CSEs." Also included are certain mutual funds without readily determinable fair values given prices are not published publicly. Valuation of the mutual funds is based upon quoted prices or reported net asset values ("NAVs") provided by the fund managers.

Level 3 Measurements:

These assets are comprised of investments that are similar in nature to the instruments described under "— Securities, Short-term Investments and Long-term Debt of CSEs." Separate account assets within this level also include other limited partnership interests. 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.

Derivatives

The estimated fair value of derivatives is determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for OTC derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing such instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models. The valuation process for derivatives is described above in "— Investments."

The significant inputs to the pricing models for most OTC 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 OTC 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 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 management believes they are consistent with what other market participants would use when pricing such instruments.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC 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. An evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Most inputs for OTC 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.

Freestanding Derivatives

Level 2 Measurements:

This level includes all types of derivative instruments utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivative instruments with unobservable inputs as described in Level 3. These derivatives are principally valued using the 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 and LIBOR 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 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.

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.

Level 3 Measurements:

These derivatives are principally valued using the 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 the extrapolation beyond observable limits of the swap yield curve and LIBOR basis curves.

Credit contracts

Non-option-based. — Significant unobservable inputs may include credit spreads, 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.

Embedded Derivatives

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees and embedded derivatives related to funds withheld on ceded reinsurance. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The Company issues and assumes certain variable annuity products with guaranteed minimum benefits. 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 PABs in the consolidated balance sheets.

The fair value of these embedded derivatives, estimated as the present value of projected future benefits minus the present value of projected future fees using actuarial and capital market assumptions including expectations concerning policyholder behavior, is calculated by the Company's actuarial department. The calculation is based on in-force business, and is performed using standard actuarial valuation software which projects future cash flows from the embedded derivative over multiple risk neutral stochastic scenarios using observable risk free rates.

Capital market assumptions, such as risk free rates and implied volatilities, are based on market prices for publicly traded instruments to the extent that prices for such instruments are observable. Implied volatilities beyond the observable period are extrapolated based on observable implied volatilities and historical volatilities. Actuarial assumptions, including mortality, lapse, withdrawal and utilization, are unobservable and are reviewed at least annually based on actuarial studies of historical experience.

The valuation of these guarantee liabilities includes adjustments for nonperformance risk and for a risk margin related to non-capital market inputs.

The nonperformance adjustment is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife'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 MetLife.

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.

The Company assumed, from an affiliated insurance company, the risk associated with certain GMIBs and GMWBs. These embedded derivatives are included in other policy-related balances in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these assumed risks is determined using a methodology consistent with that described previously for the guarantees directly written by the Company.

The Company ceded, to an affiliated reinsurance company, the risk associated with certain of the GMIBs, GMABs and GMWBs described above that are also accounted for as embedded derivatives. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also cedes, to the same affiliated reinsurance company, certain directly written GMIBs that are accounted for as insurance (i.e., not as embedded derivatives), but where the reinsurance agreement contains an embedded derivative. These embedded derivatives are included within premiums, reinsurance and other receivables in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these ceded risks is determined using a methodology consistent with that described

previously for the guarantees directly written by the Company with the exception of the input for nonperformance risk that reflects the credit of the reinsurer.

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 "— Securities, Short-term Investments and Long-term Debt of CSEs." 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.

Embedded Derivatives Within Asset and Liability Host Contracts

Level 3 Measurements:

Direct and Assumed Guaranteed Minimum Benefits

These embedded derivatives are principally valued using the 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 Benefits

These embedded derivatives are principally valued using the income approach. The valuation techniques and significant market standard unobservable inputs used in their valuation are similar to those described above in "— Direct and Assumed Guaranteed Minimum Benefits" and also include counterparty credit spreads.

Transfers between Levels:

Overall, transfers between levels occur when there are changes in the observability of inputs and market activity. Transfers into or out of any level are assumed to occur at the beginning of the period.

Transfers between Levels 1 and 2:

During the three months and six months ended June 30, 2012, there were no transfers between Levels 1 and 2. During the three months and six months ended June 30, 2011, transfers between Levels 1 and 2 were not significant. Any amounts for transfers between Levels 1 and 2 relate to assets and liabilities measured at estimated fair value and still held at June 30, 2012 and 2011.

Transfers into or out of Level 3:

Transfers into or out of Level 3 are presented in the tables which follow. 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 Level 3 for fixed maturity securities and separate account assets were due primarily to 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 independent non-binding broker quotations and unobservable inputs to determine estimated fair value.

Transfers out of Level 3 for fixed maturity securities and separate account assets 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.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following table presents certain quantitative information about the significant unobservable inputs used in the fair value measurement for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	Valuation Techniques	Significant Unobservable Inputs	Range			Weighted Average
Fixed maturity securities:						
U.S. corporate and foreign corporate securities	• Matrix pricing	• Delta spread adjustments (1)	(100)	–	420	51
		• Illiquidity premium (1)	30	–	30	
		• Spreads from below investment grade curves (1)	(158)	–	1,776	538
	• Consensus pricing	• Offered quotes (2)	—	–	200	
RMBS	• Market pricing	• Quoted prices (2)	100	–	300	200
CMBS	• Matrix pricing and DCF	• Spreads from below investment grade curves (1)	—	–	18,555	9,838
ABS	• Matrix pricing and DCF	• Spreads from below investment grade curves (1)	—	–	31,443	5,587
	• Market pricing	• Quoted prices (2)	97	–	300	192
	• Consensus pricing	• Offered quotes (2)	—	–	107	
Foreign government securities	• Consensus pricing	• Offered quotes (2)	192	–	198	
Derivatives:						
Interest rate contracts	• Present value techniques	• Swap yield (1)	228	–	340	
Credit contracts	• Present value techniques	• Credit spreads (1)	—	–	100	
	• Consensus pricing	• Offered quotes (3)				
Equity market contracts	• Present value techniques	• Volatility	19%	–	30%	
Embedded derivatives:						
Direct and ceded guaranteed minimum benefits	• Option pricing techniques	• Mortality rates:				
		Ages 0 - 40	0%	–	0.10%	
		Ages 41 - 60	0.05%	–	0.64%	
		Ages 61 - 115	0.32%	–	100%	
		• Lapse rates:				
		Durations 1 - 10	0.50%	–	100%	
		Durations 11 - 20	3%	–	100%	
		Durations 21 - 116	3%	–	100%	
		• Utilization rates (4)	20%	–	50%	
		• Withdrawal rates	0.07%	–	10%	
		• Long-term equity volatilities	17.40%	–	25%	
		• Nonperformance risk spread	0.35%	–	1.05%	

(1) For this unobservable input, range and weighted average are presented in basis points.

(2) For this unobservable input, range and weighted average are presented in accordance with the market convention for fixed maturity securities of dollars per hundred dollars of par.

(3) At June 30, 2012, independent non-binding broker quotations were used in the determination of less than 1% of the total net derivative estimated fair value.

(4) This range is attributable to certain GMIB and lifetime withdrawal benefits.

The following is a summary of the valuation techniques and significant unobservable inputs used in the fair value measurement for other types of financial instruments classified within Level 3. These financial instruments

are subject to the controls described under "— Investments." Generally, equity securities, other securities, short-term investments and securities included within separate account assets and embedded derivatives within funds withheld related to certain ceded reinsurance classified within Level 3 use the same valuation techniques and significant unobservable inputs as previously described for fixed maturity securities. This includes matrix pricing and DCF methodologies, inputs such as 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, as well as independent non-binding broker quotations.

A description of the sensitivity of the estimated fair value to changes in the significant unobservable inputs for certain of the major asset and liability classes described above is as follows:

U.S. corporate and foreign corporate securities

Significant spread widening in isolation will adversely impact the overall valuation, while significant spread tightening will lead to substantial valuation increases. Significant increases (decreases) in illiquidity premiums in isolation would result in substantially lower (higher) valuations. Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations. Significant increases (decreases) in offered quotes in isolation would result in substantially higher (lower) valuations.

Foreign government securities

Significant spread widening in isolation will adversely impact the overall valuation, while significant spread tightening will lead to substantial valuation increases. Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations. Significant increases (decreases) in offered quotes in isolation would result in substantially higher (lower) valuations.

Structured securities comprised of RMBS, CMBS and ABS

Significant spread widening in isolation will adversely impact the overall valuation, while significant spread tightening will lead to substantial valuation increases. Significant increases (decreases) in offered quotes in isolation would result in substantially higher (lower) valuations. In general, changes in the assumptions used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Interest rate contracts

Significant increases (decreases) in the unobservable portion of the swap yield curve in isolation will result in substantial valuation changes.

Credit contracts

Credit contracts with significant unobservable inputs are primarily comprised of credit default swaps written by the Company. Significant credit spread widening in isolation will result in substantially higher adverse valuations, while significant spread tightening will result in substantially lower adverse valuations. Significant increases (decreases) in offered quotes in isolation will result in substantially higher (lower) valuations.

Equity market contracts

Significant decreases in the equity volatility in isolation will adversely impact overall valuation, while significant increases in equity volatility will result in substantial valuation increases.

Direct and ceded guaranteed minimum benefits

For any increase (decrease) in mortality and lapse rates, the fair value of the guarantees will decrease (increase). For any increase (decrease) in utilization and volatility, the fair value of the guarantees will increase (decrease). Specifically for GMWBs, for any increase (decrease) in withdrawal rates, the fair value of the guarantees will increase (decrease). Specifically for GMABs and GMIBs, for any increase (decrease) in withdrawal rates, the fair value of the guarantees will decrease (increase).

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 periods:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Three Months Ended June 30, 2012:								
Balance, beginning of period	$ 1,493	$ —	$ 622	$ 356	$ 152	$ 25	$ 257	$ 2
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	2	—	—	—	—	—	—	—
Net investment gains (losses)	—	—	(6)	(3)	(1)	—	—	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	14	—	19	9	1	—	—	—
Purchases (3)	30	—	77	1	20	—	52	—
Sales (3)	(31)	—	(11)	(99)	(19)	—	(1)	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	17	—	37	—	15	—	—	—
Transfers out of Level 3 (4)	(3)	—	(40)	(31)	(10)	—	(19)	—
Balance, end of period	$ 1,522	$ —	$ 698	$ 233	$ 158	$ 25	$ 289	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2012 included in net income (loss):								
Net investment income	$ 2	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (6)	$ (2)	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)								
	Equity Securities:			Net Derivatives: (5)					
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Three Months Ended June 30, 2012:								
Balance, beginning of period	$ 25	$ 92	$ 20	$ 95	$ 9	$ (17)	$ 1,148	$ 149
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	—	—	—	—	—	—	—	—
Net derivative gains (losses)	—	—	—	22	(3)	11	69	—
Other comprehensive income (loss)	(1)	(1)	—	71	—	—	—	—
Purchases (3)	—	—	22	—	—	—	—	1
Sales (3)	(2)	—	(20)	—	—	—	—	(1)
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	(19)	—	—	(3)	—
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	—
Balance, end of period	$ 22	$ 91	$ 22	$ 169	$ 6	$ (6)	$ 1,214	$ 149
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2012 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 19	$ (3)	$ 11	$ 72	$ —

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	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS (8)	CMBS	State and Political Subdivision Securities	ABS (8)	Foreign Government Securities
	(In millions)							
Three Months Ended June 30, 2011:								
Balance, beginning of period	$ 1,428	$ 32	$ 782	$ 255	$ 152	$ 32	$ 324	$ 2
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	1	—	—	—	—	—
Net investment gains (losses)	4	—	(19)	(2)	2	—	—	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	12	—	18	(2)	—	(7)	(1)	—
Purchases (3)	64	—	293	5	18	—	4	—
Sales (3)	(42)	—	(286)	(2)	(9)	—	(18)	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	3	—	11	—	—	—	—	—
Transfers out of Level 3 (4)	(24)	(32)	(44)	(4)	(8)	—	(232)	—
Balance, end of period	$ 1,445	$ —	$ 756	$ 250	$ 155	$ 25	$ 77	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2011 included in net income (loss):								
Net investment income	$ —	$ —	$ 1	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (6)	$ (2)	$ —	$ —	$ (1)	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Three Months Ended June 30, 2011:								
Balance, beginning of period	$ 31	$ 219	$ 82	$ (75)	$ 11	$ 6	$ 647	$ 130
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	—	(24)	—	—	—	—	—	(1)
Net derivative gains (losses)	—	—	—	1	—	(4)	126	—
Other comprehensive income (loss)	1	24	—	12	—	—	—	—
Purchases (3)	—	—	58	—	—	—	—	2
Sales (3)	—	(98)	(48)	—	—	—	—	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	(1)	—	9	—
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	(1)
Balance, end of period	$ 32	$ 121	$ 92	$ (62)	$ 10	$ 2	$ 782	$ 130
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2011 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ (5)	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 1	$ —	$ (4)	$ 126	$ —

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	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS	CMBS	State and Political Subdivision Securities	ABS	Foreign Government Securities
	(In millions)							
Six Months Ended June 30, 2012:								
Balance, beginning of period	$ 1,432	$ —	$ 580	$ 239	$ 147	$ 23	$ 220	$ 2
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	3	—	—	—	—	—	—	—
Net investment gains (losses)	—	—	(8)	(2)	(2)	—	—	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	(2)	—	20	16	6	2	1	—
Purchases (3)	122	—	80	—	21	—	95	—
Sales (3)	(55)	—	(16)	(20)	(29)	—	(9)	—
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3 (4)	27	—	53	—	15	—	—	—
Transfers out of Level 3 (4)	(5)	—	(11)	—	—	—	(18)	—
Balance, end of period	$ 1,522	$ —	$ 698	$ 233	$ 158	$ 25	$ 289	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2012 included in net income (loss):								
Net investment income	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (6)	$ (2)	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Six Months Ended June 30, 2012:								
Balance, beginning of period	$ 21	$ 76	$ 10	$ 174	$ (1)	$ 43	$ 1,032	$ 130
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	(3)	—	—	—	—	—	—	19
Net derivative gains (losses)	—	—	—	10	7	(49)	181	—
Other comprehensive income (loss)	4	15	—	14	—	—	—	—
Purchases (3)	—	—	22	—	—	—	—	2
Sales (3)	—	—	(10)	—	—	—	—	(2)
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	(29)	—	—	1	—
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	—	—	—
Balance, end of period	$ 22	$ 91	$ 22	$ 169	$ 6	$ (6)	$ 1,214	$ 149
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2012 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ (3)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 7	$ 7	$ (49)	$ 186	$ —

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	U.S. Treasury and Agency Securities	Foreign Corporate Securities	RMBS (8)	CMBS	State and Political Subdivision Securities	ABS (8)	Foreign Government Securities
	(In millions)							
Six Months Ended June 30, 2011:								
Balance, beginning of period	$ 1,510	$ 34	$ 880	$ 282	$ 130	$ 32	$ 321	$ 14
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	2	—	1	—	—	—	—	—
Net investment gains (losses)	3	—	(17)	(2)	—	—	(6)	—
Net derivative gains (losses)	—	—	—	—	—	—	—	—
Other comprehensive income (loss)	21	—	35	1	17	(7)	7	—
Purchases (3)	88	—	296	—	18	—	16	—
Sales (3)	(91)	(1)	(392)	(15)	(10)	—	(34)	(12)
Issuances (3)	—	—	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—	—	—
Transfers into Level 3(4)	3	—	11	—	—	—	—	—
Transfers out of Level 3(4)	(91)	(33)	(58)	(16)	—	—	(227)	—
Balance, end of period	$ 1,445	$ —	$ 756	$ 250	$ 155	$ 25	$ 77	$ 2
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2011 included in net income (loss):								
Net investment income	$ 2	$ —	$ 1	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ —	$ (6)	$ (2)	$ —	$ —	$ (3)	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Common Stock	Non-redeemable Preferred Stock	Short-term Investments	Interest Rate Contracts	Credit Contracts	Equity Market Contracts	Net Embedded Derivatives (6)	Separate Account Assets (7)
	(In millions)							
Six Months Ended June 30, 2011:								
Balance, beginning of period	$ 22	$ 214	$ 173	$ (61)	$ 11	$ 12	$ 677	$ 133
Total realized/unrealized gains (losses) included in:								
Net income (loss): (1), (2)								
Net investment income	—	—	—	—	—	—	—	—
Net investment gains (losses)	1	(24)	(1)	—	—	—	—	(5)
Net derivative gains (losses)	—	—	—	2	1	(10)	73	—
Other comprehensive income (loss)	5	28	—	4	—	—	—	—
Purchases (3)	9	—	92	—	—	—	—	3
Sales (3)	(5)	(97)	(172)	—	—	—	—	(1)
Issuances (3)	—	—	—	—	(1)	—	—	—
Settlements (3)	—	—	—	—	(1)	—	32	—
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	(7)	—	—	—	—
Balance, end of period	$ 32	$ 121	$ 92	$ (62)	$ 10	$ 2	$ 782	$ 130
Changes in unrealized gains (losses) relating to assets and liabilities still held at June 30, 2011 included in net income (loss):								
Net investment income	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net investment gains (losses)	$ —	$ (5)	$ —	$ —	$ —	$ —	$ —	$ —
Net derivative gains (losses)	$ —	$ —	$ —	$ 2	$ 1	$ (10)	$ 75	$ —

(1) Amortization of premium/discount is included within net investment income. Impairments charged to earnings on securities are included in net investment gains (losses). Lapses associated with net embedded derivatives are included in net derivative 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. Fees attributed to embedded derivatives are included in 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/or out of Level 3 in the same period are excluded from the rollforward.

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

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

(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) See Note 2 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for discussion of a reclassification from the ABS sector to the RMBS sector for securities backed by sub-prime residential mortgage loans.

Fair Value Option

Assets and Liabilities Held by CSEs

The Company has elected the FVO for the following assets and liabilities held by CSEs: commercial mortgage loans and long-term debt. The following table presents these commercial mortgage loans accounted for under the FVO at:

	June 30, 2012	December 31, 2011
	(In millions)	
Unpaid principal balance	$ 2,814	$ 3,019
Difference between estimated fair value and unpaid principal balance	118	119
Carrying value at estimated fair value	$ 2,932	$ 3,138

The following table presents the long-term debt accounted for under the FVO related to commercial mortgage loans at:

	June 30, 2012	December 31, 2011
	(In millions)	
Contractual principal balance	$ 2,719	$ 2,925
Difference between estimated fair value and unpaid principal balance	130	140
Carrying value at estimated fair value	$ 2,849	$ 3,065

Interest income on commercial mortgage loans 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 the long-term debt are recognized in net investment gains (losses). See Note 3.

Non-Recurring Fair Value Measurements

Certain assets 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 and which are categorized as Level 3 measurements.

	Three Months Ended June 30,					
	2012			2011		
	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, net (1)	$ 8	$ 12	$ 4	$ —	$ 8	$ 8
Other limited partnership interests (2)	$ 5	$ 4	$ (1)	$ 3	$ 2	$ (1)
Real estate joint ventures (3)	$ —	$ —	$ —	$ —	$ —	$ —

	Six Months Ended June 30,					
	2012			2011		
	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, net (1)	$ 8	$ 12	$ 4	$ —	$ 8	$ 8
Other limited partnership interests (2)	$ 6	$ 4	$ (2)	$ 3	$ 2	$ (1)
Real estate joint ventures (3)	$ 5	$ 2	$ (3)	$ —	$ —	$ —

(1) ***Mortgage loans*** **—** These impaired mortgage loans are written down to their estimated fair values which are reported as losses. Subsequent improvements in estimated fair value on previously impaired loans recorded through a reduction in the previously established valuation allowance are reported as gains. Estimated fair values for impaired mortgage loans are based on 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.

(2) ***Other limited partnership interests*** — These impaired investments were accounted for using the cost method. Impairments were recognized at estimated fair value determined from information provided in the financial statements of the underlying entities. These investments include private equity and debt funds that typically invest primarily in various strategies including domestic and international leveraged buyout funds; power, energy, timber and infrastructure development funds; venture capital funds; and below investment grade debt and mezzanine debt funds. The estimated fair values of these investments have been determined using NAV data. Distributions 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 two to 10 years. Unfunded commitments for these investments were $2 million and less than $1 million at June 30, 2012 and 2011, respectively.

(3) ***Real estate joint ventures*** — These impaired investments were accounted for using the cost method. Impairments were recognized at estimated fair value determined from information provided in the financial statements of the underlying entities. These investments include several real estate funds that typically invest primarily in commercial real estate. The estimated fair values of these investments have been determined using NAV data. Distributions 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 two to 10 years. Unfunded commitments for these investments were $3 million at June 30, 2012. There were no unfunded commitments for these investments at June 30, 2011.

Fair Value of Financial Instruments

The tables below exclude certain financial instruments. The excluded financial instruments are as follows: cash and cash equivalents, accrued investment income, payables for collateral under securities loaned and other transactions and those short-term investments that are not securities, such as time deposits, and are excluded from the preceding three level hierarchy table. The estimated fair value of these financial instruments, which are primarily classified in Level 2, approximate carrying value as they are short-term in nature such that the Company believes there is minimal risk of material changes in interest rates or credit quality. The table below also excludes financial instruments reported at estimated fair value on a recurring basis. See "— Recurring Fair Value Measurements." All remaining balance sheet amounts excluded from the table below are not considered financial instruments subject to this disclosure.

The carrying values, estimated fair values and, for June 30, 2012, their corresponding placement in the fair value hierarchy, for such financial instruments, are summarized as follows:

	June 30, 2012				
		Fair Value Measurements at Reporting Date Using			
	Carrying Value	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:					
Mortgage loans, net	$ 6,463	$ —	$ —	$ 6,859	$ 6,859
Policy loans	$ 1,232	$ —	$ 863	$ 475	$ 1,338
Real estate joint ventures	$ 61	$ —	$ —	$ 105	$ 105
Other limited partnership interests	$ 101	$ —	$ —	$ 121	$ 121
Other invested assets	$ 430	$ —	$ —	$ 511	$ 511
Premiums, reinsurance and other receivables	$ 5,972	$ —	$ 123	$ 6,813	$ 6,936
Liabilities:					
PABs	$ 22,851	$ —	$ —	$ 24,533	$ 24,533
Long-term debt	$ 792	$ —	$ 961	$ —	$ 961
Other liabilities	$ 379	$ —	$ 230	$ 149	$ 379
Separate account liabilities	$ 1,286	$ —	$ 1,286	$ —	$ 1,286
Commitments: (1)					
Mortgage loan commitments	$ —	$ —	$ —	$ 5	$ 5
Commitments to fund bank credit facilities and private corporate bond investments	$ —	$ —	$ 5	$ —	$ 5

	December 31, 2011	
	Carrying Value	Estimated Fair Value
	(In millions)	
Assets:		
Mortgage loans, net	$ 6,662	$ 6,946
Policy loans	$ 1,203	$ 1,307
Real estate joint ventures	$ 69	$ 107
Other limited partnership interests	$ 98	$ 126
Other invested assets	$ 430	$ 477
Premiums, reinsurance and other receivables	$ 5,973	$ 6,880
Liabilities:		
PABs	$ 23,144	$ 24,732
Long-term debt	$ 792	$ 970
Other liabilities	$ 224	$ 224
Separate account liabilities	$ 1,240	$ 1,240
Commitments: (1)		
Mortgage loan commitments	$ —	$ —
Commitments to fund bank credit facilities and private corporate bond investments	$ —	$ 7

(1) Commitments are off-balance sheet obligations. Negative estimated fair values represent off-balance sheet liabilities. See Note 9 for additional information on these off-balance sheet obligations.

The methods, assumptions and significant valuation techniques and inputs used to estimate the fair value of financial instruments are summarized as follows:

Mortgage Loans

The estimated fair value of mortgage loans was primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk.

Policy Loans

Policy loans with fixed interest rates are classified within Level 3. The estimated fair values for these loans are determined using a DCF model applied to groups of similar policy loans determined by the nature of the underlying insurance liabilities. Cash flow estimates are developed by 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. Policy loans with variable interest rates are classified within Level 2 and the estimated fair value 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.

Real Estate Joint Ventures and Other Limited Partnership Interests

The amounts disclosed in the preceding tables consist of those investments accounted for using the cost method.

The estimated fair values for cost method real estate joint ventures and other limited partnership interests 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.

Other Invested Assets

Other invested assets within the preceding tables are comprised of loans to affiliates. The estimated fair value of loans to affiliates is determined by discounting the expected future cash flows using market interest rates currently available for instruments with similar terms and remaining maturities.

Premiums, Reinsurance and Other Receivables

Premiums, reinsurance and other receivables in the preceding tables are principally comprised of certain amounts recoverable under reinsurance agreements, 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.

Amounts recoverable under ceded reinsurance agreements, which the Company has determined do not transfer significant risk such that they are accounted for using the deposit method of accounting, have been classified within Level 3. The valuation is based on DCF methodologies using significant unobservable inputs. The estimated fair value is determined using interest rates determined to reflect the appropriate credit standing of the assuming counterparty.

The amounts on deposit for derivative settlements, classified within Level 2, 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.

PABs

PABs in the preceding tables include investment contracts. Embedded derivatives on investment contracts and certain variable annuity guarantees accounted for as embedded derivatives are excluded from this caption in the preceding tables as they are separately presented in "— Recurring Fair Value Measurements."

The investment contracts primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts. The valuation of these investment contracts is based on DCF methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates adding a spread to reflect the nonperformance risk in the liability.

Long-term Debt

The estimated fair values of long-term debt are principally valued using market standard valuation methodologies. Valuations are 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 quoted prices in markets that are not active and observable yields and spreads in the market. Instruments valued using DCF methodologies use standard market observable inputs including market yield curve, duration, observable prices and spreads for similar publicly traded or privately traded issues.

Other Liabilities

Other liabilities consist primarily of interest payable, amounts due for securities purchased but not yet settled and funds withheld amounts payable, which are contractually withheld by the Company in accordance with the terms of the reinsurance agreements and are recorded using the deposit method of accounting. The Company evaluates the specific terms, facts and circumstances of each instrument to determine the appropriate estimated fair values, which are not materially different from the carrying values.

Separate Account Liabilities

Separate account liabilities included in the preceding tables represent those balances due to policyholders under contracts that are classified as investment contracts.

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 and certain contracts that provide for benefit funding.

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 value of those assets approximates the estimated fair value of the related separate account liabilities. The valuation techniques and inputs for separate account liabilities are similar to those described for separate account assets.

Mortgage Loan Commitments and Commitments to Fund Bank Credit Facilities 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 and private corporate bonds that will be held for investment reflected in the above tables represent 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.

6. Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding DAC and value of business acquired ("VOBA") was as follows:

	Six Months Ended June 30,					
	2012			2011		
	DAC	VOBA	Total	DAC	VOBA	Total
	(In millions)					
Balance, beginning of period	$ 3,182	$ 1,006	$ 4,188	$ 2,705	$ 1,686	$ 4,391
Capitalizations	494	—	494	631	—	631
Subtotal	3,676	1,006	4,682	3,336	1,686	5,022
Amortization related to:						
Net investment gains (losses)	(65)	(3)	(68)	(52)	1	(51)
Other expenses	(280)	(106)	(386)	(214)	(137)	(351)
Total amortization	(345)	(109)	(454)	(266)	(136)	(402)
Unrealized investment gains (losses)	(19)	(78)	(97)	(14)	(68)	(82)
Disposition and other (1)	(159)	—	(159)	2	—	2
Balance, end of period	$ 3,153	$ 819	$ 3,972	$ 3,058	$ 1,482	$ 4,540

(1) See Note 2 for discussion of the disposition.

Amortization of DAC and VOBA is attributed to both investment gains and losses and to other expenses for the amount of gross margins or profits originating from transactions other than investment gains and losses. Unrealized investment gains and losses represent the amount of DAC and VOBA that would have been amortized if such gains and losses had been recognized.

See Note 1 for information on the retrospective application of the adoption of new accounting guidance related to DAC.

Information regarding DAC and VOBA by segment, as well as Corporate & Other, was as follows:

	DAC		VOBA		Total	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
	(In millions)					
Retail	$ 3,145	$ 3,042	$ 819	$ 1,005	$ 3,964	$ 4,047
Corporate Benefit Funding	8	12	—	1	8	13
Corporate & Other	—	128	—	—	—	128
Total	$ 3,153	$ 3,182	$ 819	$ 1,006	$ 3,972	$ 4,188

7. Goodwill

In the first quarter of 2012, the Company reorganized its business into two segments: Retail and Corporate Benefit Funding. See Note 12 for a discussion of the Company's new segments. As a result of the reorganization, the Company reallocated goodwill from the former segments to the new segments as shown in the below table under "Goodwill Transfers."

The Company tests goodwill for impairment at least annually at the reporting unit level. A reporting unit is the operating segment or a business one level below the operating segment, if discrete financial information is prepared and regularly reviewed by management at that level. For each operating segment, the reporting units were determined to be either the operating segment or the components thereof.

The following table presents the changes in the carrying amount of goodwill in each of the Company's segments, as well as Corporate & Other, and the balances at:

	December 31, 2011	Goodwill Transfers	June 30, 2012
		(In millions)	
2011			
Insurance Products	$ 22	$ (22)	$ —
Retirement Products	219	(219)	—
Corporate Benefit Funding	307	(307)	—
Corporate & Other	405	(405)	—
2012			
Retail	—	236	236
Corporate Benefit Funding	—	307	307
Corporate & Other	—	410	410
Total	$ 953	$ —	$ 953

The Company had no accumulated goodwill impairment at June 30, 2012. In 2012, Corporate & Other includes goodwill associated with the non-medical health business (see Note 12).

8. Insurance

Insurance Liabilities

Insurance liabilities, including affiliated insurance liabilities on reinsurance assumed and ceded, were as follows:

	Future Policy Benefits		Policyholder Account Balances		Other Policy-Related Balances	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
			(In millions)			
Retail	$ 5,689	$ 5,175	$ 28,994	$ 30,001	$ 2,727	$ 2,577
Corporate Benefit Funding	14,401	14,028	8,621	8,375	16	14
Corporate & Other (1)	5,973	6,280	1	3,699	346	398
Total	$ 26,063	$ 25,483	$ 37,616	$ 42,075	$ 3,089	$ 2,989

(1) See Note 2 for discussion of a disposition.

See Note 13 for discussion of affiliated reinsurance liabilities included in the table above.

Guarantees

As discussed in Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company issues variable annuity products with guaranteed minimum benefits. The non-life-contingent portion of GMWB, GMAB and the portion of certain GMIB that does not require annuitization are accounted for as embedded derivatives in PABs. These guarantees are recorded at estimated fair value with changes in estimated fair value recorded in net derivative gains (losses), and are excluded from the net amount at risk and other disclosures below.

Based on the type of guarantee, the Company defines net amount at risk as listed below.

- *In the Event of Death* — Defined as the guaranteed minimum death benefit less the total contract account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

- *At Annuitization* — Defined as the amount (if any) that would be required to be added to the total contract account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date, even though the contracts contain terms that only allow annuitization of the guaranteed amount after the 10th anniversary of the contract, which not all contractholders have achieved.

- *Universal and Variable Life Contracts* — Defined as the guarantee amount less the account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

These amounts include direct business, but exclude offsets from hedging or reinsurance, if any. As discussed in Note 8 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report, the Company has reinsured substantially all of these living and death benefit guarantees associated with its variable annuities issued since 2006 to an affiliated reinsurer, and certain portions of the living and death benefit guarantees associated with its variable annuities issued prior to 2006 to affiliated and unaffiliated reinsurers. Therefore, the net amounts at risk presented below reflect the economic exposures of the living and death benefit guarantees associated with the variable annuities, but not necessarily their impact to the Company.

Information regarding the liabilities for guarantees (excluding base policy liabilities) relating to annuity and universal and variable life contracts was as follows:

	June 30, 2012		December 31, 2011	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
***Annuity Contracts* (1)**				
Variable Annuity Guarantees				
Total contract account value	$ 83,063	$ 46,654	$ 76,550	$ 41,713
Separate account value	$ 77,613	$ 44,858	$ 70,635	$ 39,454
Net amount at risk	$ 4,326	$ 1,781(2)	$ 5,515	$ 1,444(2)
Average attained age of contractholders	63 years	63 years	62 years	62 years

	June 30, 2012	December 31, 2011
	Secondary Guarantees	
	(In millions)	
***Universal and Variable Life Contracts* (1)**		
Account value (general and separate account)	$ 5,559	$ 5,177
Net amount at risk	$ 83,991	$ 80,477
Average attained age of policyholders	58 years	58 years

(1) The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.

(2) The Company has previously disclosed the net amount at risk based on the excess of the benefit base over the contractholder's total contract account value on the balance sheet date. Such amounts were $6.3 billion and $6.6 billion at June 30, 2012 and December 31, 2011, respectively. The Company has provided, in the table above, the net amount as risk as defined above. The Company believes that this definition is more representative of the potential economic exposures of these guarantees as the contractholders do not have access to this difference other than through annuitization.

See Note 7 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report.

9. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large and/or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for some of the matters below. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at June 30, 2012.

Matters as to Which an Estimate Can Be Made

For some of the matters discussed below, the Company is able to estimate a reasonably possible range of loss. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. As of June 30, 2012, the aggregate range of reasonably possible losses in excess of amounts accrued for these matters was not material for the Company.

Matters as to Which an Estimate Cannot Be Made

For other matters disclosed below, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Sales Practices Claims

Over the past several years, the Company has faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to vigorously defend against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Connecticut General Life Insurance Company and MetLife Insurance Company of Connecticut are engaged in an arbitration proceeding to determine whether MetLife Insurance Company of Connecticut is owed money from Connecticut General Life Insurance Company or is required to refund several million dollars it collected and/or should stop submitting certain claims under reinsurance contracts in which Connecticut General Life Insurance Company reinsured death benefits payable under certain MetLife Insurance Company of Connecticut annuities.

A former Tower Square Securities, Inc. ("Tower Square") financial services representative is alleged to have misappropriated funds from customers. The Illinois Securities Division, the U.S. Postal Inspector, the Internal Revenue Service, the Financial Industry Regulatory Authority, Inc. and the U.S. Attorney's Office have

conducted inquiries. Tower Square has made remediation to all the affected customers. The Illinois Securities Division has issued a Statement of Violations to Tower Square, and Tower Square is conducting discussions with the Illinois Securities Division.

Unclaimed Property Inquiries

In April 2012, MetLife, for itself and on behalf of entities including MetLife Insurance Company of Connecticut, reached agreements with representatives of the U.S. jurisdictions that were conducting audits of MetLife and certain of its affiliates for compliance with unclaimed property laws, and with state insurance regulators directly involved in a multistate targeted market conduct examination relating to claim-payment practices and compliance with unclaimed property laws. The effectiveness of each agreement was conditioned upon the approval of a specified number of jurisdictions. In each case, the threshold for effectiveness has been reached. Pursuant to the agreements, MetLife will, among other things, take specified action to identify liabilities under life insurance, annuity, and retained asset contracts, to adopt specified procedures for seeking to contact and pay owners of the identified liabilities, and, to the extent that it is unable to locate such owners, to escheat these amounts with interest at a specified rate to the appropriate states. Additionally, MetLife has agreed to accelerate the final date of certain industrial life policies and to escheat unclaimed benefits of such policies. It is possible that other jurisdictions may pursue similar exams or audits and that such exams or audits may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and/or further changes to the Company's procedures. The Company is not currently able to estimate these additional possible costs.

Summary

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Commitments

Commitments to Fund Partnership Investments

The Company makes commitments to fund partnership investments in the normal course of business. The amounts of these unfunded commitments were $1.1 billion and $1.2 billion at June 30, 2012 and December 31, 2011, respectively. The Company anticipates that these amounts will be invested in partnerships over the next five years.

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $191 million and $167 million at June 30, 2012 and December 31, 2011, respectively.

Commitments to Fund Bank Credit Facilities and Private Corporate Bond Investments

The Company commits to lend funds under bank credit facilities and private corporate bond investments. The amounts of these unfunded commitments were $195 million and $248 million at June 30, 2012 and December 31, 2011, respectively.

Other Commitments

The Company has entered into collateral arrangements with affiliates, which require the transfer of collateral in connection with secured demand notes. At June 30, 2012 and December 31, 2011, the Company had agreed to fund up to $86 million and $90 million, respectively, of cash upon the request by these affiliates and had transferred collateral consisting of various securities with a fair market value of $107 million and $109 million, respectively, to custody accounts to secure the notes. Each of these affiliates is permitted by contract to sell or repledge this collateral.

Guarantees

The Company has provided a guarantee on behalf of MetLife International Insurance Company, Ltd. ("MLII"), a former affiliate, that is triggered if MLII cannot pay claims because of insolvency, liquidation or rehabilitation. Life insurance coverage in-force, representing the maximum potential obligation under this guarantee, was $241 million and $272 million at June 30, 2012 and December 31, 2011, respectively. The Company does not hold any collateral related to this guarantee, but has a recorded liability of $1 million that was based on the total account value of the guaranteed policies plus the amounts retained per policy at both June 30, 2012 and December 31, 2011. The remainder of the risk was ceded to external reinsurers.

10. Equity

Dividend Restrictions

During June 2012, the Company distributed all of the issued and outstanding shares of common stock of MetLife Europe to MetLife as an in-kind extraordinary dividend of $202 million, as calculated on a statutory basis. Regulatory approval for this extraordinary dividend was obtained due to the timing of payment. Remaining dividends permitted to be paid in 2012 without regulatory approval total $302 million. See Note 2.

See Note 12 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report for additional information on dividend restrictions.

11. Other Expenses

Information on other expenses was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Compensation	$ 83	$ 76	$ 176	$ 151
Commissions	246	368	526	674
Volume-related costs	39	44	98	82
Affiliated interest costs on ceded reinsurance	98	51	147	105
Capitalization of DAC	(217)	(349)	(494)	(631)
Amortization of DAC and VOBA	416	302	454	402
Interest expense on debt and debt issuance costs	59	110	119	220
Premium taxes, licenses and fees	16	13	40	28
Professional services	6	20	12	29
Rent	8	8	17	15
Other	133	96	249	179
Total other expenses	$ 887	$ 739	$ 1,344	$ 1,254

Capitalization of DAC and Amortization of DAC and VOBA

See Note 6 for DAC and VOBA by segment and a rollforward of each including impacts of capitalization and amortization. See Note 1 for information on the retrospective application of the adoption of new accounting guidance related to DAC.

Affiliated Expenses

Commissions, capitalization of DAC and amortization of DAC include the impact of affiliated reinsurance transactions. See Note 13 for a discussion of affiliated expenses included in the table above.

12. Segment Information

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, the Company reorganized into two segments: Retail and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. Prior period results have been revised in connection with this reorganization.

The Retail segment offers a broad range of protection products and a variety of annuities primarily to individuals, and is organized into two businesses: Annuities and Life. Annuities include a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Life insurance products include variable life, universal life, term life and whole life products. Additionally, through our broker-dealer affiliates, we offer a full range of mutual funds and other securities products.

The Corporate Benefit Funding segment includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This segment also includes certain products to fund company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations and non-medical health business, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Operating earnings is the measure of segment profit or loss the Company uses to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is the Company's measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for GAAP net income (loss). The Company believes the presentation of operating earnings as the Company measures it for management purposes enhances the understanding of its performance by highlighting the results of operations and the underlying profitability drivers of the business.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB Fees"); and

- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");

- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of PABs but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of DAC and VOBA excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and acquisition and integration costs.

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

Set forth in the tables below is certain financial information with respect to the Company's segments, as well as Corporate & Other for the three months and six months ended June 30, 2012 and 2011. The segment accounting policies are the same as those used to prepare the Company's consolidated financial statements, except for operating earnings adjustments as defined above. In addition, segment accounting policies include the method of capital allocation described below.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

MetLife's economic capital model aligns segment allocated equity with emerging standards and consistent risk principles. Segment net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

	Operating Earnings					
Three Months Ended June 30, 2012	Retail	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 116	$ 236	$ 54	$ 406	$ —	$ 406
Universal life and investment-type product policy fees	528	7	6	541	34	575
Net investment income	383	317	60	760	(104)	656
Other revenues	123	2	—	125	—	125
Net investment gains (losses)	—	—	—	—	71	71
Net derivative gains (losses)	—	—	—	—	582	582
Total revenues	1,150	562	120	1,832	583	2,415
Expenses						
Policyholder benefits and claims	169	369	50	588	48	636
Interest credited to policyholder account balances	235	41	—	276	(109)	167
Capitalization of DAC	(204)	—	(13)	(217)	—	(217)
Amortization of DAC and VOBA	207	1	1	209	207	416
Interest expense on debt	—	—	17	17	42	59
Other expenses	585	9	26	620	9	629
Total expenses	992	420	81	1,493	197	1,690
Provision for income tax expense (benefit)	56	50	(13)	93	134	227
Operating earnings	$ 102	$ 92	$ 52	246		
Adjustments to:						
Total revenues				583		
Total expenses				(197)		
Provision for income tax (expense) benefit				(134)		
Net income				$ 498		$ 498

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

Three Months Ended June 30, 2011	Operating Earnings: Retail	Operating Earnings: Corporate Benefit Funding	Operating Earnings: Corporate & Other	Operating Earnings: Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 164	$ 475	$ 2	$ 641	$ —	$ 641
Universal life and investment-type product policy fees	453	6	13	472	21	493
Net investment income	356	299	44	699	96	795
Other revenues	129	2	—	131	—	131
Net investment gains (losses)	—	—	—	—	(27)	(27)
Net derivative gains (losses)	—	—	—	—	133	133
Total revenues	1,102	782	59	1,943	223	2,166
Expenses						
Policyholder benefits and claims	199	595	1	795	23	818
Interest credited to policyholder account balances	244	45	—	289	15	304
Capitalization of DAC	(331)	(1)	(17)	(349)	—	(349)
Amortization of DAC and VOBA	185	1	1	187	115	302
Interest expense on debt	—	—	16	16	94	110
Other expenses	621	7	37	665	11	676
Total expenses	918	647	38	1,603	258	1,861
Provision for income tax expense (benefit)	64	47	(4)	107	(10)	97
Operating earnings	$ 120	$ 88	$ 25	233		
Adjustments to:						
Total revenues				223		
Total expenses				(258)		
Provision for income tax (expense) benefit				10		
Net income				$ 208		$ 208

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

Six Months Ended June 30, 2012	Operating Earnings					
	Retail	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 297	$ 353	$ 136	$ 786	$ —	$ 786
Universal life and investment-type product policy fees	1,028	15	14	1,057	62	1,119
Net investment income	755	600	113	1,468	80	1,548
Other revenues	245	3	—	248	—	248
Net investment gains (losses)	—	—	—	—	75	75
Net derivative gains (losses)	—	—	—	—	143	143
Total revenues	2,325	971	263	3,559	360	3,919
Expenses						
Policyholder benefits and claims	399	606	131	1,136	89	1,225
Interest credited to policyholder account balances	475	86	—	561	45	606
Capitalization of DAC	(457)	(3)	(34)	(494)	—	(494)
Amortization of DAC and VOBA	377	8	3	388	66	454
Interest expense on debt	—	—	34	34	85	119
Other expenses	1,160	19	82	1,261	4	1,265
Total expenses	1,954	716	216	2,886	289	3,175
Provision for income tax expense (benefit)	130	89	(26)	193	34	227
Operating earnings	$ 241	$ 166	$ 73	480		
Adjustments to:						
Total revenues				360		
Total expenses				(289)		
Provision for income tax (expense) benefit				(34)		
Net income				$ 517		$ 517

Six Months Ended June 30, 2011	Operating Earnings: Retail	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 237	$ 537	$ 3	$ 777	$ —	$ 777
Universal life and investment-type product policy fees	870	17	20	907	41	948
Net investment income	716	597	92	1,405	176	1,581
Other revenues	258	3	—	261	—	261
Net investment gains (losses)	—	—	—	—	(41)	(41)
Net derivative gains (losses)	—	—	—	—	(23)	(23)
Total revenues	2,081	1,154	115	3,350	153	3,503
Expenses						
Policyholder benefits and claims	329	783	3	1,115	30	1,145
Interest credited to policyholder account balances	484	95	—	579	12	591
Capitalization of DAC	(596)	(6)	(29)	(631)	—	(631)
Amortization of DAC and VOBA	344	2	3	349	53	402
Interest expense on debt	—	—	33	33	187	220
Other expenses	1,162	23	67	1,252	11	1,263
Total expenses	1,723	897	77	2,697	293	2,990
Provision for income tax expense (benefit)	124	90	(15)	199	(45)	154
Operating earnings	$ 234	$ 167	$ 53	454		
Adjustments to:						
Total revenues				153		
Total expenses				(293)		
Provision for income tax (expense) benefit				45		
Net income				$ 359		$ 359

The following table presents total assets with respect to the Company's segments, as well as Corporate & Other, at:

	June 30, 2012	December 31, 2011
	(In millions)	
Retail	$ 128,752	$ 120,633
Corporate Benefit Funding	32,012	30,836
Corporate & Other	15,930	19,595
Total	$ 176,694	$ 171,064

Net investment income is based upon the actual results of each segment's specifically identifiable asset portfolio adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

13. Related Party Transactions

Service Agreements

The Company has entered into various agreements with affiliates for services necessary to conduct its activities. Typical services provided under these agreements include management, policy administrative functions, personnel, investment advice and distribution services. For certain agreements, charges are based on various performance measures or activity-based costing. The bases for such charges are modified and adjusted by management when necessary or appropriate to reflect fairly and equitably the actual incidence of cost incurred by the Company and/or affiliate. The aforementioned expenses and fees incurred with affiliates were comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Compensation	$ 85	$ 64	$ 175	$ 127
Commissions	137	241	291	426
Volume-related costs	58	61	133	109
Professional services	5	5	10	9
Rent	8	6	17	12
Other	130	80	236	151
Total other expenses	$ 423	$ 457	$ 862	$ 834

Revenues received from affiliates related to these agreements were recorded as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Universal life and investment-type product policy fees	$ 44	$ 36	$ 86	$ 69
Other revenues	$ 40	$ 34	$ 80	$ 65

The Company had net receivables from affiliates of $37 million and $93 million at June 30, 2012 and December 31, 2011, respectively, related to the items discussed above. These amounts exclude affiliated reinsurance balances discussed below. See Note 3 for expenses related to investment advice under these agreements, recorded in net investment income.

Reinsurance Transactions

The Company has reinsurance agreements with certain MetLife subsidiaries, including MLIC, MetLife Reinsurance Company of South Carolina, Exeter, General American Life Insurance Company, MetLife Investors Insurance Company and MetLife Reinsurance Company of Vermont, all of which are related parties.

Information regarding the effect of affiliated reinsurance included in the interim condensed consolidated statements of operations and comprehensive income was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In millions)			
Premiums:				
Reinsurance assumed	$ 3	$ 6	$ 6	$ 4
Reinsurance ceded	(105)	(55)	(197)	(109)
Net premiums	$ (102)	$ (49)	$ (191)	$ (105)
Universal life and investment-type product policy fees:				
Reinsurance assumed	$ 23	$ 23	$ 44	$ 43
Reinsurance ceded	(94)	(97)	(205)	(188)
Net universal life and investment-type product policy fees	$ (71)	$ (74)	$ (161)	$ (145)
Other revenues:				
Reinsurance assumed	$ —	$ —	$ —	$ —
Reinsurance ceded	67	78	134	158
Net other revenues	$ 67	$ 78	$ 134	$ 158
Policyholder benefits and claims:				
Reinsurance assumed	$ 3	$ 9	$ 6	$ 12
Reinsurance ceded	(187)	(113)	(320)	(228)
Net policyholder benefits and claims	$ (184)	$ (104)	$ (314)	$ (216)
Interest credited to policyholder account balances:				
Reinsurance assumed	$ 17	$ 17	$ 35	$ 33
Reinsurance ceded	(26)	(19)	(52)	(37)
Net interest credited to policyholder account balances	$ (9)	$ (2)	$ (17)	$ (4)
Other expenses:				
Reinsurance assumed	$ 8	$ 13	$ 21	$ 28
Reinsurance ceded	83	37	98	82
Net other expenses	$ 91	$ 50	$ 119	$ 110

Information regarding the effect of affiliated reinsurance included in the interim condensed consolidated balance sheets was as follows at:

	June 30, 2012		December 31, 2011	
	Assumed	Ceded	Assumed	Ceded
	(In millions)			
Assets:				
Premiums, reinsurance and other receivables	$ 34	$ 12,565	$ 34	$ 12,345
Deferred policy acquisition costs and value of business acquired	126	(616)	134	(585)
Total assets	$ 160	$ 11,949	$ 168	$ 11,760
Liabilities:				
Future policy benefits	$ 46	$ —	$ 44	$ —
Other policy-related balances	1,551	833	1,515	758
Other liabilities	12	4,202	10	3,903
Total liabilities	$ 1,609	$ 5,035	$ 1,569	$ 4,661

The Company ceded risks to affiliates related to guaranteed minimum benefit guarantees written directly by the Company. These ceded reinsurance agreements contain embedded derivatives and changes in their fair value are also included within net derivative gains (losses). The embedded derivatives associated with the cessions are included within premiums, reinsurance and other receivables and were assets of $2.8 billion at both June 30, 2012 and December 31, 2011. Net derivative gains (losses) associated with the embedded derivatives were $990 million and ($13) million for the three months and six months ended June 30, 2012, respectively, and $195 million and ($248) million for the three months and six months ended June 30, 2011, respectively.

MLI-USA cedes two blocks of business to an affiliate on a 90% coinsurance with funds withheld basis. Certain contractual features of this agreement qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheets. The embedded derivative related to the funds withheld associated with this reinsurance agreement is included within other liabilities and increased the funds withheld balance by $565 million and $416 million at June 30, 2012 and December 31, 2011, respectively. Net derivative gains (losses) associated with the embedded derivatives were ($226) million and ($149) million for the three months and six months ended June 30, 2012, respectively, and ($50) million and ($25) million for the three months and six months ended June 30, 2011, respectively.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

For purposes of this discussion, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). Management's narrative analysis of the results of operations is presented pursuant to General Instruction H(2)(a) of Form 10-Q. This discussion should be read in conjunction with MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, as revised by MetLife Insurance Company of Connecticut's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on May 31, 2012 (as revised, the "2011 Annual Report"), the forward-looking statement information included below, the "Risk Factors" set forth in Part II, Item 1A, and the additional risk factors referred to therein, and the Company's interim condensed consolidated financial statements included elsewhere herein.

This narrative analysis may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. Any or all forward-looking statements may turn out to be wrong. Actual results could differ materially from those expressed or implied in the forward-looking statements. See "Note Regarding Forward-Looking Statements."

The following discussion includes references to our performance measure, operating earnings, that is not based on accounting principles generally accepted in the United States of America ("GAAP"). Operating earnings is the measure of segment profit or loss we use to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is our measure of segment performance.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues excludes net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits ("GMIB") fees ("GMIB Fees"); and

- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments, and (iii) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims excludes: (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related

to GMIBs ("GMIB Costs"), and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");

- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances ("PABs") but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;

- Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;

- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and

- Other expenses excludes costs related to implementation of new insurance regulatory requirements and acquisition and integration costs.

We believe the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Operating revenues, operating expenses and operating earnings should not be viewed as substitutes for the following financial measures calculated in accordance with GAAP: GAAP revenues, GAAP expenses and GAAP net income, respectively. Reconciliations of these measures to the most directly comparable GAAP measures are included in "— Results of Operations."

In this discussion, we sometimes refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Business

As announced in November 2011, MetLife reorganized its business into three broad geographic regions. As a result, in the first quarter of 2012, MICC reorganized into two segments: Retail and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. Management continues to evaluate the Company's segment performance and allocated resources and may adjust such measurements in the future to better reflect segment profitability.

Our Retail segment offers a broad range of protection products and a variety of annuities primarily to individuals, and is organized into two businesses: Annuities and Life. Annuities include a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs. Our Life insurance products include variable life, universal life, term life and whole life products. Additionally, through our broker-dealer affiliates, we offer a full range of mutual funds and other securities products.

Our Corporate Benefit Funding segment includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This segment also includes certain products to fund company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

Corporate & Other contains the excess capital not allocated to the segments, run-off business, the Company's ancillary international operations and non-medical health business, interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Also in the first quarter of 2012, the Company adopted new guidance regarding accounting for DAC. See Note 1 of the Notes to the Interim Condensed Financial Statements for further information. As a result, prior period results have been revised in connection with MetLife's reorganization and the retrospective application of the first quarter 2012 adoption of new guidance regarding accounting for DAC.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the Interim Condensed Consolidated Financial Statements. The most critical estimates include those used in determining:

(i) estimated fair values of investments in the absence of quoted market values;

(ii) investment impairments;

(iii) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;

(iv) capitalization and amortization of DAC and the establishment and amortization of VOBA;

(v) measurement of goodwill and related impairment, if any;

(vi) liabilities for future policyholder benefits and the accounting for reinsurance;

(vii) measurement of income taxes and the valuation of deferred tax assets; and

(viii) liabilities for litigation and regulatory matters.

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

The above critical accounting estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates" and Note 1 of the Notes to the Consolidated Financial Statements included in the 2011 Annual Report.

Also, for a discussion of the new accounting guidance on DAC, see Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Economic Capital

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

MetLife's economic capital model aligns segment allocated equity with emerging standards and consistent risk principles. Segment net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

Disposition

During June 2012, the Company disposed of its wholly-owned subsidiary, MetLife Europe Limited ("MetLife Europe") to MetLife. As a result of this disposition, the net worth maintenance agreement between MetLife Insurance Company of Connecticut and MetLife Europe terminated automatically in accordance with its terms. See Note 2 of the Notes to the Interim Condensed Consolidated Financial Statements for further information.

Results of Operations

Six Months Ended June 30, 2012 Compared with the Six Months Ended June 30, 2011

Consolidated Results

We have experienced growth and an increase in market share, specifically, in our variable and universal life and term life businesses. Pension closeout sales in the United Kingdom remain strong, however, premiums decreased $183 million, before income tax, due to a significant sale in the prior period. While premiums for this business were almost entirely offset by the related change in policyholder benefits, the favorable results contributed to the growth in our investment portfolio. Sales of annuities declined $2.5 billion, before income tax, or 28% compared to the prior period, in response to actions taken to manage sales volume in order to strike the right balance among growth, profitability and risk.

	Six Months Ended June 30,			
	2012	2011	Change	% Change
	(In millions)			
Revenues				
Premiums	$ 786	$ 777	$ 9	1.2 %
Universal life and investment-type product policy fees	1,119	948	171	18.0 %
Net investment income	1,548	1,581	(33)	(2.1)%
Other revenues	248	261	(13)	(5.0)%
Net investment gains (losses)	75	(41)	116	
Net derivative gains (losses)	143	(23)	166	
Total revenues	3,919	3,503	416	11.9 %
Expenses				
Policyholder benefits and claims	1,225	1,145	80	7.0 %
Interest credited to policyholder account balances	606	591	15	2.5 %
Capitalization of DAC	(494)	(631)	137	21.7 %
Amortization of DAC and VOBA	454	402	52	12.9 %
Interest expense on debt	119	220	(101)	(45.9)%
Other expenses	1,265	1,263	2	0.2 %
Total expenses	3,175	2,990	185	6.2 %
Income (loss) before provision for income tax	744	513	231	45.0 %
Provision for income tax expense (benefit)	227	154	73	47.4 %
Net income	$ 517	$ 359	$ 158	44.0 %

During the six months ended June 30, 2012, income (loss) before provision for income tax, increased $231 million ($158 million, net of income tax) over the prior period primarily driven by a favorable change in net derivative gains (losses) and a favorable change in net investment gains (losses).

We manage our investment portfolio using disciplined Asset/Liability Management principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing risk-adjusted net investment income and risk-adjusted total return. Our investment portfolio is heavily

weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of insurance liabilities. Other invested asset classes including, but not limited to, equity securities, other limited partnership interests and real estate and real estate joint ventures, provide additional diversification and opportunity for long-term yield enhancement in addition to supporting the cash flow and duration objectives of our investment portfolio. We also use derivatives as an integral part of our management of the investment portfolio to hedge certain risks, including changes in interest rates, foreign currencies, credit spreads and equity market levels. Additional considerations for our investment portfolio include current and expected market conditions and expectations for changes within our specific mix of products and business segments. In addition, the general account investment portfolio included, within other securities, contractholder-directed unit-linked investments supporting variable annuity type liabilities, which did not qualify as separate account assets. The returns on these contractholder-directed unit-linked investments, which can vary significantly period to period, included changes in estimated fair value subsequent to purchase, inure to contractholders and are offset in earnings by a corresponding change in PABs through interest credited to policyholder account balances. During June 2012, the Company disposed of MetLife Europe, which held these contractholder-directed unit-linked investments.

The composition of the investment portfolio of each business segment is tailored to the specific characteristics of its insurance liabilities, causing certain portfolios to be shorter in duration and others to be longer in duration. Accordingly, certain portfolios are more heavily weighted in longer duration, higher yielding fixed maturity securities, or certain sub-sectors of fixed maturity securities, than other portfolios.

Investments are purchased to support our insurance liabilities and not to generate net investment gains and losses. However, net investment gains and losses are incurred and can change significantly from period to period due to changes in external influences, including changes in market factors such as interest rates, foreign currencies, credit spreads and equity markets; counterparty specific factors such as financial performance, credit rating and collateral valuation; and internal factors such as portfolio rebalancing. Changes in these factors from period to period can significantly impact the levels of both impairments and realized gains and losses on investments sold.

We use freestanding interest rate, equity, credit and currency derivatives to hedge certain invested assets and insurance liabilities. Certain of these hedges are designated and qualify as accounting hedges, which reduce volatility in earnings. For those hedges not designated as accounting hedges, changes in market factors lead to the recognition of fair value changes in net derivative gains (losses) generally without an offsetting gain or loss recognized in earnings for the item being hedged.

Certain direct or assumed variable annuity products with minimum benefit guarantees contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value recorded in net derivative gains (losses). The Company hedges certain of the market risks inherent in these variable annuity guarantees through a combination of reinsurance and freestanding derivatives. Ceded reinsurance of direct or assumed variable annuity products with minimum benefit guarantees generally contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value recorded in net derivative gains (losses). The valuation of these embedded derivatives includes a nonperformance risk adjustment, which is unhedged, and can be a significant driver of net derivative gains (losses) but does not have an economic impact on the Company.

Direct, assumed, and ceded variable annuity embedded derivatives and the associated freestanding derivative hedges are collectively referred to as "VA program derivatives" in the following table. All other derivatives that are economic hedges of certain invested assets and insurance liabilities are referred to as "non-VA program derivatives" in the following table. The table below presents the impact on net derivative gains (losses) from non-VA program derivatives and VA program derivatives:

	Six Months Ended June 30,		
	2012	2011	Change
		(In millions)	
Non-VA program derivatives			
Interest rate	$ 55	$ (28)	$ 83
Foreign currency	2	(55)	57
Credit	15	4	11
Total non-VA program derivatives	72	(79)	151
VA program derivatives			
Embedded derivatives-direct/assumed guarantees:			
Market and other risks	327	262	65
Nonperformance risk	(102)	(28)	(74)
Total	225	234	(9)
Embedded derivatives-ceded reinsurance:			
Market and other risks	(82)	(185)	103
Nonperformance risk	39	23	16
Total	(43)	(162)	119
Freestanding derivatives hedging direct/assumed embedded derivatives	(111)	(16)	(95)
Total VA program derivatives	71	56	15
Net derivative gains (losses)	$ 143	$ (23)	$ 166

The favorable change in net derivative gains (losses) on non-VA program derivatives was $151 million ($98 million, net of income tax). This reflects long-term interest rates decreasing more in the current period than in the prior period, which primarily impacted receive-fixed interest rate swaps, long interest rate floors and long interest rate futures, partially offset by lower interest rates in the U.K. which impacted our pay-fixed inflation swaps. These freestanding derivatives are primarily hedging interest rate risk in long duration liability portfolios and hedging inflation-indexed liabilities. In addition, a strengthening of the U.S. dollar relative to other key currencies favorably impacted foreign currency swaps and forwards, which primarily hedge certain foreign denominated bonds. Because certain of these hedging strategies are not designated or do not qualify as accounting hedges, the changes in the estimated fair value of these freestanding derivatives are recognized in net derivative gains (losses) without an offsetting gain or loss recognized in earnings for the item being hedged.

The favorable change in net derivative gains (losses) on VA program derivatives was $15 million ($10 million, net of income tax). This was due to a favorable change of $73 million ($47 million, net of income tax) related to market and other risks on direct and assumed variable annuity embedded derivatives, net of the impact of market and other risks on the ceded reinsurance embedded derivatives and net of freestanding derivatives hedging these risks; partially offset by a net unfavorable change of $58 million ($38 million, net of income tax) related to the changes in the nonperformance risk adjustment on the direct, assumed, and ceded variable annuity embedded derivatives.

Generally, a higher portion of the ceded reinsurance for GMIBs is accounted for as an embedded derivative as compared to the direct guarantees since the settlement provisions of the reinsurance contracts generally meet the

accounting criteria of "net settlement." This mismatch in accounting can lead to significant volatility in earnings, even though the risks inherent in these direct guarantees are fully covered by the ceded reinsurance.

The foregoing favorable change of $73 million ($47 million, net of income tax) was driven by changes in market factors. As discussed in the preceding paragraph, changes in market and other risks lead to volatility in earnings due to the mismatch in accounting on GMIBs. The primary changes in market factors are summarized as follows:

- Equity index levels improved more in the current period than in the prior period and equity volatility decreased more in the current period than in the prior period. These changes contributed to an unfavorable change in our ceded reinsurance asset and our freestanding equity derivatives and favorable changes in our embedded derivatives; and

- Long-term interest rates decreased more in the current period than in the prior period and contributed to a favorable change in our ceded reinsurance asset and our freestanding interest rate derivatives and unfavorable changes in our embedded derivatives.

The favorable change in net investment gains of $116 million ($75 million, net of income tax) was primarily due to higher net gains on sales of fixed maturity securities.

Income tax expense for the six months ended June 30, 2012 was $227 million, or 31% of income (loss) before provision for income tax, compared with income tax expense of $154 million, or 30% of income (loss) before provision for income tax, for the prior period. The Company's 2012 and 2011 effective tax rates differ from the U.S. statutory rate of 35% primarily due to the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing, in relation to income (loss) before provision for income tax.

As more fully described in the discussion of performance measures above, we use operating earnings, which does not equate to net income, as determined in accordance with GAAP, to analyze our performance, evaluate segment performance, and allocate resources. We believe that the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of the business. Operating earnings should not be viewed as a substitute for GAAP net income. Operating earnings increased $26 million, net of income tax, to $480 million, net of income tax, for the six months ended June 30, 2012 from $454 million, net of income tax, in the prior period.

Reconciliation of net income to operating earnings

	Six Months Ended June 30,	
	2012	2011
	(In millions)	
Net income	$ 517	$ 359
Less: Net investment gains (losses)	75	(41)
Less: Net derivative gains (losses)	143	(23)
Less: Other adjustments to net income (1)	(147)	(76)
Less: Provision for income tax (expense) benefit	(34)	45
Operating earnings	$ 480	$ 454

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

	Six Months Ended June 30,	
	2012	2011
	(In millions)	
Total revenues	$ 3,919	$ 3,503
Less: Net investment gains (losses)	75	(41)
Less: Net derivative gains (losses)	143	(23)
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	1	(2)
Less: Other adjustments to revenues (1)	141	219
Total operating revenues	$ 3,559	$ 3,350
Total expenses	$ 3,175	$ 2,990
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	68	51
Less: Other adjustments to expenses (1)	221	242
Total operating expenses	$ 2,886	$ 2,697

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Consolidated Results – Operating

	Six Months Ended June 30,			
	2012	2011	Change	% Change
		(In millions)		
OPERATING REVENUES				
Premiums	$ 786	$ 777	$ 9	1.2 %
Universal life and investment-type product policy fees	1,057	907	150	16.5 %
Net investment income	1,468	1,405	63	4.5 %
Other revenues	248	261	(13)	(5.0)%
Total operating revenues	3,559	3,350	209	6.2 %
OPERATING EXPENSES				
Policyholder benefits and claims	1,136	1,115	21	1.9 %
Interest credited to policyholder account balances	561	579	(18)	(3.1)%
Capitalization of DAC	(494)	(631)	137	21.7 %
Amortization of DAC and VOBA	388	349	39	11.2 %
Interest expense on debt	34	33	1	3.0 %
Other expenses	1,261	1,252	9	0.7 %
Total operating expenses	2,886	2,697	189	7.0 %
Provision for income tax expense (benefit)	193	199	(6)	(3.0)%
Operating earnings	$ 480	$ 454	$ 26	5.7 %

Unless otherwise stated, all amounts discussed below are net of income tax.

The $26 million increase in operating earnings was driven by growth in most of our businesses, which increased our policy fees, favorable impacts from changes in market factors and a higher income tax benefit, partially offset by increased expenses.

Positive net cash flows, generated from the majority of our businesses, were the primary driver of increases in both invested assets and separate account assets. This growth in separate account assets, in turn, generated an increase in operating earnings of $90 million, primarily from higher policy fees and other revenues from our annuity business. In our variable annuity products, policy fees are calculated as a percentage of the average assets in separate accounts. In addition to positive net cash flows, invested assets increased from higher collateral posted by our derivative counterparties, which, combined, generated higher net investment earnings of $12 million. Consistent with our increase in invested assets, the growth in insurance liabilities resulted in higher interest credited on long-duration contracts and on our PABs, which resulted in a decrease in operating earnings of $8 million. Reduced annuity sales in the current period resulted in lower DAC capitalization, which was offset by a decline in deferrable expenses. However, strong annuity sales in the prior period significantly increased our in-force business which contributed to an increase in non-deferrable expenses of $66 million.

Market factors, including improved real estate markets on our real estate joint venture investments, net of lower returns on our private equity investments, favorably impacted investment yields and contributed a $29 million increase in operating earnings. As a result of the decline in interest rates, average crediting rates on annuity fixed rate funds declined, contributing an increase of $5 million to operating earnings. The favorable equity market performance increased our average separate account balances, triggering an increase in policy fees and other revenues, most notably in our annuity business, resulting in a $5 million increase in operating earnings.

The aforementioned business growth, combined with favorable market impacts, resulted in a $25 million increase in DAC, VOBA and deferred sales inducements amortization and a $27 million increase in affiliated reinsurance–related expenses. In addition, we experienced favorable mortality in our life, pension and structured settlement businesses, which improved operating earnings by $3 million, while certain insurance-related liabilities and reserve refinements decreased operating earnings by $7 million.

The Company also benefited from a higher income tax benefit in the first half of 2012 of $13 million over the prior period, as a result of a higher utilization of tax-preferenced investments which provided tax credits and deductions.

Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Future Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Item 4. ***Controls and Procedures***

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

There were no changes to the Company's internal control over financial reporting as defined in Exchange Act Rule 15d-15(f) during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II — Other Information

Item 1. *Legal Proceedings*

The following should be read in conjunction with (i) Part I, Item 3, of MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2011, as revised by MetLife Insurance Company of Connecticut's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC") on May 31, 2012 (as revised, the "2011 Annual Report"); (ii) Part II, Item 1, of MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, and (iii) Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements in Part I of this report.

Unclaimed Property Inquiries

In April 2012, MetLife, for itself and on behalf of entities including MetLife Insurance Company of Connecticut, reached agreements with representatives of the U.S. jurisdictions that were conducting audits of MetLife and certain of its affiliates for compliance with unclaimed property laws, and with state insurance regulators directly involved in a multistate targeted market conduct examination relating to claim-payment practices and compliance with unclaimed property laws. The effectiveness of each agreement was conditioned upon the approval of a specified number of jurisdictions. In each case, the threshold for effectiveness has been reached. Pursuant to the agreements, MetLife will, among other things, take specified action to identify liabilities under life insurance, annuity, and retained asset contracts, to adopt specified procedures for seeking to contact and pay owners of the identified liabilities and, to the extent that it is unable to locate such owners, to escheat these amounts with interest at a specified rate to the appropriate states. Additionally, MetLife has agreed to accelerate the final date of certain industrial life policies and to escheat unclaimed benefits of such policies. It is possible that other jurisdictions may pursue similar exams or audits and that such exams or audits may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and/or further changes to the Company's procedures.

Summary

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Item 1A. ***Risk Factors***

The following, together with the information under "Risk Factors" in Part II, Item 1A, of MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, which is incorporated herein by reference, should be read in conjunction with, and supplements and amends, the factors that may affect the Company's business or operations described under "Risk Factors" in Part I, Item 1A, of the 2011 Annual Report.

Concerns Over U.S. Fiscal Policy and the "Fiscal Cliff" in the U.S., as well as Rating Agency Downgrades of U.S. Treasury Securities, Could Have an Adverse Effect on Our Business, Financial Condition and Results of Operations

Financial markets have recently been affected by concerns over U.S. fiscal policy, including the uncertainty regarding the "fiscal cliff" composed of tax increases and automatic spending cuts that will become effective at the end of 2012 unless steps are taken to delay or offset them, as well as the need to again raise the U.S. federal government's debt ceiling by the end of 2012 and reduce the federal deficit. These issues could, on their own, or combined with the slowing of the global economy generally, send the U.S. into a new recession, have severe repercussions to the U.S. and global credit and financial markets, further exacerbate concerns over sovereign debt of other countries and disrupt economic activity in the U.S. and elsewhere. All of these factors could affect our ability to meet liquidity needs and obtain capital. In addition, a recession in the U.S. could adversely impact the demand for our products, negatively impact earnings, adversely affect the performance of our investments or result in impairments and could have a material adverse effect on our business, results of operations and financial condition. See "Risk Factors – Difficult Conditions in the Global Capital Markets and the Economy Generally May Materially Adversely Affect Our Business and Results of Operations and These Conditions May Not Improve in the Near Future" included in the 2011 Annual Report.

In August 2011, Standard & Poor's Ratings Services downgraded the AAA rating on U.S. Treasury securities to AA+ with a negative outlook, while Moody's Investors Service ("Moody's") affirmed the Aaa rating on U.S. Treasury securities, but with a negative outlook. In October 2011, Moody's affirmed its August 2011 ratings, but revised its negative outlook to stable. In November 2011, Fitch Ratings affirmed its AAA rating on U.S. Treasury securities but changed its U.S. credit rating outlook to negative from stable, citing the failure of a special Congressional committee to agree on certain deficit reduction measures. Further rating agency downgrades of U.S. Treasury securities are possible.

As a result of downgrades of U.S. Treasury securities, the market value of some of our investments may decrease, and our capital adequacy could be adversely affected, which could require us to raise additional capital during a period of distress in financial markets, potentially at a higher cost. Further downgrades, together with uncertainty regarding the fiscal cliff, would significantly exacerbate the risks we face and any resulting adverse effects on our business, financial condition and results of operations, including those described under "Risk Factors — Difficult Conditions in the Global Capital Markets and the Economy Generally May Materially Adversely Affect Our Business and Results of Operations and These Conditions May Not Improve in the Near Future," "Risk Factors — Adverse Capital and Credit Market Conditions May Significantly Affect Our Ability to Meet Liquidity Needs, Access to Capital and Cost of Capital," "Risk Factors — Our Participation in a Securities Lending Program Subjects Us to Potential Liquidity and Other Risks" and "Risk Factors — The Determination of the Amount of Allowances and Impairments Taken on Our Investments is Subjective and Could Materially Impact Our Results of Operations or Financial Position" included in the 2011 Annual Report. We cannot predict whether or when these adverse consequences may occur, what other unforeseen consequences may result, or the extent, severity and duration of the impact of such consequences on our business, results of operations and financial condition.

Our Insurance and Brokerage Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth

Insurance Regulation. Our insurance operations are subject to a wide variety of insurance and other laws and regulations. See "Business — Regulation — Insurance Regulation" included in the 2011 Annual Report. State insurance laws regulate most aspects of our U.S. insurance businesses, and our U.S insurance companies are regulated by the insurance regulators of the states in which they are domiciled and the states in which they are licensed.

State laws in the U.S. grant insurance regulatory and other state authorities broad administrative powers with respect to, among other things:

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving policy forms;
- regulating unfair trade and claims practices, including through the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements, and identifying and paying to the states benefits and other property that is not claimed by the owners;
- regulating advertising;
- protecting privacy;
- establishing statutory capital and reserve requirements and solvency standards;
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types, amounts and valuation of investments.

State insurance guaranty associations have the right to assess insurance companies doing business in their state for funds to help pay the obligations of insolvent insurance companies to policyholders and claimants. Because the amount and timing of an assessment is beyond our control, the liabilities that we have currently established for these potential liabilities may not be adequate. See "Business — Regulation — Insurance Regulation — Guaranty Associations and Similar Arrangements" included in the 2011 Annual Report.

State insurance regulators and the National Association of Insurance Commissioners regularly re-examine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations, or in interpretations thereof, that are made for the benefit of the consumer sometimes lead to additional expense for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations. In July 2012, our New York domestic insurer affiliates received, as part of an industry-wide inquiry, a request from the New York Department of Financial Services to provide information regarding their

use of affiliated captives or off-shore entities to reinsure insurance risks. Like many life insurance companies, we, and certain of our subsidiaries and affiliates utilize captive reinsurers in order to comply with certain reserve requirements related to universal life and term life insurance policies. The financing arrangements with the captives support non-economic reserves, representing reserves required by regulation but above estimates of needed reserves. It is possible that other state insurance departments could make similar inquiries. If Connecticut, Delaware or other state insurance regulators determine to restrict the use of such captives for purposes of funding reserve requirements related to universal life and term life insurance policies, it could impair our ability to write such products or require us to increases prices on such products unless alternate reserve funding solutions are found.

U.S. Federal Regulation Affecting Insurance. Currently, the U.S. federal government does not directly regulate the business of insurance. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") allows federal regulators to compel state insurance regulators to liquidate an insolvent insurer under some circumstances if the state regulators have not acted within a specific period. The Board of Governors of the Federal Reserve System ("Federal Reserve Board") has also proposed that it be given authority to compel insurance companies to take prompt corrective action in certain circumstances if they are part of a large bank holding company or of a company that has been designated by the Financial Stability Oversight Council ("FSOC") as a non-bank systemically important financial institution ("non-bank SIFI"). It also establishes the Federal Insurance Office within the Department of the Treasury, which has the authority to participate in the negotiations of international insurance agreements with foreign regulators for the U.S., as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office will perform various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. The director is also required to submit a report to Congress regarding how to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states.

Federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, derivatives regulation, mortgage regulation, pension regulation, health care regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies. Other aspects of our insurance operations could also be affected by Dodd-Frank. For example, effective July 21, 2012, Dodd-Frank imposes prohibitions on Federal Deposit Insurance Corporation ("FDIC")-insured depository institutions (such as MetLife Bank, National Association ("MetLife Bank")) and their affiliates from engaging in proprietary trading or sponsoring or investing in hedge funds or private equity funds (commonly known as the Volcker Rule). In December 2011, MetLife Bank and MetLife entered into a definitive agreement to sell most of the depository business of MetLife Bank. Once MetLife Bank has completely exited its depository business, MetLife plans to terminate MetLife Bank's FDIC insurance, putting MetLife in a position to be able to deregister as a bank holding company. If and when MetLife Bank's FDIC insurance is terminated, MetLife and its affiliates will not be subject to the bans on proprietary trading and fund activities under the Volcker Rule. However, because the Volcker Rule nevertheless imposes additional capital requirements and quantitative limits on such trading and activities by a non-bank SIFI, MetLife and its affiliates could be subject to such requirements and limits were they to be designated non-bank SIFIs. Regulations defining and governing such requirements and limits on non-bank SIFIs have not been proposed. Commencing from the date of designation, a non-bank SIFI will have a two-year period, subject to further extension by the Federal Reserve Bank of New York and the Federal Reserve Board (collectively, the "Federal Reserve"), to conform to any such requirements and limits. Subject to safety and soundness determinations as part of rulemaking that could require additional capital requirements and quantitative limits, Dodd-Frank provides that the exemptions under the Volcker Rule also are available to exempt any additional capital requirements and quantitative limits on non-bank SIFIS. See "Business — Regulation — Dodd-Frank and Other Legislative and Regulatory Developments — Volcker Rule" included in the 2011 Annual Report.

Regulation of Brokers and Dealers. Dodd-Frank also authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail and other customers. This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice. See "Business — Regulation — Securities, Broker-Dealer and Investment Adviser Regulation" and "Risk Factors — Changes in U.S. Federal and State Securities Laws and Regulations, and State Insurance Regulations Regarding Suitability of Annuity Product Sales, May Affect Our Operations and Our Profitability" included in the 2011 Annual Report.

International Regulation. Our international insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are located or operate. The authority of our international operations to conduct business is subject to licensing requirements, permits and approvals, and these authorizations are subject to modification and revocation. See "Risk Factors — Our International Operations Face Political, Legal, Operational and Other Risks, Including Exposure to Local and Regional Economic Conditions, That Could Negatively Affect Those Operations or Our Profitability" and "Business — Regulation" included in the 2011 Annual Report.

Summary. From time to time, regulators raise issues during examinations or audits of us and our regulated subsidiaries that could, if determined adversely, have a material impact on us. We cannot predict whether or when regulatory actions may be taken that could adversely affect our operations. In addition, the interpretations of regulations by regulators may change and statutes may be enacted with retroactive impact, particularly in areas such as accounting or statutory reserve requirements. We are also subject to other regulations and may in the future become subject to additional regulations. See "Business — Regulation" included in the 2011 Annual Report.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase our direct and indirect compliance and other expenses of doing business, thus having a material adverse effect on our financial condition and results of operations.

As a Bank Holding Company and Financial Holding Company, MetLife is Subject to Regulation by the Federal Reserve, Including Risk-Based and Leverage Capital Guidelines, Which May Adversely Affect Our Competitive Position

Currently, as the owner of MetLife Bank, MetLife is regulated as a bank holding company and financial holding company by the Federal Reserve. In December 2011, MetLife Bank and MetLife entered into a definitive agreement to sell most of the depository business of MetLife Bank to GE Capital Bank. The transaction is subject to the receipt of regulatory approvals from the Federal Deposit Insurance Corporation (the "FDIC") and to the satisfaction of other customary closing conditions. The Utah Department of Financial Institutions has approved the transaction and the Office of the Comptroller of the Currency (the "OCC") has granted approval of a change in the composition of all or substantially all of MetLife Bank's assets in connection with the transaction. GE Capital Bank has filed an application with the FDIC seeking approval of the assumption of the deposits to be transferred to it, and MetLife Bank has filed an application with the FDIC to terminate MetLife Bank's FDIC deposit insurance contingent upon certification that MetLife Bank has no remaining deposits (which is dependent on the assumption by GE Capital Bank of the deposits to be transferred to it). The parties have each responded to questions on their applications from the staff of the FDIC, and GE Capital Bank is in the process of responding to recent additional requests from the FDIC. The parties are awaiting action by the FDIC on their applications. Once MetLife Bank has completely exited its depository business, MetLife plans to terminate MetLife Bank's FDIC insurance, putting MetLife in a position to be able to deregister as a bank holding company. Upon completion of the foregoing, MetLife will no longer be regulated as a bank holding company or subject to enhanced supervision and prudential standards as a bank holding company with assets of $50 billion or more.

However, if, in the future, the FSOC designates MetLife as a non-bank SIFI (as discussed below), it would once again be subject to regulation by the Federal Reserve and enhanced supervision and prudential standards, such as Regulation YY and the requirements relating to resolution planning and (when adopted) credit exposure reporting. For information regarding Regulation YY, see "Risk Factors — Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth" included in the

2011 Annual Report. Regulation of MetLife as a bank holding company or possibly as a non-bank SIFI could affect our business. For example, enhanced capital requirements applicable to MetLife may adversely affect our ability to compete with other insurers that are not subject to those requirements, and counterparty exposure limits may affect our ability to engage in hedging activities. In addition, it could give the Federal Reserve Board the right to require that any of our insurance companies, or insurance company affiliates, take prompt action to correct any financial weaknesses.

In April 2012, the FSOC adopted final rules setting forth the process it will follow and the criteria it will use to assess whether a non-bank financial company should be subject to enhanced supervision by the Federal Reserve as a non-bank SIFI. The FSOC will follow a three-stage process. In Stage 1, a set of uniform quantitative metrics will be applied to a broad group of non-bank financial companies in order to identify non-bank financial companies for further evaluation. If MetLife meets the total consolidated assets threshold and at least one of the other five quantitative thresholds used in the first stage, the FSOC will continue with two stages of further analysis using additional sources of data and qualitative and quantitative factors. MetLife is currently a bank holding company and, as a result, it is not subject to designation as a non-bank SIFI. However, if MetLife succeeds in deregistering as a bank holding company, it could be considered for designation as a non-bank SIFI. See "Business — Regulation — Regulation of MetLife as a Bank Holding Company" included in the 2011 Annual Report.

Capital. MetLife is subject to risk-based and leverage capital guidelines issued by the federal banking regulatory agencies for banks and bank and financial holding companies which may adversely affect our ability to compete with other insurers that are not subject to those requirements. The federal banking regulatory agencies are required by law to take specific prompt corrective actions with respect to institutions that do not meet minimum capital standards. As a bank holding company with more than $50 billion in assets, MetLife is subject to capital planning requirements administered by the Federal Reserve, including the Federal Reserve's capital plan rule which requires MetLife to submit annual capital plans which include projections of MetLife's capital levels under baseline and stress scenarios over a nine-quarter period. The Federal Reserve will approve or object to a company's proposed capital actions, such as dividends and stock repurchases, based on the results of those capital plans and the Federal Reserve's assessment of the robustness of the company's capital planning processes. In addition, in recent years, the Federal Reserve has conducted its own assessment of bank holding companies' internal capital planning processes, capital adequacy and proposed capital distributions. MetLife participated in the assessment conducted by the Federal Reserve in 2012, the Comprehensive Capital Analysis and Review. Based on its assessment, the Federal Reserve objected to the incremental capital actions described in MetLife's capital distribution plan, which included a proposed stock repurchase and dividend increase. In June 2012, the Federal Reserve Board granted MetLife an extension of time until September 30, 2012 to resubmit its capital plan under the capital plans rule. If MetLife remains a bank holding company, or if it is designated a non-bank SIFI and is required to submit capital plans to the Federal Reserve in the future, there can be no assurance that the Federal Reserve will approve its future capital plans. Capital planning requirements could have the effect, in practice, of increasing the amounts of capital held by companies subject to the requirements, including MetLife, which could affect their competitive position.

If it remains a bank holding company, MetLife may become required to comply with further requirements relating to the calculation of capital, commonly referred to as "Basel II," as well as increased capital and liquidity requirements (commonly referred to as "Basel III") for bank holding companies. In June 2012, the OCC, the Federal Reserve Board and the FDIC published three notices of proposed rulemaking (the "Bank Capital NPRs") that would revise and replace the agencies' current capital rules with rules consistent with (i) the final rules for increased capital and liquidity requirements for bank holding companies, such as MetLife, of Basel III, as well as the applicable sections of Dodd-Frank, (ii) a series of revisions adopted by the Basel Committee on Banking Supervision to the market risk capital requirements for exposures in a banking organization's trading book (Basel II.5), and (iii) the market risk capital requirements of Basel II. It is possible that even more stringent capital and liquidity requirements could be imposed if, in the future, MetLife is designated by the FSOC as a non-bank SIFI. Certain of our international operations could also be affected by Solvency II, a new capital adequacy regime for the European insurance industry.

Changes in Market Interest Rates May Significantly Affect Our Profitability

Some of our products, principally traditional whole life insurance, fixed annuities and guaranteed interest contracts, expose us to the risk that changes in interest rates will reduce our investment margin or "spread," or the difference between the amounts that we are required to pay under the contracts in our general account and the rate of return we are able to earn on general account investments intended to support obligations under the contracts. Our spread is a key component of our net income.

As interest rates decrease or remain at low levels, we may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, reducing our investment margin. Moreover, borrowers may prepay or redeem the fixed income securities, commercial or agricultural mortgage loans and mortgage-backed securities in our investment portfolio with greater frequency in order to borrow at lower market rates, which exacerbates this risk. Lowering interest crediting rates can help offset decreases in investment margins on some products. However, our ability to lower these rates could be limited by competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields. As a result, our spread could decrease or potentially become negative. Our expectation for future spreads is an important component in the amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA"), and significantly lower spreads may cause us to accelerate amortization, thereby reducing net income in the affected reporting period. In addition, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive investments to consumers, resulting in increased premium payments on products with flexible premium features, repayment of policy loans and increased persistency, or a higher percentage of insurance policies remaining in force from year to year, during a period when our new investments carry lower returns. A decline in market interest rates could also reduce our return on investments that do not support particular policy obligations. During periods of sustained lower interest rates, policy liabilities may not be sufficient to meet future policy obligations and may need to be strengthened. Accordingly, declining and sustained lower interest rates may materially affect our results of operations, financial position and cash flows and significantly reduce our profitability. In June 2012, the Federal Reserve Board reiterated its plans to keep interest rates low until at least through late 2014, in order to revive the slow recovery from stressed economic conditions. It also extended to the end of 2012 "Operation Twist." Central banks around the world, including the European Central Bank, the Bank of England, the Bank of Japan, the Bank of Australia, the Central Bank of Brazil and the Central Bank of China, followed the recent actions of the Federal Reserve Board to lower interest rates. The collective effort globally to lower interest rates was in response to concerns about Europe's sovereign debt crisis and slowing global economic growth.

Increases in market interest rates could also negatively affect our profitability. In periods of rapidly increasing interest rates, we may not be able to replace, in a timely manner, the investments in our general account with higher yielding investments needed to fund the higher crediting rates necessary to keep interest sensitive products competitive. We, therefore, may have to accept a lower spread and, thus, lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, policy loans, surrenders and withdrawals may tend to increase as policyholders seek investments with higher perceived returns as interest rates rise. This process may result in cash outflows requiring that we sell investments at a time when the prices of those investments are adversely affected by the increase in market interest rates, which may result in realized investment losses. Unanticipated withdrawals and terminations may cause us to accelerate the amortization of DAC and VOBA, which reduces net income. An increase in market interest rates could also have a material adverse effect on the value of our investment portfolio, for example, by decreasing the estimated fair values of the fixed income securities that comprise a substantial portion of our investment portfolio. Finally, an increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds.

Litigation and Regulatory Investigations Are Increasingly Common in Our Businesses and May Result in Significant Financial Losses and/or Harm to Our Reputation

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In connection with our insurance operations, plaintiffs' lawyers may bring or are bringing class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties to customers. Plaintiffs in class action and other lawsuits against us may seek very large and/or indeterminate amounts, including punitive and treble damages. Modern pleading practice in the U.S. and other countries permits considerable variation in the assertion of money damages or other relief. This variability in pleadings, together with our actual experience in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value. See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

We establish liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for a number of matters noted in Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements. It is possible that some of the matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at June 30, 2012.

Over the past several years, we have faced numerous claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products.

We are also subject to various regulatory inquiries, such as information requests, subpoenas and books and record examinations, from state and federal regulators and other authorities. A substantial legal liability or a significant regulatory action against us could have a material adverse effect on our business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have a material adverse effect on our business, financial condition and results of operations, including our ability to attract new customers, retain our current customers and recruit and retain employees.

In April 2012, MetLife, for itself and on behalf of entities including MetLife Insurance Company of Connecticut, reached agreements with representatives of the U.S. jurisdictions that were conducting audits of MetLife and certain of its affiliates for compliance with unclaimed property laws, and with state insurance regulators directly involved in a multistate targeted market conduct examination relating to claim-payment practices and compliance with unclaimed property laws. The effectiveness of each agreement was conditioned upon the approval of a specified number of jurisdictions. In each case, the threshold for effectiveness has been reached. Pursuant to the agreements, MetLife will, among other things, take specified action to identify liabilities under life insurance, annuity, and retained asset contracts, to adopt specified procedures for seeking to contact and pay owners of the identified liabilities, and, to the extent that it is unable to locate such owners, to escheat these amounts with interest at a specified rate to the appropriate states. Additionally, MetLife has agreed to accelerate the final date of certain industrial life policies and to escheat unclaimed benefits of such policies. It is

possible that other jurisdictions may pursue similar exams or audits and that such exams or audits may result in additional payments to beneficiaries, additional escheatment of funds deemed abandoned under state laws, administrative penalties, interest, and/or further changes to the Company's procedures.

We cannot give assurance that current claims, litigation, unasserted claims probable of assertion, investigations and other proceedings against us will not have a material adverse effect on our business, financial condition or results of operations. It is also possible that related or unrelated claims, litigation, unasserted claims probable of assertion, investigations and proceedings may be commenced in the future, and we could become subject to further investigations and have lawsuits filed or enforcement actions initiated against us. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal actions and precedents and industry-wide regulations that could adversely affect our business, financial condition and results of operations.

Item 6. ***Exhibits***

*(**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 Insurance Company of Connecticut and its subsidiaries, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) 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; (ii) 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; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) 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 Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC's website at www.sec.gov.)*

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Peter M. Carlson
Name: Peter M. Carlson
Title: Executive Vice President, Finance
Operations and Chief Accounting Officer
(Authorized Signatory and Principal Accounting Officer)

Date: August 10, 2012

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