Metropolitan Life Global Funding I

as Issuer of Notes secured by funding agreements issued by

Metropolitan Life Insurance Company

(Organized under New York Law)

$30,000,000,000 Global Note Issuance Program

Metropolitan Life Global Funding I, a special purpose statutory trust organized in series under the laws of the State of Delaware (the "**Issuer**"), may from time to time issue notes (the "**Notes**") pursuant to this program (the "**Program**") 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**"), which will complete this Offering Circular (this "**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 Metropolitan Life Insurance Company, a New York 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 Metropolitan Life Insurance Company 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. The Holders (as hereinafter defined) of Notes will have no direct rights against Metropolitan Life Insurance Company under any Funding Agreement or any Support and Expenses Agreement.

The Issuer is not an affiliate of Metropolitan Life 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, Metropolitan Life Insurance Company, its parent company MetLife, Inc., or any of their respective subsidiaries or affiliates. The obligations of Metropolitan Life Insurance Company 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.

This Offering Circular has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC, as amended (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 has been 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. Such approval relates only to the Tranche of 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.

For a discussion of certain factors that should be considered in connection with an investment in the Notes, see "Risk Factors" beginning on page 11.

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), 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 under the Securities Act) or (2) persons who are not U.S. Persons (as defined in Regulation S under the Securities Act) 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. Prospective purchasers that are Qualified Institutional Buyers are hereby notified that the sale of Notes to such purchasers may be made in reliance on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A. 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 November 20, 2015, as supplemented, in relation to the Program.

Arranger for the Program

Credit Suisse

U.S. Dealers	Non-U.S. Dealers
ANZ Securities	**ANZ**
BofA Merrill Lynch	**BofA Merrill Lynch**
Barclays	**Barclays**
Citigroup	**CIBC Capital Markets**
Credit Suisse	**Citigroup**
Deutsche Bank Securities	**Credit Suisse**
Goldman, Sachs & Co.	**Deutsche Bank**
HSBC	**Goldman Sachs International**
J.P. Morgan	**HSBC**
Jefferies	**J.P. Morgan**
Mizuho Securities	**Jefferies International Limited**
Morgan Stanley	**Mizuho Securities**
nabSecurities, LLC	**Morgan Stanley**
RBC Capital Markets	**National Australia Bank Limited**
NatWest Markets	**RBC Capital Markets**
Scotiabank	**NatWest Markets**
TD Securities	**Scotiabank**
UBS Investment Bank	**TD Securities**
US Bancorp	**UBS Investment Bank**
Wells Fargo Securities	**Wells Fargo Securities**

Offering Circular dated December 7, 2016

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.

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 UNITED KINGDOM RESIDENTS ONLY

In the United Kingdom, this Offering Circular, any Final Terms and any other documents or materials relating to the issue of the Notes offered hereby are being distributed only to, and are only directed at, (1) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (2) persons who are persons falling within Article 49(2)(a) to (d) of the Order or (3) any other persons to whom it may otherwise lawfully be communicated pursuant to the Order (each such person being referred to as a "**Relevant Person**"). Any investment or investment activity to which this Offering Circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This Offering Circular must not be acted or relied on by persons who are not Relevant Persons.

Notes may be issued in registered form ("**Registered Notes**") or, subject to U.S. tax requirements, in bearer form ("**Bearer Notes**").

Notes offered and sold in reliance on Rule 144A ("**Rule 144A**") under 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 or Talons (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, common depositary or common safekeeper, as the case may be, 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 SIX SIS Ltd. ("**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, subject to U.S. tax requirements, 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, common depositary or common safekeeper 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 or Talons 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, common depositary or common safekeeper for, Euroclear and/or Clearstream, Luxembourg.

Subject to the provisions of the applicable Final Terms and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, and except as set forth herein with respect to (i) certain Notes issued in an Overseas Directed Offering, including any Listed Swiss Franc Notes, and (ii) 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 and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, 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) if so specified in the relevant Final Terms, Definitive Registered Notes. Subject to the provisions of the applicable Final Terms, in the event of (1) the termination of DTC, Euroclear, Clearstream, Luxembourg or another applicable clearing organization's business without a successor, (2) the occurrence and continuation of an Event of Default as described in Condition 9 of the Terms and Conditions of the Notes, which results in the maturity of the Notes of the relevant Series being accelerated in accordance with the Terms and Conditions of the relevant Series of Notes, or (3) the issuance of definitive securities at the Issuer's request upon a change in tax law that would be adverse to Metropolitan Life Insurance Company but for the issuance of physical securities in bearer form (each a "**Definitive Bearer Notes Exchange Event**"), beneficial interests in each Temporary Global Bearer Note may be exchangeable for, in whole but not in part, Bearer Notes in definitive form ("**Definitive Bearer Notes**"). After the occurrence of a Definitive Bearer Notes Exchange Event, such that a Holder has a right to obtain a Definitive Bearer Note, the Bearer Notes will no longer be in registered form for U.S. federal income tax purposes, regardless of whether any option to obtain a Definitive Bearer Note has actually been exercised.

Any Global Bearer Note with a maturity of more than 183 days will be issued so as to be "effectively immobilized" for U.S. federal income tax purposes. A Global Bearer Note will be considered to be effectively immobilized if: (1) the obligation is represented by one or more global securities in physical form that are issued to and held by a clearing organization as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(B)(4) (or by a custodian or depository acting as an agent of the clearing organization) for the benefit of purchasers of interests in the obligation under arrangements that prohibit the transfer of the global securities except to a successor clearing organization subject to the same terms; and (2) beneficial interests in the underlying obligation are transferable only through a book entry system maintained by the clearing organization (or an agent of the clearing organization).

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 and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, 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) if so specified in the applicable Final Terms, upon the occurrence and during the continuation of a Definitive Bearer Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms, upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, Definitive Registered Notes. If a Permanent Global Bearer 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).

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 and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, each Tranche of (i) certain Bearer Notes issued in an Overseas Directed Offering (including Listed Swiss Franc Notes), and (ii) Bearer Notes having a maturity 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 nor encompassed by certain exceptions for short term notes, are subject to certain negative United States tax law consequences including not being eligible for the Portfolio Interest Exemption from U.S. federal withholding tax as defined in "Taxation." Notwithstanding the foregoing, any Bearer Note with a maturity of more than 183 days will be issued in such a manner as to satisfy the requirement for such Bearer Note to be treated as "registered" for U.S. federal income tax purposes.

Because the primary assets of the Issuer will be one or more Funding Agreements issued by Metropolitan Life Insurance Company (together with Support and Expenses Agreements entered into between Metropolitan Life Insurance Company 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 Coupons are to the bearers of such Notes 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 Metropolitan Life Insurance Company has confirmed to the arranger named in "Overview" (the "**Arranger**") and each of the dealers (each, a "**Dealer**" and, collectively, the "**Dealers**"), as so named in "Overview — Dealers", that this Offering Circular (read as a whole with any amendment or supplement hereto and, with respect to the Notes of any Tranche, the 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, Metropolitan Life Insurance Company or any Dealer to give any information or to make any representation except as contained in this Offering Circular, in any amendment or supplement hereto or, with respect to the Notes of any Tranche, the applicable Final Terms, and, if given or made, such unauthorized information or representation should not be relied upon as having been authorized by the Issuer, Metropolitan Life Insurance Company 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 nor any other offering material, including, with respect to the Notes of any Tranche, the applicable Final Terms, 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 nondisclosure 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 and any supplements hereto have been most recently supplemented, (ii) there has been no material adverse change in the financial situation of the Issuer or Metropolitan Life Insurance Company and its consolidated subsidiaries (collectively, "**MLIC**" 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 or, with respect to the Notes of any Tranche, completed by the applicable 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, Metropolitan Life Insurance Company 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 MLIC.

The price and amount of Notes to be issued under the Program will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

CRA REGULATION

Tranches of Notes to be issued under the Program will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**"), will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

None of A.M. Best Company ("**A.M. Best**"), Fitch Ratings, Inc. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") or Standard & Poor's Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**") is established in the European Union nor registered in accordance with the CRA Regulation, and therefore is 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, the ratings assigned by each of A.M. Best, Fitch, Moody's and S&P are endorsed in the European Union by A.M. Best Europe Rating Services Limited, Fitch Ratings Ltd., Moody's Investors Service Ltd. and S&P Credit Market Services Europe Limited, respectively.

The rating of certain Series of the Notes to be issued under the Program may be specified in the applicable Final Terms. The rating of the Notes by each of Fitch, Moody's and S&P is based primarily upon the insurance financial strength rating of Metropolitan Life Insurance Company. The rating of the Notes will be monitored and is subject to reconsideration at the respective discretion of Fitch, Moody's and S&P. Each of Fitch, Moody's and S&P will change their respective rating of the Notes in accordance with any change in the financial strength rating of Metropolitan Life Insurance Company or with any change in the priority status under the state jurisdiction governing funding agreements issued by Metropolitan Life Insurance Company.

The rating of the Notes should be evaluated independently from similar ratings of other types of securities. Any rating is not a recommendation to purchase, sell or hold any particular security, including the Notes. Such ratings do not comment as to market price or suitability for a particular investor. In addition, there can be no assurance that a rating will be maintained for any given period of time or that a rating will not be lowered or withdrawn in its entirety.

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. Such 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).

STABILIZATION

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, 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, stabilization may not necessarily occur. 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 cease 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.

RESPONSIBILITY STATEMENT

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

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified, the financial information of MLIC contained in this Offering Circular is based on:

- the audited consolidated balance sheets of MLIC and the related audited consolidated statements of operations, comprehensive income (loss), equity and cash flows, at December 31, 2015 and 2014, and for each of the years ended December 31, 2015, 2014 and 2013, in each case included in Metropolitan Life Insurance Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the "**2015 Form 10-K**") filed with the U.S. Securities and Exchange Commission (the "**SEC**") pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), attached hereto as Annex A, as revised by Metropolitan Life Insurance Company's Current Report on Form 8-K filed with the SEC pursuant to the Exchange Act on December 1, 2016 (the "**Resegmentation Form 8-K**"), attached hereto as Annex B, which revised the following Items of the 2015 Form 10-K as and to the extent reflected in Exhibit 99.1 thereto:

  - 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;

  (as so revised, such audited consolidated balance sheets and the related audited consolidated statements of operations, comprehensive income (loss), equity and cash flows, including the notes thereto, the "**2015 Audited Consolidated Financial Statements**"); and

- the unaudited interim condensed consolidated balance sheets of MLIC and the related unaudited interim condensed consolidated financial statements of operations and comprehensive income (loss), equity and cash flows, at September 30, 2016 and December 31, 2015 and for the nine months ended September 30, 2016 and 2015, in each case included in Metropolitan Life Insurance Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (the "**2016 Q3 Form 10-Q**") filed with the SEC pursuant to the Exchange Act, attached hereto as Annex C (including the notes thereto, the "**2016 Q3 Unaudited Interim Condensed Consolidated Financial Statements**" and, collectively with the 2015 Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**").

The Consolidated Financial Statements were 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.

Metropolitan Life Insurance Company submits to the New York Department of Financial Services certain reports regarding its statutory financial condition (each, a "**Statutory Financial Statement**" and collectively, the "**Statutory Financial Statements**") on a quarterly basis. Each Statutory Financial Statement consists of financial statements and other supporting schedules (as of the end of and for the period to which such financial statements and other supporting schedules relate) prepared in conformity with statutory accounting practices ("**SAP**") prescribed or permitted by the New York Department of Financial Services (such SAP, "**NY SAP**"). SAP vary in certain significant respects from GAAP. The effects on the financial statements of the variances between GAAP and NY SAP are material. See Note 13 of Notes to the 2015 Audited Consolidated Financial Statements "— Statutory Equity and Income."

FORWARD-LOOKING STATEMENTS

This Offering Circular does, and any supplement hereto and any Final Terms may, contain 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, or are tied to future periods, 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. The accompanying information contained in this Offering Circular, including Annexes A, B and C attached hereto, any supplements to this Offering Circular, and, with respect to any Tranche of Notes, any Final Terms, including without limitation the information set forth under the headings "Note Regarding Forward-Looking Statements" and "Risk Factors" included in the 2015 Form 10-K, attached hereto as Annex A, and the 2016 Q3 Form 10-Q, attached hereto as Annex C, as well as under the heading "Risk Factors Relating to Metropolitan Life Insurance Company, As Provider of the Funding Agreements and as Provider of Certain Indemnities Under the Support and Expenses Agreements” on page 17 of this Offering Circular, identifies important factors that could cause such differences.

TABLE OF CONTENTS

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 of the Notes set out herein.

Issuer	Metropolitan Life Global Funding I, 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company, 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 Delaware Trustee on behalf of the Issuer, dated as of June 7, 2002, as amended by Amendment No. 1 thereto, dated July 10, 2008 (as so amended, 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 Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company, 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	Metropolitan Life Insurance Company, a New York stock life insurance company
Arranger	Credit Suisse Securities (Europe) Limited
Dealers	ANZ Securities, Inc., Australia and New Zealand Banking Group Limited; Barclays Capital Inc.; Barclays Bank PLC; CIBC World Markets Inc.; Citigroup Global Markets Inc.; Citigroup Global Markets Limited; 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; Jefferies LLC; Jefferies International Limited; Merrill Lynch, Pierce, Fenner & Smith Incorporated; 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. (marketing name NatWest Markets); Scotia Capital (USA) Inc., Scotia Capital Inc.; TD Securities Inc.; TD Securities (USA) LLC; The Royal Bank of Scotland plc (trading as NatWest Markets); The Toronto-Dominion Bank; UBS Securities LLC; UBS Limited; UBS AG; UBS AG, Australia Branch; 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**") 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.
Irish Listing Agent	Arthur Cox Listing Services Limited
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. $30,000,000,000. 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 Third Amended and Restated Dealership

Agreement among the Issuer, the Arranger and the Dealers, dated as of September 9, 2011 (as the same may be amended, modified, restated, supplemented, and/or replaced from time to time, the "**Dealership Agreement**").

Ratings .... Financial strength ratings of Metropolitan Life Insurance Company as of November 30, 2016:

(i)	A.M. Best:	A+
(ii)	Fitch:	AA-
(iii)	Moody's:	Aa3
(iv)	S&P:	AA-

The foregoing ratings reflect each rating agency's opinion of Metropolitan Life Insurance Company's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed toward the protection of investors. Therefore, such ratings should not be relied upon when making any investment decision, and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Indenture .... The Issuer will issue Notes in Series pursuant to the Supplemental Indenture Amending and Restating the Indenture, dated as of November 20, 2015 (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**").

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 (as hereinafter defined) 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 Metropolitan Life Insurance Company to the Issuer in respect of the Tranche of Notes comprising such Series and (ii) the Support and Expenses Agreement(s) entered into between Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company set forth therein) as security to such Series Agent.

The currency of denomination, maturity, redemption and interest rate provisions of the Funding Agreement(s) 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 Metropolitan Life Insurance Company'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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 also become effective simultaneously with the Funding Agreement and the relevant Support and Expenses Agreement becoming effective. Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 are unsecured obligations of Metropolitan Life Insurance Company and, in the event of Metropolitan Life Insurance Company's insolvency, will be subject to the provisions of Article 74 of the New York Insurance Law, which establishes the priority of claims from the estate of an insolvent New York insurance company. Willkie Farr & Gallagher LLP, special counsel for Metropolitan Life Insurance Company, has opined that, subject to the limitations, qualifications and assumptions set forth in its opinion letter, in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Metropolitan Life Insurance Company, under New York law as in effect on the date of this Offering Circular, the claims with respect to scheduled payments under each Funding Agreement would be accorded a priority in liquidation equal to that of policyholders of Metropolitan Life Insurance Company (*i.e.*, would rank *pari passu* with the claims of policyholders) and superior to the claims of general creditors of Metropolitan Life Insurance Company, payments of Additional Amounts (as hereinafter defined) under the Funding Agreement would rank *pari passu* with claims of the general creditors of Metropolitan Life Insurance Company, and claims under each relevant Support and Expenses Agreement would rank *pari passu* with claims of general creditors of Metropolitan Life Insurance Company.
No Guarantee	The Issuer is neither an affiliate nor a subsidiary of Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company as the Net Deposit Amount under any Funding Agreement shall become the exclusive property of Metropolitan Life Insurance Company and remain part of Metropolitan Life Insurance Company'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 below). 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 Anticipated Expenses and Unanticipated Expenses (collectively, "**Permitted Expenses**") shall be paid in U.S. dollars. "**Anticipated Expenses**" means the

	total of the anticipated expenses with respect to a given Series agreed to in advance by the Issuer and the Indenture Trustee. "**Unanticipated Expenses**" means any expenses under the Program or relating to a particular Series of Notes of the Indenture Trustee, the relevant Series Agent, the Paying Agents, the Delaware Trustee and Administrator that are not Anticipated Expenses.
Status and Non-Recourse Nature of Notes............	The Notes will not be subordinated to any other indebtedness of the relevant Series of the Issuer. The Holders of a Series of Notes will have recourse only to the related Trust Estate that secures 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 now or hereafter owing under the terms of such Notes. 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 remaining property comprising the related Trust Estate will be extinguished.
Form of Notes..	Notes may be issued as Registered Notes or, subject to United States federal income tax requirements, 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 or Talons, 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, common depositary or common safekeeper 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 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, common depositary or common safekeeper 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 or Talons 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, common depositary or common safekeeper for, Euroclear and/or Clearstream, Luxembourg. Subject to the provisions of the applicable Final Terms and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in

"registered form" for United States federal income tax purposes, and except as set forth herein with respect to (i) certain Notes issued in an Overseas Directed Offering, including any Listed Swiss Franc Notes, and (ii) 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 and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, 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) if so specified in the relevant Final Terms, upon the occurrence and during the continuation of a Definitive Bearer Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms, upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Registered Notes.

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 and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, 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) if so specified in the applicable Final Terms, upon the occurrence and during the continuation of a Definitive Bearer Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the applicable Final Terms, upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Registered Notes.

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, and to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, (a) certain Tranches of Bearer Notes issued in an Overseas Directed Offering (including Listed Swiss Franc Notes), and (b) Bearer Notes having a maturity of one year or less, will initially be represented by one or more Permanent Global Bearer Notes.

Any Bearer Note with a maturity of more than 183 days (at issuance) will be issued in such a manner as to satisfy the requirements for such Bearer Note to

	be treated as “registered” for U.S. federal income tax purposes.
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) as may be specified in the relevant Final Terms.
Early Redemption	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.
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 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 UK 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 Metropolitan Life Insurance Company in the subsequent paragraph, "**Additional Amounts**"). Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company 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 8.02 and 11.02. Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company, 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, Metropolitan Life Insurance Company 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, each Funding Agreement and, will be governed by, and construed in accordance with, the laws of the State of New York.
Listing	Application has been 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 a securities exchange which is not a Regulated Market or (ii) 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 Series 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company or the Issuer that such entity in good faith determines are impracticable or unduly burdensome, Metropolitan Life Insurance Company or the Issuer may elect to de-list the Notes. Each of Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company and the Relevant Dealer(s) may decide. If such an alternative admission is not available to Metropolitan Life Insurance Company 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 completed 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 nor encompassed by certain exceptions for short term notes, are subject to certain negative United States tax law consequences including not being eligible for the Portfolio Interest Exemption from U.S. federal withholding tax as defined in "Taxation." Notwithstanding anything herein to the contrary, any Bearer Note with a maturity of more than 183 days will be issued in such a manner as to satisfy the requirements for such Bearer Note to be treated as "registered" for U.S. federal income tax purposes. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, Canada, the United Kingdom, and certain other member states of the European Economic Area, Switzerland, Japan, Hong Kong and Singapore, *see* "Subscription and

Sale."

RISK FACTORS

Investors should carefully consider the following factors and other information in this Offering Circular and 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 factors. Metropolitan Life Insurance Company 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 this 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.

The Notes of a Series will not be obligations of, and will not be guaranteed by, MetLife, Inc. or any of its respective subsidiaries or affiliates. Neither MetLife, Inc. nor any of its respective subsidiaries or affiliates is under any obligation to provide funds or capital to the Issuer. In addition, the Notes will not benefit from any insurance guarantee fund coverage or any similar protection.

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 Metropolitan Life Insurance Company under the relevant Funding Agreement. Metropolitan Life Insurance Company 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 ("**U.S.**") 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. Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company 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 funds collected by the Indenture Trustee and Series Agents following an Event of Default, and any funds 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 all 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 funds will next be applied 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, whether in payment of the compensation, expenses, disbursements and advances of the Indenture Trustee, the Delaware Trustee or the relevant Series Agent, as the case may be, and their respective agents and counsel or otherwise. The funds will next be applied to the remaining Anticipated Expenses with respect to such Series. The funds will next 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 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 premium, if any, interest and Additional Amounts, if any. The remaining funds will be applied to the payment of any other secured obligations in respect 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. The funds will lastly be applied to the Issuer for the payment of the Series Beneficial Owner or its successors or assigns or to whomever may lawfully be entitled to receive the same, or as a court of competent jurisdiction may determine. 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 has been 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 on a securities exchange which is not a Regulated Market or (ii) 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." 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 December 7, 2016 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 Metropolitan Life Insurance Company 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 a Non-U.S. Holder of a Note (as defined under "Taxation") and actually or constructively owns ten percent or more of the total combined voting power of all classes of stock of Metropolitan Life Insurance Company 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. There is no requirement to pay Additional Amounts for the imposition of withholding taxes due under the FATCA provisions in sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the "**Code**"), including if a Non-U.S. Holder fails to meet certain reporting and other requirements under such FATCA provisions.

The Issuer is required to redeem the Notes of the relevant Series as provided in the Offering Circular if Metropolitan Life Insurance Company exercises its right to terminate the Funding Agreement related to such relevant Series upon the occurrence of certain tax events, including, without limitation, if Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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."

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 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 greater (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 its 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 Metropolitan Life Insurance Company's timely making the related payments under the relevant Funding Agreements and Metropolitan Life Insurance Company'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 Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company, MetLife, Inc. or any of their respective subsidiaries or affiliates, 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 May 29, 2002 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 Metropolitan Life Insurance Company Were to Enter Insolvency Proceedings

Any combination or all of the factors discussed below under "— Risks Relating to Metropolitan Life Insurance Company, as Provider of the Funding Agreements and as Provider of Certain Indemnities Under the Support and Expenses Agreements" may cause Metropolitan Life Insurance Company to become the subject of administrative supervision, insolvency, liquidation, rehabilitation, reorganization, conservation or other similar proceedings (collectively, "**Insolvency Proceedings**") under any applicable laws. Should Metropolitan Life Insurance Company 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 rights with respect to the relevant Funding Agreement. The Indenture Trustee may not be able to recover any payments under the Funding Agreements from Metropolitan Life Insurance Company should there be insufficient assets to provide for these payments.

In addition, under certain circumstances, payments made by Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company is Dependent Upon New York Insurance Law

The Funding Agreements and the Support and Expenses Agreements are unsecured obligations of Metropolitan Life Insurance Company and, in the event of Metropolitan Life Insurance Company's insolvency, will be subject to the provisions of Article 74 of the New York Insurance Law, which establishes the priority of claims from the estate of an insolvent New York insurance company.

Willkie Farr & Gallagher LLP, special counsel for Metropolitan Life Insurance Company, has opined that, subject to the limitations, qualifications and assumptions set forth in its opinion letter, in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Metropolitan Life Insurance Company, under New York law as in effect on the date of this Offering Circular, (i) the claims with respect to scheduled payments under each Funding Agreement would rank (a) *pari passu* with the claims of policyholders of Metropolitan Life Insurance Company and in a superior position to the claims of general creditors of Metropolitan Life Insurance Company with respect to scheduled payments of principal and interest under the Funding Agreement and (b) *pari passu* with the claims of general creditors of Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company. Willkie Farr & Gallagher LLP has noted in its opinion that the priority status of claims of policyholders (including claims under funding agreements) does not include claims for interest. 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 Metropolitan Life Insurance Company under the New York Insurance Law.

Risk Factors Relating to Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company, *see* the sections entitled "Risk Factors" on pages 27 through 49 of the 2015 Form 10-K, attached hereto as Annex A, and pages 118 through 119 of the Q3 2016 Form 10-Q, attached hereto as Annex C as supplemented and amended by the risks set forth below.

Economic Environment and Capital Markets-Related Risks

The following updates and replaces in its entirety the risk factor entitled "If Difficult Conditions in the Global Capital Markets and the Economy Generally Persist, They May Materially Adversely Affect Our Business and Results of Operations" included in the 2015 Form 10-K.

If Difficult Conditions in the Global Capital Markets and the Economy Generally Persist, They May Materially Adversely Affect Our Business and Results of Operations

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 financial asset classes or various markets, including global capital markets, 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 our financial condition, as well as the volume, profitability and results of our business operations, either directly or by virtue of their impact on the business and economic environment generally and on general levels of economic activity, employment and customer behavior specifically. 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 financial condition (including our liquidity and capital levels) as a result of mismatched impacts on the value of our assets and our liabilities.

At times throughout the past several years, volatile conditions have characterized financial markets. Significant market volatility, and government actions taken in response, may exacerbate some of the risks we face. Events following the U.K.'s referendum on June 23, 2016 and the uncertainties associated with its potential withdrawal from the EU have contributed to market volatility. Such events and uncertainties, combined with foreign exchange risks, could contribute to weakening gross domestic product growth, primarily in the U.K. and Europe. The magnitude and longevity of the potential negative economic impacts would depend on the detailed agreements reached by the U.K. and EU as a result of the exit negotiations and negotiations regarding trade and other arrangements. Additionally, weakness in the energy and metals and mining sectors and concerns about the political and/or economic stability of countries in regions outside the EU, including China, Ukraine, Russia, Brazil, Japan, Turkey, Jordan and Lebanon, as well as Puerto Rico, have contributed to global market volatility. Concerns about global economic conditions, capital markets and the solvency of certain EU member states, their banking systems and the financial institutions that have significant direct or indirect exposure to debt issued by these countries or their respective banking systems, have also been a cause of elevated levels of market volatility. This market volatility has affected the performance of various asset classes at various times, and it could continue. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment" included in the 2015 Form 10-K. Any of these factors could have significant adverse effects on the economy and financial markets generally.

To the extent these uncertain financial market conditions persist, our revenues and net investment income are likely to remain under pressure. Similarly, sustained periods of low interest rates could cause our profit margins to erode. *See* "Risk Factors — Economic Environment and Capital Markets-Related Risks — We Are Exposed to Significant Global Financial and Capital Markets Risks 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" included in the 2015 Form 10-K. Also, in the event of extreme prolonged market events, such as the global credit crisis, we could incur significant capital and/or operating losses due to, among other reasons, losses incurred in our general account and as a result of the impact on us of guarantees, capital maintenance obligations and/or collateral requirements associated with our affiliated reinsurers and other similar arrangements. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility, which may also increase the cost and limit the availability of the hedging instruments and other protective measures we take to mitigate such risk.

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. Lower interest rates generally increase account values in the near term, but may result in lower returns in fixed income options in the future. Decreases in account values reduce certain fees generated by these products, cause the amortization of DAC to accelerate, could increase the level of insurance liabilities we must carry to support such products issued with any associated guarantees and could require us to provide additional funding to affiliated captive reinsurers.

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 higher unemployment rates. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Furthermore, our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Such adverse changes in the economy could negatively affect our earnings and have a material adverse effect on our business, results of operations and financial condition.

Difficult conditions in the global capital markets and the economy may continue to raise the possibility of legislative, judicial, regulatory and other governmental actions. *See* "Risk Factors — Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," included in the 2015 Form 10-K, as amended or supplemented by the Q3 2016 Form 10-Q, and "Risk Factors — Risks Related to Our Business — Competitive Factors May Adversely Affect Our Market Share and Profitability" included in the 2015 Form 10-K.

Regulatory and Legal Risks

The following updates and replaces the similarly named sections of the risk factor entitled "Regulation of MetLife, Inc. as a Non-Bank SIFI or as Systemically Important Under Other Regulations Proposed by National or International Authorities Could Adversely Affect Our Ability to Compete and Our Business and Results of Operations" included in the 2015 Form 10-K. There have been no other material changes to such risk factor.

Potential Regulation of MetLife, Inc. as a Non-Bank SIFI or Regulation as Systemically Important Under Other Regulations Proposed by National or International Authorities Could Adversely Affect Our Ability to Compete and Our Business and Results of Operations

<u>Potential Regulation of MetLife, Inc. as a Non-Bank SIFI</u>

On December 18, 2014, the FSOC designated MetLife, Inc. as a non-bank SIFI subject to regulation by the Federal Reserve and the FDIC, as well as to enhanced supervision and prudential standards. On January 13, 2015, MetLife, Inc. filed an action in the D.C. District Court asking the Court to review and rescind the FSOC's designation. On March 30, 2016, the D.C. District Court ordered that the designation of MetLife, Inc. as a non-bank SIFI by the FSOC be rescinded. On April 8, 2016, the FSOC filed a notice of appeal of the D.C. District Court's order.

If the FSOC prevails on appeal or designates MetLife, Inc. as systemically important as part of its ongoing review of non-bank financial companies, MetLife, Inc. could once again be subject to regulation as a non-bank SIFI. However, many of the regulatory requirements that would apply to MetLife, Inc. as a non-bank SIFI if it were again so designated have not been finalized. Regulation of MetLife, Inc. as a non-bank SIFI could materially and adversely affect our business. For example, the Federal Reserve Board has issued an advance notice of proposed rulemaking but not yet finally determined the enhanced capital requirements that would apply to insurance company non-bank SIFIs. If MetLife, Inc. were re-designated as a non-bank SIFI, our business and competitive position could be materially and adversely affected by any requirement of the Federal Reserve Board requiring insurers that are non-bank SIFIs to comply with capital standards or regimes that do not take into account the insurance business model and the differences between banks and insurers. Enhanced capital requirements could adversely affect our ability to compete with other insurers that are not subject to those requirements, and our ability to issue guarantees could be constrained. We could have to raise the price of the products we offer, reduce the amount of risk we take on, or stop offering certain products altogether.

The Federal Reserve Board previously implemented stress testing requirements for non-bank SIFIs that will apply once capital standards are adopted. It has also indicated that it plans to apply enhanced prudential standards to non-bank SIFIs by rule or order, and recently issued a notice of proposed rulemaking addressing the governance, risk management and liquidity requirements it is proposing to apply to insurance company non-bank SIFIs. Accordingly, the manner in which these proposed standards might apply to MetLife, Inc., were it to be re-designated as a non-bank SIFI, and its impact on us, remain unclear.

In addition, if re-designated as a non-bank SIFI, MetLife, Inc. will be required to comply with the requirements applicable to non-bank SIFIs, including the submission of a resolution plan setting forth how the company could be resolved under the Bankruptcy Code in the event of material financial distress. The Federal Reserve Board would also have the right to require any of our insurance companies, or insurance company affiliates, to take prompt action to correct any financial weaknesses. In addition, under the Volcker

Rule, MetLife, Inc. could be subject to the imposition by the Federal Reserve Board of additional capital requirements and quantitative limits on certain of its trading and investment activities. Non-bank SIFIs and certain other large financial companies can be assessed under Dodd-Frank for any uncovered costs arising in connection with the resolution of a systemically important financial company. In addition, non-bank SIFIs must pay certain assessments and other charges to offset certain costs incurred by the Federal Reserve Board in fulfilling its oversight role and in connection with the Financial Research Fund within the U.S. Department of Treasury that funds the Office of Financial Research.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Overview — Other Key Information" in the Q3 2016 Form 10-Q. There can be no assurance that the new company that would be created in connection with the Separation will not be designated by the FSOC as a non-bank SIFI, although such a company would be separately evaluated by the FSOC and may not meet a necessary threshold to advance to possible designation, or that any actions taken in furtherance of this plan will affect any decision the FSOC may make to re-designate MetLife, Inc. as a non-bank SIFI. MetLife, Inc. may consider further structural and other business alternatives that may be available to it in response to any re-designation of MetLife as a non-bank SIFI, and we cannot predict the impact that any such alternatives, if implemented, may have on us. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments — Potential Regulation of MetLife, Inc. as a Non-Bank SIFI," as well as "Business — Regulation — Regulation of MetLife, Inc. as a Non-Bank SIFI" included in the 2015 Form 10-K, for additional information regarding potential regulation of MetLife, Inc. as a non-bank SIFI.

<u>Global Systemically Important Insurers</u>

In the wake of the financial crisis, national and international authorities have proposed measures intended to increase the intensity of regulation of large financial institutions, requiring greater coordination among regulators and efforts to harmonize regulatory regimes. For example, the IAIS is participating in the FSB's initiative to identify and manage global systemically important financial institutions. To this end, the IAIS published a methodology to assess the systemic relevance of global insurers and a framework of policy measures to be applied to G-SIIs and, on this basis, the FSB again so designated MetLife, Inc. in 2015. G-SII designation is an annual process, and the IAIS published revised assessment methodology in June 2016. While the regulatory standards that would apply to G-SIIs are still being developed, they will include enhanced capital standards and supervision and other additional requirements that would not apply to companies that are not G-SIIs. The IAIS proposals would need to be implemented at the consolidated group level by legislation or regulation in each applicable jurisdiction. As MetLife, Inc. is no longer a U.S. non-bank SIFI and, therefore, has no consolidated group regulator, the impact on MetLife, Inc. of such proposals is uncertain. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments — Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers," as well as "Business — Regulation — Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers" included in the 2015 Form 10-K.

Risks Related to Acquisitions, Dispositions or Other Structural Changes

The following updates and replaces the similarly named sections of the risk factor entitled "We Could Face Difficulties, Unforeseen Liabilities, Asset Impairments or Rating Actions Arising from Business Acquisitions or Integrating and Managing Growth of Such Businesses, Dispositions of Such Businesses, or Legal Entity Reorganizations" included in the 2015 Form 10-K. There have been no other material changes to other sections of such risk factor. These sections include: "Risks Relating to Acquisitions," "Risks Relating to Joint Ventures," and "Risks Relating to Legal Entity Reorganizations," within such risk factor included in the 2015 Form 10-K.

We Could Face Difficulties, Unforeseen Liabilities, Asset Impairments or Rating Actions Arising from Business Acquisitions or Integrating and Managing Growth of Such Businesses, Dispositions of Businesses, or Legal Entity Reorganizations

MetLife, Inc. and its subsidiaries, including us, have engaged in dispositions and acquisitions of businesses in the past, and expect to continue to do so in the future. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Overview — Other Key Information" in the Q3 2016 Form 10-Q for information regarding MetLife, Inc.'s announcement of its plan to pursue the Separation and its entry into a purchase agreement with MassMutual. Such activity exposes us to a number of risks arising from (i) potential difficulties achieving projected financial results, including the costs and benefits of integration or deconsolidation; (ii) unforeseen liabilities or asset impairments; (iii) the scope and duration of rights to indemnification for losses; (iv) the use of capital which could be used for other purposes; (v) rating agency reactions; (vi) regulatory requirements that could impact our operations or capital requirements; (vii) changes in statutory or U.S. GAAP accounting principles, practices or policies; and (viii) certain other risks specifically arising from activities relating to an initial public offering, spin-off, joint venture or legal entity reorganization, including in connection with the proposed Separation.

The valuation and structure for any transaction reflect our financial projections and other qualitative and quantitative factors. Every transaction exposes us to the risk that actual results may materially differ from what we have projected. Factors that can cause our financial projections to vary materially from ultimate experience include, but are not limited to, macroeconomic, business growth, demographic, policyholder behavior, regulatory and political conditions.

Risks Relating to Dispositions

MetLife, Inc. and its subsidiaries, including us, may separate a business through an outright sale, or by alternate means such as a public offering of shares in an independent, publicly traded company or a spin-off, which would also result in a separate, possibly independent and publicly traded, company. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Overview — Other Key Information" for information on MetLife, Inc.'s announcement of its plan to pursue the Separation and its entry into a purchase agreement with MassMutual. A Separation, depending on the specific form, would be subject to the satisfaction of various conditions and approvals, including, among other things, approval of any transaction by the MetLife, Inc. Board of Directors, satisfaction of any applicable requirements of the SEC, and receipt of insurance and other regulatory approvals and other anticipated conditions. No assurance can be given regarding the form that the proposed Separation may take or the specific terms thereof, or that the Separation will in fact occur. The transactions contemplated by the purchase agreement with MassMutual are also subject to certain closing conditions, including regulatory approval.

Unanticipated developments could delay, prevent or otherwise adversely affect our ability to effect any disposition transaction. Factors which could affect our ability to consummate such transactions include difficulties in finding buyers and delays or other problems with obtaining required regulatory, tax and other approvals, as well as adverse conditions in the capital and credit markets.

When we dispose of subsidiaries or operations, we may remain liable to the acquiror or to third parties for certain losses or costs arising from the divested business or on other bases. We may also incur a loss on the disposition. In anticipation of any disposition, we may need to restructure our operations, which could disrupt such operations and affect our ability to recruit key personnel needed to operate and grow such business. In addition, the actions of key employees of the business to be divested could adversely affect the success of such disposition as they may be more focused on obtaining employment, or the terms of their employment, than on maximizing the value of the business to be divested. Any such separation will also decrease the diversification of our sources of revenue. Furthermore, we may be unable to timely dissolve all contractual relationships with the divested business in the course of the proposed transaction, which may materially adversely affect our ability to realize value from the disposition. Such restructuring could also adversely affect our internal controls and procedures and impair our relationships with key customers, distributors and suppliers. An interruption or significant change in certain key relationships could materially affect our ability to market our products and could have a material adverse effect on our business, operating results and financial condition. A distributor has elected to suspend and other distributors may elect to suspend, alter, reduce or terminate their distribution relationships with us for various reasons, including uncertainty related to the proposed Separation, changes in our distribution strategy, adverse developments in our business, adverse rating agency actions or concerns about market-related risks.

General Risks

The following updates and replaces in its entirety the risk factor entitled "We May Be Unable to Attract and Retain Sales Representatives for Our Products" included in the 2015 Form 10-K.

We May Experience Difficulty in Marketing and Distributing Products Through Our Distribution Channels

Following completion in July 2016 of the sale of MetLife's U.S. Retail advisor force and certain assets associated with the MetLife Premier Client Group, including MetLife's affiliated broker-dealer, MetLife Securities, Inc., we distribute our products through a variety of third-party distribution channels. We may periodically negotiate the terms of these relationships, and there can be no assurance that such terms will remain acceptable to us or such third parties. An interruption in certain key relationships could materially affect our ability to market our products and could have a material adverse effect on our business, operating results and financial condition. Distributors may elect to reduce or terminate their distribution relationships with us, including for such reasons as adverse developments in our business, adverse rating agency actions or concerns about market-related risks. We are also at risk that key distribution partners may merge, change their business models in ways that affect how our products are sold, or terminate their distribution contracts with us, or that new distribution channels could emerge and adversely impact the effectiveness of our distribution efforts. An increase in bank and broker-dealer consolidation activity could increase competition for access to distributors, result in greater distribution expenses and impair our ability to market products through these channels. 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.

When our products are distributed through unaffiliated firms, we may not be able to monitor or control the manner of their distribution despite our training and compliance programs. If our products are distributed by such firms in an inappropriate manner, or to customers for whom they are unsuitable, we may suffer reputational and other harm to our business.

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.

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, Delaware 19801, and the specified offices of each Paying Agent. Notwithstanding the similarity of their names, the Issuer is not an affiliate or subsidiary of Metropolitan Life Insurance Company, 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 May 29, 2002, as amended and restated on July 10, 2008, 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 May 29, 2002 (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 Metropolitan Life Insurance Company set 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, Delaware 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 Delaware Trustee, on behalf of 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 Third Amended and Restated Indemnification Agreement, dated as of September 9, 2011 (as the same may be amended, modified, restated, supplemented and/or replaced from time to time, the "**Indemnification Agreement**"), among the Issuer, Metropolitan Life Insurance Company and the Permanent Dealers (as defined therein), each Funding Agreement, each Support and Expenses Agreement and the Expense Calculation Agency Agreement, dated as of June 7, 2002 (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 Metropolitan Life Insurance Company, 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, Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company has granted to the Issuer a non-exclusive license to use the name "Metropolitan Life Insurance Company" 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 Metropolitan Life Insurance Company, 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.

To the knowledge of the Issuer, there are no potential conflicts of interests between any duties of the Delaware Trustee, the Beneficial Owner, the Series Beneficial Owner or the Administrator Trustee to the Issuer arising from their private interests or other duties.

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 Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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. 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 from the office of the Principal Paying Agent, in each case, as provided under "General Information—Available 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 Metropolitan Life Insurance Company, 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 at:

	September 30, 2016
Debt:	
Long-term debt (1)	$ 22,967,982,858
Total debt (1)	22,967,982,858
Equity:	
Paid in capital	1,000
Total equity	1,000
Total capitalization (1)	$ 22,967,983,858

(1) For purposes of calculating long-term debt, total debt and total capitalization of the Issuer, the Notes listed below have been converted to U.S. dollars using the spot exchange rate for the relevant currency in effect on the date listed below:

Notes	Series	Date of Spot Exchange Rate
€100,000,000 Floating Rate Notes due 2021	Series 2006-8	May 24, 2006
€800,000,000 4.625% Notes due 2017	Series 2007-2	May 14, 2007
C$175,000,000 Floating Rate Notes due 2017	Series 2012-8	September 14, 2012
A$500,000,000 4.75% Fixed Rate Notes due 2017	Series 2012-9	September 19, 2012
€500,000,000 2.375% Fixed Rate Notes due 2019	Series 2012-10	September 20, 2012
£500,000,000 3.500% Fixed Rate Notes due 2026	Series 2012-11	September 20, 2012
¥10,000,000,000 1.10% Fixed Rate Notes due 2022	Series 2012-12	December 18, 2012
€750,000,000 2.375% Fixed Rate Notes due 2023	Series 2013-3	January 7, 2013
£350,000,000 2.875% Fixed Rate Notes due 2023	Series 2013-4	January 7, 2013
CHF150,000,000 1.125% Fixed Rate Notes due 2020	Series 2013-5	June 4, 2013
C$300,000,000 3.027% Fixed Rate Notes due 2020	Series 2013-6	June 4, 2013
NOK 1,500,000,000 3.900% Fixed Rate Notes due 2023	Series 2013-7	June 6, 2013
A$375,000,000 4.50% Fixed Rate Notes due 2018	Series 2013-10	October 3, 2013
CHF 300,000,000 0.750% Fixed Rate Notes due 2019	Series 2014-1	April 4, 2014
A$450,000,000 4.50% Fixed Rate Notes due 2019	Series 2014-5	April 9, 2014
C$300,000,000 3.107% Fixed Rate Notes due 2021	Series 2014-6	April 9, 2014
C$500,000,000 2.682% Fixed Rate Notes due 2019	Series 2014-7, Tranche 1	April 9, 2014
¥5,000,000,000 0.920% Fixed Rate Notes due 2024	Series 2014-8	April 10, 2014
C$50,000,000 2.682% Fixed Rate Notes due 2019	Series 2014-7, Tranche 2	July 2, 2014
CHF 400,000,000 1.000% Fixed Rate Notes due 2022	Series 2014-11	September 10, 2014
€750,000,000 1.25% Fixed Rate Notes due 2021	Series 2014-12	September 10, 2014
A$250,000,000 4.75% Fixed Rate Notes due 2021	Series 2014-13	September 11, 2014
NOK1,640,000,000 3.250% Fixed Rate Notes due 2024	Series 2014-14	September 24, 2014
€850,000,000 0.875% Fixed Rate Notes due 2022	Series 2015-2	January 13, 2015
C$275,000,000 1.875% Fixed Rate Notes due 2020	Series 2015-5	April 9, 2015
NOK 1,000,000,000 3.425% Fixed Rate Notes due 2025	Series 2015-6	November 23, 2015
£500,000,000 2.625% Fixed Rate Notes due 2022	Series 2015-7	November 23, 2015
¥5,000,000,000 0.786% Fixed Rate Notes due 2025	Series 2015-10	November 24, 2015

There has been no material change in the capitalization of the Issuer since September 30, 2016. The Issuer has no capital stock.

MANAGEMENT OF METROPOLITAN LIFE INSURANCE COMPANY

Directors and Executive Officers

The following individuals served as Directors and Executive Officers of Metropolitan Life Insurance Company ("**Metropolitan Life**") as of November 30, 2016. The business address of Metropolitan Life's current Directors and Executive Officers is 200 Park Avenue, New York, New York 10166.

Name	Age	Position(s) with Metropolitan Life
Steven A. Kandarian	64	Chairman, President and Chief Executive Officer
Cheryl W. Grisé	64	Director
Carlos M. Gutierrez	63	Director
David L. Herzog	56	Director
R. Glenn Hubbard	58	Director
Alfred F. Kelly, Jr.	58	Director
Edward J. Kelly	63	Director
William E. Kennard	59	Director
James M. Kilts	68	Director
Catherine R. Kinney	64	Director
Denise M. Morrison	62	Director
Kenton J. Sicchitano	72	Director
Lulu C. Wang	72	Director
Ricardo A. Anzaldua	63	Executive Vice President and General Counsel
Steven J. Goulart	58	Executive Vice President and Chief Investment Officer
John C.R. Hele	58	Executive Vice President and Chief Financial Officer
Frans Hijkoop	56	Executive Vice President and Chief Human Resources Officer
Michel Khalaf	52	President, Europe, the Middle East and Africa
Esther Lee	57	Executive Vice President and Global Chief Marketing Officer
Martin J. Lippert	57	Executive Vice President and Head of Global Technology and Operations
Maria R. Morris	54	Executive Vice President and Head of Global Employee Benefits
Christopher G. Townsend	48	President, Asia

Metropolitan Life's directors do not have any duties to the Issuer; therefore, Metropolitan Life is not aware of any potential conflicts of interest between Metropolitan Life's directors and any duties to the Issuer.

BUSINESS OF MLIC

The terms, "**MLIC**," the "**Company**," "**we**," "**our**" and "**us**" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "**MetLife**").

The Company is a provider of life insurance, annuities, employee benefits and asset management. In anticipation of MetLife, Inc.'s plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the "**Separation**"), in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. See Note 2 of the Notes to the 2016 Q3 Unaudited Interim Condensed Consolidated Financial Statements included in the 2016 Q3 Form 10-Q, attached hereto as Annex C, for further information on the Company's segments and Corporate & Other. Management continues to evaluate the Company's segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

In September 2016, the Company's Board of Directors approved extraordinary dividends to MetLife, Inc. consisting of all of the issued and outstanding shares of common stock of its wholly-owned subsidiaries, General American Life Insurance Company and New England Life Insurance Company ("**NELICO**"). The Company distributed such dividends on December 1, 2016. See Note 14 of the Notes to the 2016 Q3 Unaudited Interim Condensed Consolidated Financial Statements in the 2016 Q3 Form 10-Q, attached hereto as Annex C.

In July 2016, MetLife, Inc. completed the sale to Massachusetts Mutual Life Insurance Company ("**MassMutual**") of MetLife's U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MetLife's affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc., MassMutual assumed all of the liabilities related to such assets that arise or occur at or after the closing of the sale. As part of the transactions, MetLife, Inc. and MassMutual entered into a product development agreement under which MetLife's U.S. retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. In the MassMutual purchase agreement, MetLife, Inc. agreed to indemnify MassMutual for certain claims, liabilities and breaches of representations and warranties up to limits described in the purchase agreement.

On December 18, 2014, the Financial Stability Oversight Council ("**FSOC**") designated MetLife, Inc. as a non-bank systemically important financial institution ("**non-bank SIFI**") subject to regulation by the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York and the Federal Deposit Insurance Corporation, as well as to enhanced supervision and prudential standards. On March 30, 2016, the D.C. District Court ordered that the designation of MetLife, Inc. as a non-bank SIFI by the FSOC be rescinded. On April 8, 2016, the FSOC appealed the D.C. District Court's order to the United States Court of Appeals for the District of Columbia. If the FSOC prevails on appeal or designates MetLife, Inc. as systemically important as part of its ongoing review of non-bank financial companies, MetLife, Inc. could once again be subject to regulation as a non-bank SIFI. See "Business — Regulation — Regulation of MetLife, Inc. as a Non-Bank SIFI" included in the 2015 Audited Consolidated Financial Statements included in the 2015 Form 10-K, attached hereto as Annex A, as amended or supplemented in the 2016 Q3 Form 10-Q, attached hereto as Annex C, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments." See also "Risks Relating to Metropolitan Life Insurance Company, as Provider of the Funding Agreements and as Provider of Certain Indemnities Under the Support and Expenses Agreements — Potential Regulation of MetLife, Inc. as a Non-Bank SIFI or Regulation as Systemically Important Under Other Regulations Proposed by National or International Authorities Could Adversely Affect Our Ability to Compete and Our Business and Results of Operations" on page 19 of this Offering Circular.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. Additionally, on July 21, 2016, MetLife, Inc. announced that, following the Separation, the separated business will be rebranded as "Brighthouse Financial." On October 5, 2016, Brighthouse Financial, Inc., a subsidiary of MetLife, Inc. ("**Brighthouse**"), filed a registration statement on Form 10 (the "**Form 10**") with the SEC. The information statement filed as an exhibit to the Form 10 disclosed that MetLife, Inc. intends to include MetLife Insurance Company USA, NELICO, a wholly-owned subsidiary of Metropolitan Life Insurance Company, First MetLife Investors Insurance Company, MetLife Advisers, LLC and certain captive reinsurance companies in the proposed separated business and distribute at least 80.1% of the shares of Brighthouse's common stock on a pro rata basis to the holders of MetLife, Inc. common stock. The ultimate form and timing of the Separation will be influenced by a number of factors, including regulatory considerations and economic conditions. MetLife continues to evaluate and pursue structural alternatives for the proposed Separation. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of Brighthouse Financial. The Separation remains subject to certain conditions including, among others, obtaining final approval from the MetLife, Inc. Board of Directors, receipt of a favorable ruling from the Internal Revenue Service ("**IRS**") and an opinion from MetLife's tax advisor regarding certain U.S. federal income tax matters, and an SEC declaration of the effectiveness of the Form 10.

We are also one of the largest institutional investors in the U.S. with a $292.1 billion general account portfolio invested primarily in investment grade corporate bonds, structured finance securities, mortgage loans and U.S. Treasury and agency securities, as well as real estate and corporate equity at September 30, 2016. Over the past several years, we have further diversified and strengthened our general account portfolio.

Metropolitan Life Insurance Company's principal executive office is located at 200 Park Avenue, New York, New York 10166 and its telephone number is (212) 578-9500. Metropolitan Life Insurance Company's Employer Identification Number is 13-5581829. The Company was incorporated under the laws of the State of New York on May 4, 1866 under the name "National Travelers Insurance Company." The name of the Company was changed to "Metropolitan Life Insurance Company" on March 24, 1868. For more information about Metropolitan Life Insurance Company and its business, see the 2015 Form 10-K, attached hereto as Annex A, the Resegmentation Form 8-K, attached hereto as Annex B, and the 2016 Q3 Form 10-Q, attached hereto as Annex C.

CAPITALIZATION OF MLIC

The term "**MLIC**" refers to Metropolitan Life Insurance Company, a New York domiciled stock life insurance company, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc.

The following table presents MLIC's consolidated capitalization at September 30, 2016. At September 30, 2016, Metropolitan Life Insurance Company had one billion shares of common stock, par value $0.01 per share, authorized (for total authorized capitalization of $10 million) out of which 494,466,664 shares were issued and outstanding. All of such issued and outstanding common shares were fully paid and nonassessable. At September 30, 2016, the par value of all issued and outstanding common shares was $5 million. Since September 30, 2016, there has been no material change in the capitalization of Metropolitan Life Insurance Company as of the date of this Offering Circular.

	September 30, 2016 (In millions)
Short-term debt	$ 100
Long-term debt (1)	1,661
Total debt	1,761
Metropolitan Life Insurance Company stockholder's equity:	
Common stock, at par value	5
Additional paid-in capital	14,375
Retained earnings	11,599
Accumulated other comprehensive income (loss)	6,852
Total Metropolitan Life Insurance Company stockholder's equity	32,831
Total capitalization	$ 34,592

(1) Includes $12 million of long-term debt relating to variable interest entities.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions (collectively, the "**Terms and Conditions**" and each, a "**Condition**") of the Notes which, as completed 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 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 Metropolitan Life Insurance Company 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 "Available 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. 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) are to Coupons 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 completed by the relevant Final Terms.

1. Form and Denomination Form of Notes

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. Bearer Notes with a maturity of more than 183 days will be issued so as to be treated as in "registered form" for U.S. federal income tax purposes.

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. The expression "Coupons" shall, where the context so requires, include 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 U.S. 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 U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THE NOTES EVIDENCED HEREBY SHALL ONLY BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO OR HELD BY (A) A PERSON WHO IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS 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 (B) 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 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) A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS; (B) EITHER (1) 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"), SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY OTHER "BENEFIT PLAN INVESTOR" WITHIN THE MEANING OF SECTION 3(42) OF ERISA, OR (II) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN 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 (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES OR ANY BENEFICIAL INTEREST THEREIN WILL NOT 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; (C) 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 (D) IT IS SUCH HOLDER'S INTENT AND SUCH HOLDER UNDERSTANDS IT IS THE ISSUER'S INTENT, FOR PURPOSES OF U.S. 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 may also appear on any Bearer Notes, whether global or definitive, 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 ANY OF ITS TERRITORIES OR 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 U.S. FEDERAL INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE CODE.

Denomination of Bearer Notes

1.04 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

1.05 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

1.06 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 and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons. Notwithstanding anything herein to the contrary, any Bearer Note with a maturity of more than 183 days will be issued in such a manner as to satisfy the requirements for such Bearer Note to be treated as "registered" for U.S. federal income tax purposes. Any Global

Bearer Note with a maturity of more than 183 days will be issued so as to be "effectively immobilized" for U.S. federal income tax purposes. A Global Bearer Note will be considered to be effectively immobilized if: (1) the obligation is represented by one or more global securities in physical form that are issued to and held by a clearing organization as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(B)(4) (or by a custodian or depository acting as an agent of the clearing organization) for the benefit of purchasers of interests in the obligation under arrangements that prohibit the transfer of the global securities except to a successor clearing organization subject to the same terms; and (2) beneficial interests in the underlying obligation are transferable only through a book entry system maintained by the clearing organization (or an agent of the clearing organization).

2.02 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

2.03 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. 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.

2.04 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 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 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.

2.05 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 defined below) 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 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.

2.06 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.

2.07 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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, (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 moneys 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 Metropolitan Life Insurance Company 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 funds 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

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 reference rate set forth below (each, a "**Reference Rate**") as specified in the Final Terms. Unless otherwise stated in the applicable Final Terms, including where the Minimum Rate of Interest is specified as being "Not Applicable", the Minimum Rate of Interest shall be deemed to be zero.

"**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 Interest Determination Date, the rate on such 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 Interest Determination Date, then the Commercial Paper Rate on such 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 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 Interest Determination Date will be the Commercial Paper Rate in effect on such Interest Determination Date.

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

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

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.

"**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 Interest Determination 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 Interest Determination 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.

(iii) 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 Reuters 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 Interest Determination 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 Interest Determination 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 Reuters 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 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 Interest Determination 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 Interest Determination 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 Interest Determination 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 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:

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

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 Reference 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 Convention 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 which shall in no event be less than zero.

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 unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 8.07) 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, 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, 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 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, 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 Convention, 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, (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 that 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 and foreign exchange markets are open for business and settle payments in the Relevant Financial Center in respect of the relevant 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 Convention**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such Day Count Convention 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.

"**Reference Banks**" means such banks as may be specified in the 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 Reuters 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 Reference 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) in respect of any Note which is non-interest bearing (a "**Zero Coupon Note**"), 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 Zero Coupon Note (if required), the relevant payment is made or (y) (except where presentation or surrender of the Zero Coupon 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 Zero Coupon 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 Convention 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) 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.

Except upon the occurrence of an Event of Default, no Series of Notes will provide any Holder with the option to have the Issuer redeem such Notes on a date or dates specified prior to the applicable Maturity Date.

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, Metropolitan Life Insurance Company terminates the relevant Funding Agreement related to such Tranche because Metropolitan Life Insurance Company 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, as specified by the Issuer in the notice of redemption, no less than 30 nor more than 75 days (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) after notice of redemption of the relevant Notes is given to the Holders of the relevant Notes in accordance with Condition 17 (which notice shall be irrevocable); *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 the prior written consent of Metropolitan Life Insurance Company as to both the making of such purchase and the purchase price to be paid for such Notes; *provided* that all unmatured 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) The parties to the Indenture have agreed that if Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company to reflect such prepayment under the Funding Agreement. 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

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) 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 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 Convention (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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company under any Funding Agreement relating to that Series of Notes to make payment of any Additional Amounts Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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) Metropolitan Life Insurance Company (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 Metropolitan Life Insurance Company); (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 Metropolitan Life Insurance Company 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 ratable 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 or Funding Agreements (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 Metropolitan Life Insurance Company, (x) being or having been an actual or constructive "10 percent shareholder" of the total combined voting power of all classes of stock of Metropolitan Life Insurance Company entitled to vote within the meaning of Section 871(h)(3) or Section 881(c)(3)(B) of the Code, (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 income tax withholding or backup withholding as of the date of the purchase by the Holder or beneficial owner 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 Funding Agreement, related 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 the Holder or beneficial owner (as determined for U.S. federal income tax purposes) of a Note or Funding Agreement 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 or Funding Agreement, if compliance is required by statute, by regulation, 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) or Section 881(c)(4) of the Code but only to the extent such treatment was disclosed in writing to the Holder or beneficial owner (as determined for U.S. federal income tax purposes) of the Notes or Funding Agreement at the time such Holder or beneficial owner acquired the Notes or Funding Agreement, 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 Holder or beneficial owner (as determined for U.S. federal income tax purposes) of the Notes or Funding Agreement, the effect of which is to make one or more payments in respect of the Notes or Funding Agreement subject to United States federal income tax, state or local tax, or any other tax, duty, levy, assessment or other governmental charge; (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 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 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 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.

10.04 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.

10.05 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 Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company 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.

10.06 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company, (x) being or having been an actual or constructive "10 percent shareholder" of the total combined voting power of all classes of stock of Metropolitan Life Insurance Company entitled to vote within the meaning of Sections 871(h)(3) or 881(c)(3)(B) of the Code, (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 income tax withholding or 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, 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) or 881(c)(4) of the Code but only to the extent such treatment was disclosed in writing to the Funding Agreement Holder, Holder or beneficial owner (as determined for U.S. federal income tax purposes) of the Notes or Funding Agreement, as the case may be, at the time such holder or beneficial owner 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, state or local tax, or any other tax, duty, levy, assessment or other governmental charge; (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 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 Metropolitan Life Insurance Company is obligated to withhold or deduct any 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 Metropolitan Life Insurance Company and the Funding Agreement Holder, or if there is a material probability that Metropolitan Life Insurance Company will become obligated to withhold or deduct any such taxes or otherwise pay Additional Amounts (in the opinion of independent counsel selected by Metropolitan Life Insurance Company), in each case pursuant to any change in or amendment to any tax laws (or any regulations or rulings thereunder) or a change in position of a governmental authority regarding the application or interpretation thereof (including, but not limited to, Metropolitan Life Insurance Company's receipt of a written adjustment from the IRS or other governmental authority in the United States in connection with an audit), then Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

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; 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.

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 or Talons 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 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 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; and

(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.

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. 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.

12.02 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.

12B.01 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 (i) the fifteenth day immediately prior to the due date for such payment, with respect to U.S. dollar denominated Notes, and (ii) the first day immediately prior to the due date for such payment, with respect to non-U.S. dollar denominated Notes (each such day, the "**Record Date**").

12B.02 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 nonresident 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 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) in the circumstances described in Condition 12A.04, a Paying Agent with a specified office in the United States, (v) a Calculation Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii), (iii) and (v) with a specified office located in such place (if any) as may be required by the Terms and Conditions) and (vi) the Issuer will ensure that it maintains a Paying Agent in a member state of the European Union other than Austria. 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 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, 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, 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, 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 the Regulated Market and/or each 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, 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, provided that any subsequently issued Tranche of Notes constitutes "additional debt instruments" as defined in U.S. Treasury Regulation section 1.1275-2(k)(2)(ii) issued in a "qualified reopening" of the original issuance of such series of Notes, as defined in U.S. Treasury Regulation section 1.1275-2(k)(3). The Issuer may only issue additional Tranches of Notes if Metropolitan Life Insurance Company 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 New York.

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. In connection with such Notes, the Indenture Trustee and the Issuer elect legal and special domicile at the registered office of a Swiss Paying Agent in respect of any legal proceedings in Switzerland. A Swiss Paying Agent must be appointed for any issue of Listed Swiss Franc Notes under the Program.

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 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 funds 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, the Delaware 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, the Delaware Trustee and such relevant Series Agent in connection with the performance of any of their respective agency and fiduciary duties that the Indenture Trustee, the Delaware 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 the relevant 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 and advances of the Indenture Trustee, the Delaware Trustee or the relevant Series Agent, 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;

fourth, to the payment of all remaining Unanticipated Expenses with respect to the relevant Series;

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 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 premium, if any, interest and any Additional Amounts, if any, 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 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 premium, if any, interest and Additional Amounts, if any, 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 or Talons 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, common depositary or common safekeeper 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 (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, common depositary or common safekeeper 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 or Talons 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, common depositary or common safekeeper 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 to requirements that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, and except as set forth herein with respect to (i) certain Notes issued in certain Overseas Directed Offerings, including any Listed Swiss Franc Notes, and (ii) 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 and to requirements that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes 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 Bearer Notes

Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Registered Notes.

Subject to the provisions of the applicable Final Terms and to requirements that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, 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 Bearer Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes and, if so specified in the relevant Final Terms, upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, Definitive Registered Notes. After the occurrence of a Definitive Bearer Notes Exchange Event, such that a Holder has a right to obtain a Definitive Bearer Note, the Bearer Notes will no longer be in registered form for U.S. federal income tax purposes, regardless of whether any option to obtain a Definitive Bearer Note has actually been exercised.

Subject to the provisions of the applicable Final Terms and to requirements that Bearer Notes with a maturity of more than 183 days be treated as being in "registered form" for United States federal income tax purposes, (a) certain Tranches of Bearer Notes issued in an Overseas Directed Offering (including Listed Swiss Franc Notes), and (b) Bearer Notes having a maturity at issue of one year or less, will initially be represented by one or more Permanent Global Bearer Notes.

Any Bearer Note with a maturity of more than 183 days will be issued in such a manner as to satisfy the requirements for such Bearer Note to be treated as "registered" for U.S. federal income tax purposes.

In order to meet U.S. federal income tax requirements for the Bearer Notes to be in "registered form" for U.S. federal income tax purposes, a Bearer Note will be "effectively immobilized." Under guidance issued by the IRS, a global bearer note is "effectively immobilized" if (1) it is issued to and held by a Euroclear or Clearstream or another clearing organization as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(B)(4) (or by a custodian or depository acting as an agent of the clearing organization) for the benefit of purchasers of interests in the obligation under arrangements that prohibit the transfer of the global securities except to a successor clearing organization subject to the same terms; and (2) beneficial interests in the underlying obligation are transferable only through a book entry system maintained by the clearing organization (or an agent of the clearing organization).

(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.

(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 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 and principal (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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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, Metropolitan Life Insurance Company, 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company. Metropolitan Life Insurance Company is the sole owner of all deposits received under the Funding Agreements and all assets acquired therewith. All amounts that Metropolitan Life Insurance Company receives under the Funding Agreements and all assets acquired therewith are and remain a part of Metropolitan Life Insurance Company’s general account without any duty or requirement of segregation or separate investment on Metropolitan Life Insurance Company’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 Metropolitan Life Insurance Company’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 Metropolitan Life Insurance Company of an amount equal to the Net Deposit Amount due thereunder.

Withholding; Termination for Taxation Reasons

Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company is obligated to withhold or deduct any 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 Metropolitan Life Insurance Company and the Funding Agreement Holder, or if there is a material probability that Metropolitan Life Insurance Company will become obligated to withhold or deduct any such taxes or otherwise pay

Additional Amounts (in the opinion of independent counsel selected by Metropolitan Life Insurance Company), in each case pursuant to any change in or amendment to any tax laws (or any regulations or rulings thereunder) or any change in position of a governmental authority regarding the application or interpretation thereof (including, but not limited to, Metropolitan Life Insurance Company's receipt of a written adjustment from the IRS or other governmental authority in the United States in connection with an audit), then Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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) Metropolitan Life Insurance Company 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) Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company.

Supplemental Funding Agreements

The first Funding Agreement issued in connection with a particular Series of Notes may provide that Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 requirements to be "additional debt instruments" issued in a "qualified reopening" so as to be treated as part of the same issue as the original debt instrument under United States Treasury Regulation section 1.1275-2(k) (or successor provisions).

Support and Expenses Agreements

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

Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 United States tax law and practice currently applicable. Prospective investors should consult with their own professional advisors.

United States 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 "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. 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 tax purposes) 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 classified 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 Metropolitan Life Insurance Company 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, the Issuer and each Series of the Issuer will not be treated as an association or publicly traded partnership taxable as a corporation.

Metropolitan Life Insurance Company, the Issuer and each Series of the Issuer will treat the Notes as indebtedness of Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company for all U.S. federal income tax purposes. The remainder of this discussion assumes the Notes are properly treated as indebtedness of Metropolitan Life Insurance Company 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.

United States 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, as defined above, 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, Metropolitan Life Insurance Company 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 (but not below zero) 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 qualified stated 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.

United States 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company; (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, generally summarized herein, are met. 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 discussed below.

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 Metropolitan Life Insurance Company 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 United States 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 or IRS Form W-8BEN-E claiming an exemption from or reduction in withholding under the benefit of a United States 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 applies, 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.

Interest (including OID) on Bearer Notes with a maturity (at issuance) of more than 183 days that are not treated as being in "registered form" for U.S. federal income tax purposes are automatically ineligible for the Portfolio Interest Exemption. As previously noted, it is intended that all Bearer Notes with a maturity of more than 183 days will be issued so as to be treated as in registered form for U.S. federal income tax purposes.

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).

Disclosure Requirements for Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in Treasury Regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. Each U.S. Holder should consult its own tax advisor regarding the possible obligation to file Form 8886 reporting foreign currency loss arising from the Notes or any amount received with respect to the Notes.

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 on the Notes made outside the United States by Metropolitan Life Insurance Company, the Issuer or a Paying Agent, if the appropriate certification is received, *provided* that Metropolitan Life Insurance Company, 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 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 United States branch of a foreign bank or foreign insurance company, (d) a foreign partnership controlled by United States persons or engaged in a United States trade or business or (e) a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States 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

Sections 1471 through 1474 of the Code, commonly referred to as Foreign Account Tax Compliance Act ("**FATCA**") provisions, generally imposes a withholding tax of 30 percent on interest income (including OID) from debt obligations of U.S. issuers and, beginning on January 1, 2019, 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 either (i) 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) or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, complies with modified requirements including in some cases providing local revenue authorities with similar account holder information.

The FATCA legislation also generally imposes a withholding tax of 30 percent on interest income (including OID) from such obligations and, beginning January 1, 2019, the gross proceeds of a disposition of such obligations paid to a non-financial foreign entity (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 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 or unless certain exceptions apply or they agree to provide certain information to other revenue authorities for transmittal to the IRS. 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. 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 IRS has also recently released a new IRS Form W-8BEN-E, which generally requires certain non-U.S. entities to certify as to their FATCA status and, if applicable, provide their Global Intermediary Identification Number. Investors are urged to consult with their own tax advisors regarding the possible implications of FATCA provisions on their investment in the Notes.

U.S. return disclosure obligations (and related penalties for failure to disclose) are also imposed 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 these rules on their investment in the Notes.

THE PRECEDING UNITED STATES 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 UNITED STATES 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 was 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. The Savings Directive was, however, largely repealed with effect from January 1, 2016 in the case of Member States other than Austria and will be repealed entirely from January 1, 2017. Until that time, Austria will operate a withholding system in relation to such payments instead of an information reporting system. The rate of withholding is 35%. However, the beneficial owner of the interest (or similar income) payment may elect that certain provision of information procedures should be applied instead of withholding, provided that certain conditions are met.

The Savings Directive was repealed in order to avoid overlap with European Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by European Council Directive 2014/107/EU) (commonly referred to as the "**Directive on Administrative Cooperation**" or the "**DAC**"), which implements in the EU the Organization for Economic Cooperation and Development's (the "**OECD**") July 2014 Common Reporting Standard ("**CRS**") on the automatic exchange of financial account information. The DAC requires Member States to apply new measures on mandatory automatic exchange of information with effect from January 1, 2016. The CRS covers not only interest income, but also dividends and other types of capital income, and the annual balance of the accounts producing such items of income. The DAC is therefore broader in scope than the Savings Directive, although it does not impose withholding taxes. Austria has been granted a derogation pursuant to which it will only be subject to the DAC from January 1, 2017, albeit it has indicated that it will not make full use of this derogation and will instead exchange a limited set of accounts for 2016.

The CRS has also been implemented outside of the EU: as of 26 July 2016, 101 jurisdictions had committed to exchanging information under the CRS, with 54 undertaking to exchange information by 2017 and 47 by 2018. The United States has not to date committed to exchanging information under the CRS.

Proposed EU Financial Transactions Tax ("FTT")

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the notes (including secondary market transactions) in certain circumstances. Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

On March 16, 2016, Estonia formally withdrew from enhanced cooperation on FTT leaving ten remaining participating Member States. On June 3, 2016 the European Council issued a state of play note on the FTT which stated that further work at the Council and its preparatory bodies will be required and it was reported in October 2016 that the European Commission would present draft legislation before the end of 2016. The FTT proposal (including whether or not it comes into force as proposed or at all) remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the notes are advised to seek their own professional advice in relation to the FTT.

NEITHER THE ISSUER NOR ANY OF THE DEALERS MAKES ANY COMMENT ABOUT THE TREATMENT FOR TAXATION PURPOSES OF PAYMENTS 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

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, 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 Metropolitan Life Insurance Company, and Metropolitan Life Insurance Company 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"). In addition to the foregoing, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, which 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) none of the Issuer, Metropolitan Life Insurance Company, the Administrator, the Indenture Trustee, any Paying Agent, the Calculation Agent, any Dealer 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 Metropolitan Life Insurance Company 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, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), 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 "benefit plan investors," within the meaning of Section 3(42) of ERISA, do not hold 25% or more of any class of equity interest in the entity (determined in accordance with the Plan Asset Regulation). 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 and the Code or, if applicable, Similar Laws 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, or the Service Provider Exemption, and determine on its 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 its 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.

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**"), Section 4975 of the Code or any other "benefit plan investor" within the meaning of Section 3(42) of ERISA 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 Metropolitan Life Insurance Company, 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) in the United States, 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 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 U.S. 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 U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THE NOTES EVIDENCED HEREBY SHALL ONLY BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO OR HELD BY (A) A PERSON WHO IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS 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 (B) 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 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) A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS; (B) EITHER (1) 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"), SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY OTHER "BENEFIT PLAN INVESTOR" WITHIN THE MEANING OF SECTION 3(42) OF ERISA, OR (II) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN 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 (2) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES OR ANY BENEFICIAL INTEREST THEREIN WILL NOT 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; (C) 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 (D) IT IS SUCH HOLDER'S INTENT AND SUCH HOLDER UNDERSTANDS IT IS THE ISSUER'S INTENT, FOR PURPOSES OF U.S. 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 may also appear on any Bearer Notes, whether global or definitive, 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 ANY OF ITS TERRITORIES OR 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 U.S. FEDERAL 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, MLIC 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 New York Department of Financial Services, 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 Metropolitan Life Insurance Company and (ii) one or more Support and Expenses Agreements (subject to the subrogation rights of Metropolitan Life Insurance Company set forth therein) entered into between Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company's insolvency, (i) the claims under each Funding Agreement would rank (a) *pari passu* with the claims of policyholders of Metropolitan Life Insurance Company and in a superior position to the claims of general creditors of Metropolitan Life Insurance Company with respect to payments of principal and interest under the Funding Agreement and (b) *pari passu* with the claims of general creditors of Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company.

- 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 NEW YORK LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION.

- IT FURTHER UNDERSTANDS THAT THE OBLIGATIONS OF METROPOLITAN LIFE INSURANCE COMPANY 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 Credit Suisse Securities (Europe) Limited, Credit Suisse Securities (USA) LLC 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 has been 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) listed on a securities exchange which is not a Regulated Market or (ii) 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 listed, and if the Notes will be listed, on which 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, stabilization may not necessarily occur. 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 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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.

Selling Restrictions

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 or investing Plan Assets of a Plan, unless the acquisition, holding and disposition of the Notes by such person will not 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 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.

Notwithstanding anything herein to the contrary, any Bearer Note with a maturity of more than 183 days will be issued in such a manner as to satisfy the requirements for such Bearer Note to be treated as "registered" for U.S. federal income tax purposes.

"**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.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Dealers are not required to comply the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

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 relevant 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:

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

(ii) at any time to fewer than 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 or Dealers nominated by the Issuer for any such offer; or

(iii) 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 (i), (ii) or (iii) 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 to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State).

This Offering Circular has been prepared on the basis that any offer of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of a placement contemplated in this Offering Circular as completed by the applicable Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for 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, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor does it authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

United Kingdom

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

(i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) it has not offered or sold and will not offer or sell any Notes other than to persons (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or (2) who it is reasonable to expect will 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;

(ii) 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

(iii) 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.

Ireland

In addition to the circumstances referred to in the section entitled "Public Offer Selling Restrictions Under the Prospectus Directive," each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite any Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- the Prospectus Regulations and any rules issued by the Central Bank under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended);
- the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) of Ireland and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank; and
- the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it (a) will only offer or sell Notes in Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) will to the extent necessary, obtain any consent, approval or permission required, if any, for the offer or sale by it of Notes under the laws and regulations in force in Switzerland. In particular, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will make sure that its selling and/or marketing of the Notes does not qualify as a "public offering" in the meaning of Art. 1156 Para. 1 of the Swiss Code of Obligations or any other applicable Swiss laws, regulations, rules, codes and practices of any nature whatsoever. Further, each Dealer has agreed, and each further Dealer appointed under the Program will be required to agree, that any issue of Notes denominated in Swiss Francs will be in compliance with the Directive on Notes of Foreign Borrowers of May 2001 of the Swiss Bankers Association.

The Netherlands

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that unless the relevant Final Terms specify that this provision does not apply because the standard exemption wording required by Article 5:20(5) of the Dutch Financial Supervision Act (*Wet ophet financieel toezicht*) is not applicable, it will not make an offer of Notes to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the relevant 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.

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the relevant Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing measures.

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) to the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series/Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Dealer has undertaken, and each further Dealer appointed under the Program will be required to undertake, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No.228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than: (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities 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" as defined in the SFO and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, 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.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is (i) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or (ii) a trust (where the trustee is not an accredited investor (as defined in Section 4(A) of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except:

(a) to an institutional investor (under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights or interest in that trust are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the SFA.

GENERAL INFORMATION

Admission to Trading

Application has been 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) listed on a securities exchange which is not a Regulated Market or (ii) not admitted to trading or listed on any Regulated Market or any other securities exchange.

Application has been 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 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 the Issuer and/or Metropolitan Life Insurance Company 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. Metropolitan Life Insurance Company'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 Metropolitan Life Insurance Company on April 23, 2002 and December 13, 2005.

Clearance

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Issuer has made an application with respect to the Notes to be accepted for trading in book-entry form by DTC, which has been accepted. 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 (i) Note 17 of the notes to the 2015 Audited Consolidated Financial Statements included in the Resegmentation Form 8-K attached hereto as Annex B, and (ii) Part II, Item 1 and Note 11 of the notes to the 2016 Q3 Unaudited Interim Condensed Consolidated Financial Statements included in the 2016 Q3 Form 10-Q, attached hereto as Annex C:

(a) 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; and

(b) Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company 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 Metropolitan Life Insurance Company.

Language

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Independent Auditors

The consolidated financial statements as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, and the related financial statement schedules, of Metropolitan Life Insurance Company and its subsidiaries included in Annex B to this Offering Circular have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report dated March 24, 2016 (except with respect to segment changes as described in Note 2, and the subsequent events described in Note 23, as to which the date is December 1, 2016) (which expresses an unqualified opinion), which is also included in Annex B to this Offering Circular. Deloitte & Touche LLP is a member of the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board.

No Material Adverse Change

There has been no material adverse change in the prospects of Metropolitan Life Insurance Company since December 31, 2015 (the date of the last published annual audited financial statements of Metropolitan Life Insurance Company) and no significant change in the financial or trading position of Metropolitan Life Insurance Company since September 30, 2016.

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 to each person to whom a copy of the Offering Circular has been delivered, 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, any or all of the audited or unaudited Statutory Financial Statements of Metropolitan Life Insurance Company filed with the New York Department of Financial Services after the date of this Offering Circular, a copy of each Final Terms relating to Notes admitted to trading to the Official List and trading on the Regulated Market of the Irish Stock Exchange, a copy of the Indenture and Trust Agreement, the Charter and By-Laws of Metropolitan Life Insurance Company, as well as 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 office of the Principal Paying Agent.

The Issuer extends to each investor the opportunity, prior to the consummation of the sales of the Notes, to ask questions of, and receive answers from, the Issuer concerning the Issuer, the Notes and the terms and conditions of the Program, and to obtain any further information it may consider necessary in making an informed investment decision or in order to verify the information set forth herein, to the extent the Issuer possesses the same or can acquire such information without unreasonable effort or expense.

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.

The Issuer does not intend to provide any post-issuance information in relation to the performance of any issues of Notes or the related Funding Agreement(s).

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.

Requests for available information may be made by contacting the Issuer at Metropolitan Life Global Funding I c/o AMACAR Pacific Corp., 6525 Morrison Boulevard, Suite 318, Charlotte, North Carolina 28211 or the Principal Paying Agent at the contact details on the last page of this Offering Circular.

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 Metropolitan Life Insurance Company by Stephen W. Gauster, Senior Vice President & Chief Counsel, General Corporate, in the Legal Affairs Department of MetLife Group, Inc., an affiliate of Metropolitan Life Insurance Company (as to New York law), and Willkie Farr & Gallagher LLP (as to New York and United States federal 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 (as to Delaware law). Certain United States federal income tax matters regarding the ownership and disposition of the Notes will be passed on for Metropolitan Life Insurance Company and the Issuer by Willkie Farr & Gallagher LLP. Willkie Farr & Gallagher LLP maintains various group and other insurance policies with Metropolitan Life Insurance Company. Willkie Farr & Gallagher LLP has, from time to time, represented, currently represents, and may continue to represent, some or all of the Underwriters 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. Skadden, Arps, Slate, Meagher & Flom LLP maintains a group life insurance policy and short- and long-term disability insurance policies with Metropolitan Life Insurance Company.

FORM OF FINAL TERMS

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

Final Terms No. [●] dated [●]

Metropolitan Life Global Funding I

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

Metropolitan Life Insurance Company

under the $30,000,000,000 Global Note Issuance Program

These Final Terms should be read in conjunction with the accompanying Offering Circular dated December 7, 2016[, as supplemented by the Offering Circular Supplement dated [●]] ([collectively,] the "**Offering Circular**") relating to the $30,000,000,000 Global Note Issuance Program of Metropolitan Life Global Funding I (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 these Final Terms constitute a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**")][1]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive][1] 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, Delaware 19801. In addition, copies of the Offering Circular and these Final Terms will be available free of charge from the principal office of the Paying Agent with respect to Notes not listed on any securities exchange. [In addition, the Offering Circular will be published on the website of the Central Bank of Ireland at www.centralbank.ie.][1]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms*.]

[*When completing the Final Terms or adding information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive*.]

[*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 its equivalent in another currency at the time of issue*.]

1.	(i) Issuer:	Metropolitan Life Global Funding I
	(ii) Funding Agreement Provider:	Metropolitan Life Insurance Company
2.	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
	[(iii) Date on which Notes become	[Not Applicable/The Notes shall be consolidated to form a

[1] Prospectus Directive references are to be removed for unlisted Notes.

	fungible:	single Series and be interchangeable for trading purposes with the [*Insert description of the Series*] on [*Insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below [which is expected to occur on or about [*Insert date*]]].]
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Principal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5.	Issue Price:	[●]% of the Principal Amount of the Notes [plus accrued interest from [*Insert date*] (if applicable)]
6.	Specified Denominations:	[●] and integral multiples of [●] in excess thereof [up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
7.	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*Specify date* /Issue Date/Not Applicable]
8.	Maturity Date:	[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9.	Interest Basis:	[[●]% Fixed Rate] [[CMT Rate/Commercial Paper Rate/EURIBOR/Federal Funds Rate/LIBOR/Prime Rate/Treasury Rate] [+/-][●]% Floating Rate] [Zero Coupon] (further particulars specified below in Item [14/15/16])
10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of the Principal Amount.]
11.	Change of Interest or Redemption/Payment Basis:	[Not Applicable] [*Specify the date when any fixed to floating rate change occurs or refer to paragraphs* [●] *and* [●] *below and identify there*.]
12.	Status of the Notes:	Secured Non-Recourse Notes
13.	Method of distribution:	[Syndicated/Non-syndicated]

Provisions Relating to Interest (If Any) Payable

14.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

	(i) Interest Rate[(s)]:	[●]% per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[●] of each [year/(*specify months*)/month] through and including the Maturity Date[, adjusted in accordance with the Business Day Convention and any applicable Relevant Financial Center(s) for the definition of "Business Day"]/[, not adjusted] [commencing on [●]]
	(iii) Fixed Coupon Amount[s]:	[●] per [●] in Specified Denominations
	(iv) Broken Amount(s):	[●] per [●] in Specified Denominations, payable on the Interest Payment Date falling [in/on] [●]
	(v) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ FRN Convention][Not Applicable]
	(vi) Day Count Convention:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / Actual/Actual (Bond)]
	(vii) Interest Determination Date(s):	[●] of each [year/*specify months*/month]
15.	Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub -paragraphs of this paragraph*.)
	(i) Interest Period(s):	[[●] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment]]
	(ii) Interest Payment Dates:	[[●] in each year [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment]]
	(iii) First Interest Payment Date:	[●]
	(iv) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ FRN Convention][Not Applicable]
	(v) Relevant Principal Centre(s):	[●]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Indenture Trustee):	[Not Applicable/[●]]

(viii) Screen Rate Determination:	[Applicable/Not Applicable]
- Reference Rate:	[CMT Rate/Commercial Paper Rate/EURIBOR/Federal Funds Rate/LIBOR/Prime Rate/Treasury Rate]
- Interest Determination Date(s):	[[●]/TARGET] [Business/Banking] Days in [*specify city*] for [*specify currency*] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
- Relevant Screen Page:	[●]
- Specified Duration:	[●]
(viii) ISDA Determination:	[Applicable/Not Applicable]
- Floating Rate Option:	[●]
- Designated Maturity:	[●]
- Reset Date:	[●]
- [ISDA Definitions:	[2000/2006]
(ix) Relevant Margin:	[+/-] [●]% per annum
(x) Minimum Interest Rate:	[[●]%per annum/Not Applicable]
(xi) Maximum Interest Rate:	[[●]%per annum/Not Applicable]
(xii) Day Count Convention:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / Actual/Actual (Bond)]
16. Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i) [Amortization/Accrual] Yield:	[●]% per annum
(ii) Day Count Convention:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / Actual/Actual (Bond)]
(iii) Reference Price:	[●]

Provisions Relating to Redemption

17. Maturity Redemption Amount:	[●]
18. Early Redemption Amount:	
Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on Event of Default:	Outstanding Principal Amount plus accrued and unpaid interest to the date fixed for redemption in accordance with Condition 8.02.

General Provisions Applicable to the Notes

19. Form of Notes:	[Registered Notes: Rule 144A Permanent Global Registered Notes The Notes will initially be represented by one or more Rule 144A Permanent Global Registered Notes registered in the name of Cede & Co. as nominee of, and deposited with [●],

as custodian of the Notes for DTC as depositary.

Regulation S Global Registered Notes

Notes sold outside of the United States in accordance with Regulation S will initially be represented by one or more Regulation S Temporary Global Registered Notes. Each Regulation S Temporary Global Registered Note will be exchangeable for a Regulation S Permanent Global Registered Note beginning after the later of (i) the Exchange Date ([●]) and (ii) the first date on which requisite certifications as to non-U.S. beneficial ownership of the relevant Notes are provided to the relevant Paying Agent.

The Regulation S Temporary Global Registered Notes and the Regulation S Permanent Global Registered Notes will be registered in the name of [Cede & Co./[●]] as nominee of [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg].]

Bearer Notes:

[The Notes will be issued in bearer form, subject to the requirement that Bearer Notes with a maturity of more than 183 days be treated as being in “registered form” for United States federal income tax purposes[, [Bearer Notes issued in an Overseas Directed Offering/Bearer Notes having a maturity of one year or less], will initially be represented by one or more Permanent Global Bearer Notes deposited with a depository for [●]][Bearer Notes will initially be represented by one or more Temporary Global Bearer Notes, which will be deposited with a [depository/common depository] for Euroclear and/or Clearstream, Luxembourg].

[On or after the Exchange Date ([●]), upon and to the extent of the certification of the non-U.S. beneficial ownership of the relevant Temporary Global Bearer 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 Bearer Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes [and, upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Registered Notes.]

[Each Permanent Global Bearer Note will be exchangeable for [(i)] Permanent Global Registered Notes [and [(ii)] upon the occurrence and during the continuation of a Definitive Bearer Notes Exchange Event, in whole but not in part, for Definitive Bearer Notes] [and, upon the occurrence and during the continuation of a Definitive Notes Exchange Event, in whole but not in part, for Definitive Registered Notes].[After the occurrence of a Definitive Bearer Notes

Exchange Event, such that a Holder has a right to obtain a Definitive Bearer Note, the Bearer Notes will no longer be in registered form for U.S. federal income tax purposes, regardless of whether any option to obtain a Definitive Bearer Note has actually been exercised.]]

See "Description of the Notes—Global Notes."]

20.	Principal Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details]
21.	Definitive Notes at Request of Holder:	[Applicable/Not Applicable]
22.	New Global Note/New Safekeeping Structure:	[No/Yes – New [Global Note/Safekeeping Structure] applies] [Not Applicable]
23.	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the Euroclear or Clearstream, Luxembourg as common safekeeper, and registered in the name of a nominee of one of Euroclear or Clearstream, Luxembourg acting as common safekeeper, that is, held under the New Safekeeping Structure, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of Euroclear or Clearstream, Luxembourg as common safekeeper, and registered in the name of a nominee of one of Euroclear or Clearstream, Luxembourg acting as common safekeeper, that is, held under the NSS. Note that this does not necessarily mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Distribution

24.	(i) If syndicated, names of Managers and Relevant Dealer(s) / Lead Manager (if any):	[Not Applicable/*give names*]

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

Information Relating to the Funding Agreement

27.	Funding Agreement Number:	[●] (the "**Relevant Funding Agreement**")
28.	Funding Agreement Maturity Date:	[●]
29.	Funding Agreement Deposit Amount:	[●]

PART B — OTHER INFORMATION

1. LISTING

(i) Listing:	[The Irish Stock Exchange/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:	[[●]/Not Applicable]

2. RATINGS

Ratings of the Series:	The Notes to be issued [have been rated/are expected to be rated]:
(i) Moody's:	[●]
(ii) S&P:	[●]
(iii) Fitch:	[●]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[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. (*Amend as appropriate if there are other interests*)]

4. 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 the Relevant Funding Agreement from Metropolitan Life Insurance Company.

5. FIXED RATE NOTES ONLY - YIELD

Indication of yield:	[Not Applicable/[●]%. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. OPERATIONAL INFORMATION

ISIN:	[●]
Common Code:	[●]
CUSIP Number:	[●]
Relevant clearing system(s):	[Not Applicable/*give name(s) and number(s)*]
Delivery:	Delivery [against/free of] payment
Additional Paying Agent(s) if any:	[●]

7. AUTHORIZATION

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

[LISTING AND ADMISSION TO TRADING APPLICATION

These 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 $30,000,000,000 Global Note Issuance Program of the Issuer.]

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information given in these Final Terms is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

METROPOLITAN LIFE GLOBAL FUNDING I

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

By: ____
Name:
Title:

ANNEX A

Metropolitan Life Insurance Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the Securities and Exchange Commission on March 25, 2016

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, 2015

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 000-55029

Metropolitan Life Insurance Company

(Exact name of registrant as specified in its charter)

New York	**13-5581829**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
200 Park Avenue, New York, N.Y.	**10166-0188**
(Address of principal executive offices)	*(Zip Code)*

(212) 578-9500
(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:
Common Stock, par value $0.01

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 24, 2016, 494,466,664 shares of the registrant's common stock, $0.01 par value per share, were outstanding, all of which were owned directly by 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

Table of Contents

As used in this Form 10-K, "MLIC," the "Company," "we," "our" and "us" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "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, or are tied to future periods, 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 MLIC. 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 Metropolitan Life Insurance Company's filings with the U.S. Securities and Exchange Commission. These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the global capital and credit markets, which may affect our ability to meet liquidity needs and access capital, including through credit facilities, 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, including assets supporting risks ceded to certain affiliated captive reinsurers or hedging arrangements associated with those risks; (3) exposure to global financial and capital market risks, including as a result of the disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (4) impact on us of comprehensive financial services regulation reform, including regulation of MetLife, Inc. as a non-bank systemically important financial institution, or otherwise; (5) numerous rulemaking initiatives required or permitted by the Dodd-Frank Wall Street Reform and Consumer Protection Act which may impact how we conduct our business, including those compelling the liquidation of certain financial institutions; (6) regulatory, legislative or tax changes relating to our insurance or other operations that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to employees; (7) adverse results or other consequences from litigation, arbitration or regulatory investigations; (8) our ability to address difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from (a) business acquisitions and integrating and managing the growth of such acquired business, (b) dispositions of businesses via sale, initial public offering, spin-off or otherwise, (c) entry into joint ventures, or (d) legal entity reorganizations; (9) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (10) investment losses and defaults, and changes to investment valuations; (11) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (12) impairments of goodwill and realized losses or market value impairments to illiquid assets; (13) defaults on our mortgage loans; (14) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (15) fluctuations in foreign currency exchange rates; (16) downgrades in our claims paying ability, financial strength or credit ratings, or MetLife, Inc.'s credit ratings; (17) a deterioration in the experience of the closed block established in connection with the reorganization of MLIC; (18) availability and effectiveness of reinsurance or indemnification arrangements, as well as any default or failure of counterparties to perform; (19) differences between actual claims experience and underwriting and reserving assumptions; (20) ineffectiveness of MetLife's risk management policies and procedures; (21) catastrophe losses; (22) increasing cost and limited market capacity for statutory life insurance reserve financings; (23) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, and for personnel; (24) 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; (25) changes in accounting standards, practices and/or policies; (26) increased expenses relating to pension and postretirement benefit plans for employees and retirees of MetLife, as well as health care and other employee benefits; (27) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (28) inability to attract and retain sales representatives; (29) 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 the value of our investment portfolio, MetLife's disaster recovery systems, cyber- or other information security systems and management continuity planning; (30) the effectiveness of MetLife's programs and practices in avoiding giving associates incentives to take excessive risks; and (31) other risks and uncertainties described from time to time in Metropolitan Life Insurance Company's filings with the U.S. Securities and Exchange Commission.

Metropolitan Life Insurance Company does not undertake any obligation to publicly correct or update any forward-looking statement if Metropolitan Life Insurance Company later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures Metropolitan Life Insurance Company makes on related subjects in reports to the U.S. Securities and Exchange Commission.

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

Index to Business

Overview

As used in this Form 10-K, "MLIC," the "Company," "we," "our" and "us" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "MetLife").

The Company is a provider of life insurance, annuities, employee benefits and asset management through both proprietary and independent retail distribution channels, as well as at the workplace.

We are also one of the largest institutional investors in the U.S. with a $277.1 billion general account portfolio invested primarily in investment grade corporate bonds, structured finance securities, mortgage loans and U.S. Treasury and agency securities, as well as real estate and corporate equity, at December 31, 2015. Over the past several years, we have further diversified and strengthened our general account portfolio.

Our well-recognized brand, leading market positions, competitive and innovative product offerings and financial strength and expertise should help drive future growth, building on a long history of fairness, honesty and integrity. Over the course of the next several years, we will pursue the following objectives to achieve our goals:

- ***Refocus the U.S. businesses***
  - *Shift product mix away from capital intensive products*
  - *Invest in growth initiatives for the voluntary/worksite, accident & health, and direct channels*
  - *Drive margin improvement*
- ***Drive toward Customer Centricity and a global brand***
  - *Further institutionalize customer-centric actions and culture at MetLife*
  - *Grow consideration of and preference for MetLife's brand in key markets*

The Company is organized into three segments: Retail; Group, Voluntary & Worksite Benefits; and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. See "— Segments and Corporate & Other" and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments and Corporate & Other. See also "— Other Key Information" for information on MetLife, Inc.'s announcement of its plan to pursue the separation of a substantial portion of its Retail segment, which is organized into two U.S. businesses, Life & Other and Annuities, as well as certain portions of its Corporate Benefit Funding segment and Corporate & Other (the "Separation"). Management continues to evaluate the Company's segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

Revenues derived from an agreement with the U.S. Office of Personnel Management for the Federal Employees' Group Life Insurance program were $2.7 billion, $2.8 billion and $2.5 billion for the years ended December 31, 2015, 2014 and 2013, respectively, which represented 10%, 11% and 10%, respectively, of consolidated premiums, universal life and investment-type product policy fees and other revenues. Revenues derived from any other customer did not exceed 10% of consolidated premiums, universal life and investment-type product policy fees and other revenues for the years ended December 31, 2015, 2014 and 2013. Substantially all of the Company's consolidated premiums, universal life and investment-type product policy fees and other revenues originated in the U.S. Financial information, including revenues, expenses, operating earnings, and total assets by segment, as well as premiums, universal life and investment-type product policy fees and other revenues by major product groups, is provided in Note 2 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 — Non-GAAP and Other Financial Disclosures" for definitions of such measures.

Other Key Information

On February 28, 2016, MetLife, Inc. entered into a purchase agreement with Massachusetts Mutual Life Insurance Company ("MassMutual") pursuant to which MassMutual will acquire MetLife's U.S. Retail advisor force, the MetLife Premier Client Group, together with its affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc., and certain related assets. As part of the transaction, MetLife, Inc. and MassMutual have also agreed to enter into a product development agreement under which MetLife's U.S. Retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. The transaction is subject to certain closing conditions, including regulatory approval.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. MetLife is currently evaluating structural alternatives for the proposed Separation, including a public offering of shares in an independent, publicly traded company, a spin-off, or a sale. The completion of a public offering would depend on, among other things, the U.S. Securities and Exchange Commission ("SEC") filing and review process, as well as market conditions. Any Separation that might occur will be subject to the satisfaction of various conditions and approvals, including approval of any transaction by the MetLife, Inc. Board of Directors, satisfaction of any applicable requirements of the SEC, and receipt of insurance and other regulatory approvals and other anticipated conditions. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of the Separation. Metropolitan Life Insurance Company would no longer write new retail life and annuity business post-Separation.

In the first quarter of 2015, the Company implemented certain segment reporting changes related to the measurement of segment operating earnings, which included revising the Company's capital allocation methodology. These changes were applied retrospectively and did not have an impact on total consolidated operating earnings or net income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Other Key Information" and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments and Corporate & Other.

In December 2014, Metropolitan Life Insurance Company distributed to MetLife, Inc., as a dividend, all of the issued and outstanding shares of common stock of its wholly-owned, broker-dealer subsidiary, New England Securities Corporation ("NES"). See Note 3 of the Notes to the Consolidated Financial Statements for further information.

In November 2014, MetLife Insurance Company of Connecticut ("MICC"), a wholly-owned subsidiary of MetLife, Inc., re-domesticated from Connecticut to Delaware, changed its name to MetLife Insurance Company USA and merged with its subsidiary, MetLife Investors USA Insurance Company, and its affiliate, MetLife Investors Insurance Company, each a U.S. insurance company that issued variable annuity products in addition to other products, and Exeter Reassurance Company, Ltd. ("Exeter"), a former offshore, captive reinsurance subsidiary of MetLife, Inc. and affiliate of MICC that mainly reinsured guarantees associated with variable annuity products (the "Mergers"). The surviving entity of the Mergers was MetLife Insurance Company USA ("MetLife USA"). Effective January 1, 2014, following receipt of New York State Department of Financial Services (the "Department of Financial Services") approval, MICC withdrew its license to issue insurance policies and annuity contracts in New York. Also effective January 1, 2014, MICC reinsured with Metropolitan Life Insurance Company all existing New York insurance policies and annuity contracts that include a separate account feature. Prior to the Mergers, Metropolitan Life Insurance Company also recaptured certain risks ceded to Exeter and assumed certain risks from an affiliate. The Mergers have provided increased transparency relative to our capital allocation and variable annuity risk management. See Note 6 of the Notes to the Consolidated Financial Statements for further information on the Mergers, and see "— Regulation — Insurance Regulation — Insurance Regulatory Examinations and Other Activities" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Affiliated Captive Reinsurance Transactions" for information on our use of captive reinsurers.

Segments and Corporate & Other

Overview

Our businesses offer 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.

Retail

Product Overview

Our Retail segment is organized into two U.S. businesses: Life & Other and Annuities.

Life & Other

Our Life & Other insurance products and services include variable life, universal life, term life and whole life products. Life & Other products and services also include individual disability income products. Additionally, through broker-dealer affiliates, the Company offers a full range of mutual funds and other securities products.

The major products within Life & Other are as follows:

Variable Life. Variable life products provide insurance coverage through a contract that gives the policyholder flexibility in investment choices and, depending on the product, in premium payments and coverage amounts, with certain guarantees. Most importantly, with variable life products, premiums and account balances can be directed by the policyholder into a variety of separate account investment options or directed to the Company's general account. In the separate account investment options, the policyholder bears the entire risk of the investment results. We collect specified fees for the management of the investment options. The policyholder's cash value reflects the investment return of the selected investment options, net of management fees and insurance-related and other charges. In some instances, third-party money management firms manage these investment options. With some products, by maintaining a certain premium level, policyholders may have the advantage of various guarantees that may protect the death benefit from adverse investment experience.

Universal Life. Universal life products provide insurance coverage on the same basis as variable life, except that premiums, and the resulting accumulated balances, are allocated only to the Company's general account. We credit premiums to an account maintained for the policyholder. Premiums are credited net of specified expenses. Interest is credited to the policyholder's account at interest rates we determine, subject to specified minimums. Specific charges are made against the policyholder's account for the cost of insurance protection and for expenses. With some products, by maintaining a certain premium level, policyholders may have the advantage of various guarantees that may protect the death benefit from adverse investment experience.

Term Life. Term life products provide a guaranteed benefit upon the death of the insured for a specified time period in return for the periodic payment of premiums. Specified coverage periods range from one year to 30 years, but in no event are they longer than the period over which premiums are paid. Death benefits may be level over the period or decreasing. Premiums may be guaranteed at a level amount for the coverage period or may be non-level and non-guaranteed. Term insurance products are sometimes referred to as pure protection products, in that there are typically no savings or investment elements. Term contracts expire without value at the end of the coverage period when the insured party is still living.

Whole Life. Whole life products provide a guaranteed benefit upon the death of the insured in return for the periodic payment of a fixed premium over a predetermined period. Premium payments may be required for the entire life of the contract period, to a specified age or period, and may be level or change in accordance with a predetermined schedule. Whole life insurance includes policies that provide a participation feature in the form of dividends. Policyholders may receive dividends in cash or apply them to increase death benefits, increase cash values available upon surrender or reduce the premiums required to maintain the contract in-force. Because the use of dividends is specified by the policyholder, this group of products provides significant flexibility to individuals to tailor the product to suit their specific needs and circumstances, while at the same time providing guaranteed benefits.

Disability. Disability products provide a benefit in the event of the disability of the insured. In most instances, this benefit is in the form of monthly income paid until the insured reaches age 65. In addition to income replacement, the product may be used to provide for the payment of business overhead expenses for disabled business owners or mortgage payment protection.

Other. Additionally, through our broker-dealer affiliates, we offer a full range of mutual funds and other securities products. The elimination of transactions from activity between the segments occurs within Life & Other.

Annuities

Our Annuities business offers a variety of variable and fixed annuities that are primarily sold to individuals and tax-qualified groups in the education, healthcare and not-for-profit sectors.

The major products within Annuities are as follows:

Variable Annuities. Variable annuities provide for both asset accumulation and asset distribution needs. Variable annuities allow the contractholder to make deposits into various investment options in a separate account, as determined by the contractholder. The risks associated with such investment options are borne entirely by the contractholder, except where guaranteed minimum benefits are involved. In certain variable annuity products, contractholders may also choose to allocate all or a portion of their account to the Company's general account and are credited with interest at rates we determine, subject to specified minimums. In addition, contractholders may also elect certain minimum death benefit and minimum living benefit guarantees for which additional fees are charged and where asset allocation restrictions may apply.

Fixed and Indexed Annuities. Fixed annuities provide for both asset accumulation and asset distribution needs. Fixed annuities do not allow the same investment flexibility provided by variable annuities, but provide guarantees related to the preservation of principal and interest credited. Deposits made into deferred annuity contracts are allocated to the Company's general account and are credited with interest at rates we determine, subject to specified minimums. Credited interest rates are guaranteed not to change for certain limited periods of time, ranging from one to 10 years. Fixed income annuities provide a guaranteed monthly income for a specified period of years and/or for the life of the annuitant. Additionally, the Company has recently begun issuing indexed annuities which allow the contractholder to participate in returns from equity indices.

Sales Distribution

We sell our retail life, disability and annuities products through a diverse set of distribution networks, which has included MetLife Premier Client Group (comprised of 40 agencies with 4,000 career financial representatives) and third-party organizations. On February 28, 2016, MetLife, Inc. entered into a purchase agreement with MassMutual pursuant to which MassMutual will acquire the MetLife Premier Client Group. See "— Other Key Information" for further information on the sale of the MetLife Premier Client Group.

We also distribute products 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 with the support of wholesalers. Additionally, wholesalers sell through financial intermediaries, including regional broker-dealers, brokerage firms, financial planners and banks.

Group, Voluntary & Worksite Benefits

Product Overview

We have built a leading position in the U.S. group insurance market through long-standing relationships with many of the largest corporate employers in the U.S.

Our Group, Voluntary & Worksite Benefits insurance products and services include life, dental, group short- and long-term disability, long-term care, accidental death and dismemberment ("AD&D"), critical illness, vision and accident & health coverages, as well as prepaid legal plans. We also sell administrative services-only ("ASO") arrangements to some employers. Under such ASO arrangements, the employer is at risk, as we have not issued an insurance policy. We pay claims funded by the employer and perform other administrative services on behalf of the employer.

The major products within Group, Voluntary & Worksite Benefits are as follows:

Life. Life insurance products and services include variable life, universal life, and term life products. These are similar to the products offered by the Retail Life & Other business except we offer group insurance products as employer-paid benefits or as voluntary benefits where all or a portion of the premiums are paid by the employee. These life insurance products and services also include employee paid supplemental life and are offered as standard products or may be tailored to meet specific customer needs.

Dental. Dental products provide insurance and ASO arrangements that assist employees, retirees and their families in maintaining oral health while reducing out-of-pocket expenses and providing superior customer service. Dental plans include the Preferred Dentist Program and the Dental Health Maintenance Organization.

Disability. Disability products provide a benefit in the event of the disability of the insured. In most instances, this benefit is in the form of monthly income paid until the insured reaches age 65.

Long-term Care. Long-term care products provide protection against the potentially high costs of long-term care services. They generally pay benefits to insureds who need assistance with activities of daily living or have a cognitive impairment. Although we discontinued the sale of these products in 2010, we continue to support our existing policyholders.

Sales Distribution

We distribute our group products 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. In addition, voluntary products are sold by specialists. Employers have been emphasizing voluntary products and, as a result, we have increased our focus on communicating and marketing to employees in order to further foster sales of those products.

We have entered into several operating joint ventures and other arrangements with third parties to expand the marketing and distribution opportunities of Group, Voluntary & Worksite Benefits products and services. We also sell our group products and services through sponsoring organizations and affinity groups and provide life and dental coverage to certain employees of the U.S. Government.

Corporate Benefit Funding

Product Overview

Our Corporate Benefit Funding segment provides funding and financing solutions that help institutional customers mitigate and manage liabilities primarily associated with their qualified, nonqualified and welfare employee benefit programs using a spectrum of life and annuity-based insurance and investment products.

The major products within Corporate Benefit Funding are as follows:

Stable Value Products. We offer general account guaranteed interest contracts, separate account guaranteed interest contracts, and similar products used to support the stable value option of defined contribution plans. We also offer private floating rate funding agreements that are used for money market funds, securities lending cash collateral portfolios and short-term investment funds.

General account guaranteed interest contracts are designed to provide stable value investment options within tax-qualified defined contribution plans. Traditional general account guaranteed interest contracts integrate a general account fixed or determinable fixed maturity investment with a general account guarantee of liquidity at contract value for participant transactions.

Separate account guaranteed interest contracts are available to defined contribution plan sponsors. These contracts integrate market value returns on separate account investments with a general account guarantee of liquidity at contract value to the extent the separate account assets are not sufficient. The contracts do not have a fixed maturity date and are terminable by each party on notice.

Private floating rate funding agreements are generally privately-placed, unregistered investment contracts issued as general account obligations. Interest is credited based on an external index, generally the three-month London Interbank Offered Rate ("LIBOR"). Contracts may contain put provisions (of 90 days or longer) that allow for the contractholder to receive the account balance prior to the stated maturity date.

Pension Risk Transfers. We offer general account and separate account annuity products, generally in connection with the termination of defined benefit pension plans. These risk transfer products include single premium buyouts that allow for full or partial transfers of pension liabilities.

General account annuity products include nonparticipating contracts. Under nonparticipating contracts, group annuity benefits may be purchased for retired and terminated employees or employees covered under terminating or ongoing pension plans. Both immediate and deferred annuities may be purchased by a single premium at issue. There are generally no cash surrender rights, with some exceptions including certain contracts that include liabilities for cash balance pension plans.

Separate account annuity products include both participating and non-participating contracts. Under participating contracts, group annuity benefits are purchased for retired, terminated, or active employees covered under active or terminated pension plans. Both immediate and deferred fixed annuities are purchased with a single premium. Under some contracts, additional annuities may be periodically purchased at then current purchase rates. The assets supporting the guaranteed benefits for each contract are held in a separate account. Some contracts require the contractholder to make periodic payments to cover investment and insurance expenses. The Company fully guarantees benefit payments and is ultimately responsible for all benefit payments. The non-participating contracts have economic features similar to our general account product, but offer the added protection of an insulated separate account. Under U.S. GAAP, these annuity contracts are treated as general account products.

Institutional Income Annuities. These general account contracts are available for purchasing guaranteed payout annuities for employees upon retirement or termination of employment. These annuities can be either life contingent or non-life contingent. These annuities are nonparticipating, do not provide for any loan or cash surrender value and, with few exceptions, do not permit future considerations.

Torts and Settlements. We offer innovative strategies for complex litigation settlements, primarily structured settlement annuities.

Structured settlement annuities are customized annuities designed to serve as an alternative to a lump sum payment in a lawsuit initiated because of personal injury, wrongful death, or a workers' compensation claim or other claim for damages. Surrenders are generally not allowed, although commutations are permitted in certain circumstances. Guaranteed payments consist of life contingent annuities, term certain annuities and lump sums.

Capital Markets Investment Products. Products we offer include funding agreements, funding agreement-backed notes and funding agreement-backed commercial paper. We also issue funding agreements to receive Federal Home Loan Bank ("FHLB") advances and through a program with the Federal Agricultural Mortgage Corporation ("Farmer Mac").

Funding agreement-backed notes are part of a medium term note program, under which funding agreements are issued to a special-purpose trust that issues marketable notes in U.S. dollars or foreign currencies. The proceeds of the issuance of a series of notes are used by the trust to acquire a funding agreement with matching interest and maturity payment terms from Metropolitan Life Insurance Company. The notes are underwritten and marketed by major investment banks' broker-dealer operations and are sold to institutional investors.

Funding agreement-backed commercial paper is issued by a special purpose limited liability company which deposits the proceeds under a master funding agreement issued to it by Metropolitan Life Insurance Company. The commercial paper receives the same short-term credit rating as Metropolitan Life Insurance Company and is marketed by major investment banks' broker-dealer operations. The program allows for funding agreement-backed commercial paper to be issued in U.S. dollars or foreign currencies.

Through the Farmer Mac program, funding agreements have been issued by Metropolitan Life Insurance Company to Farmer Mac, as well as to certain special purpose entities ("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 Farmer Mac.

Other Corporate Benefit Funding Products and Services. We offer specialized life insurance products and funding agreements designed specifically to provide solutions for funding postretirement benefits and company-, bank- or trust- owned life insurance used to finance nonqualified benefit programs for executives.

Sales Distribution

We distribute our Corporate Benefit Funding products and services through dedicated sales teams and relationship managers. Products may be sold directly to benefit plan sponsors and advisors or through brokers, consultants or other intermediaries. In addition, these sales professionals work with individual and group distribution areas to better reach and service customers, brokers, consultants and other intermediaries.

Corporate & Other

Overview

The Company reports certain of its results of operations in Corporate & Other. Corporate & Other contains the excess capital, as well as enterprise-wide strategic initiative restructuring charges, not allocated to the segments, various start-up businesses (including our investment management business through which we offer fee-based investment management services to institutional clients), certain run-off businesses, the Company's ancillary international operations and interest expense related to the majority of our outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes ancillary U.S. direct business, comprised of group and individual products sold through sponsoring organizations, affinity groups and direct to consumer. Additionally, Corporate & Other includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet 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. 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 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. We establish liabilities for claims and benefits based on assumptions and estimates of losses and liabilities incurred. 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."

Pursuant to applicable insurance laws and regulations, our insurance companies, including a captive reinsurer subsidiary, establish statutory reserves, reported as liabilities, to meet their obligations on their 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.

State insurance laws and regulations, including New York Insurance Law and regulations, require certain MLIC entities to submit to superintendents of insurance, including the New York Superintendent of Financial Services, 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 their statutory liabilities with respect to these obligations. See "— Regulation — Insurance Regulation — Policy and Contract Reserve Adequacy Analysis."

Underwriting and Pricing

MetLife's Global Risk Management Department ("GRM") contains a dedicated unit, the primary responsibility of which is the development of product pricing standards and independent pricing and underwriting oversight for MetLife's insurance businesses. Further important controls around management of underwriting and pricing processes include regular experience studies to monitor assumptions against expectations, formal new product approval processes, periodic updates to product profitability studies and the use of reinsurance to manage our exposures, as appropriate. See "— Reinsurance Activity."

Underwriting

Underwriting generally involves an evaluation of applications by a professional staff of underwriters and actuaries, who determine the type and the amount of insurance 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 such 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 a policy is not issued unless the particular risk or group has been examined and approved in accordance with our underwriting guidelines.

The underwriting conducted by our remote underwriting offices and intermediaries, as well as our corporate underwriting office, is 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 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.

We continually review our underwriting guidelines in light of applicable regulations and to ensure that our policies remain competitive and supportive of our marketing strategies and profitability goals.

Pricing

Product pricing reflects our pricing standards. GRM, as well as regional finance and product teams, are responsible for pricing and oversight for all of our insurance businesses. 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 and possible variability of results. For certain products, 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 we bear all prior year gains and losses. 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.

Rates for group insurance and voluntary & worksite products are based on anticipated earnings and expenses for the book of business being underwritten. Renewals are generally reevaluated annually or biannually and are repriced to reflect actual experience on such products. 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, as policyholders have few or no options or contractual rights to cash values.

Rates for individual life insurance products are highly regulated and generally 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. Individual disability income products are based on anticipated results for the occupation being underwritten. 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 pricing guidelines in light of applicable regulations and to ensure that our policies remain competitive and supportive of our marketing strategies and profitability goals.

Reinsurance Activity

We enter into reinsurance agreements primarily as a purchaser of reinsurance for our various insurance products and also as a provider of reinsurance for some insurance products issued by third parties and related parties. 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 recoverable balances could become uncollectible.

We reinsure our business through a diversified group of well-capitalized reinsurers. 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. Additionally, we enter into reinsurance agreements for risk and capital management purposes with other affiliates and several affiliated captive reinsurers. Captive reinsurers are affiliated insurance companies licensed under specific provisions of insurance law of their respective jurisdictions, such as the Special Purpose Financial Captive law adopted by several states including Vermont and Delaware, and have a very narrow business plan that specifically restricts the majority or all of their activity to reinsuring business from their affiliates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Affiliated Captive Reinsurance Transactions."

Retail

For our Retail Life & Other insurance products, we have historically reinsured the mortality risk primarily on an excess of retention basis or on a quota share basis. We currently reinsure 90% of the mortality risk in excess of $2 million for most 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 $20 million per life 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.

For our Retail Annuities business we reinsure 100% of the living and death benefit guarantees issued in connection with certain variable annuities issued since 2004 to an affiliate and portions of the living and death benefit guarantees issued in connection with our variable annuities issued prior to 2004 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 assume 90% of the fixed annuities by certain affiliates and 100% of certain variable annuity risks issued by an affiliate.

Group, Voluntary & Worksite Benefits

For certain policies within our Group, Voluntary & Worksite Benefits segment, we generally retain most of the risk and only cede particular risks on certain client arrangements. The majority of our reinsurance activity within this segment relates to the following client agreements:

- Employer sponsored captive programs: through these programs, employers buy a group life insurance policy with the condition that a portion of the risk is reinsured back to a captive insurer sponsored by the client.
- Risk-sharing agreements: through these programs, clients require that we reinsure a portion of the risk back to third parties, such as minority-owned reinsurers.
- Multinational pooling: through these agreements, employers buy many group insurance policies which are aggregated in a single insurer via reinsurance.

The risks ceded under these agreements are generally quota shares of group life and disability policies. The cessions vary from 50% to 90% of all the risks of the policies.

Corporate Benefit Funding

For our Corporate Benefit Funding segment, we have periodically engaged in reinsurance activities on an opportunistic basis. There were no significant transactions during the periods presented. In April 1996 and December 1997 the Company entered into two long-term transactions representing approximately $1.5 billion of reserve transfers on structured settlement policies. Through these transactions, 100% of certain risks were transferred, such as payments contingent upon the beneficiary living at the time payment is owed, beginning in 2017 for certain policies, and non-contingent payments guaranteed for a certain minimum number of years, for other policies.

Catastrophe Coverage

We have exposure to catastrophes which could contribute to significant fluctuations in our results of operations. We use excess reinsurance agreements, under which the direct writing company reinsures risk in excess of a specific dollar value for each policy within a class of policies, to provide greater diversification of risk and minimize exposure to larger risks. Such excess reinsurance agreements include retention reinsurance agreements and quota share reinsurance agreements. Retention reinsurance agreements provide for a portion of a risk to remain with the direct writing company, and quota share reinsurance agreements provide for the direct writing company to transfer a fixed percentage of all risks of a class of policies. Our life insurance products, particularly group life, subject us to catastrophe risk which we do not reinsure other than through our ongoing mortality reinsurance program which transfers risk at the individual policy level.

Reinsurance Recoverables

For information regarding ceded reinsurance recoverable balances, included in premiums, reinsurance and other receivables in the consolidated balance sheets, see Note 6 of the Notes to the Consolidated Financial Statements.

Regulation

Index to Regulation

Overview

The U.S. insurance industry is regulated primarily at the state level, with some products and services also subject to federal regulation. In addition, we are subject to regulation under the insurance holding company laws of the states of domicile of our U.S. insurance companies. As a subsidiary of MetLife, Inc., a non-bank systemically important financial institution ("non-bank SIFI"), we are affected by MetLife, Inc.'s regulation 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") and the Federal Deposit Insurance Corporation ("FDIC"). We may also be affected by any additional capital requirements to which MetLife, Inc. may become subject as a global systemically important insurer ("G-SII"). Furthermore, some of our operations, products and services are subject to consumer protection laws, securities regulation, environmental and unclaimed property laws and regulations, and to the Employee Retirement Income Security Act of 1974 ("ERISA").

Insurance Regulation

State insurance regulation generally aims at supervising and regulating insurers, with the goal of protecting policyholders and ensuring that insurance companies remain solvent. Insurance regulators have increasingly sought information about the potential impact of activities in holding company systems as a whole, and some jurisdictions have adopted laws and regulations enhancing "group-wide" supervision, as supported by the National Association of Insurance Commissioners' ("NAIC") Solvency Modernization Initiative. See "— NAIC" for information regarding group-wide supervision.

Metropolitan Life Insurance Company 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 U.S. Virgin Islands and the Northern Mariana Islands. Each of Metropolitan Life Insurance Company's insurance subsidiaries is regulated and has all material licenses in each U.S. jurisdiction where it conducts insurance business. The extent of such regulation varies, but most jurisdictions have laws and regulations governing the financial aspects and business conduct of insurers. State laws in the U.S. grant insurance regulatory 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 certain 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;
- specifying the conditions under which a ceding company can take credit for reinsurance in its statutory financial statements (i.e., reduce its reserves by the amount of reserves ceded to a reinsurer);
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- adopting and enforcing suitability standards with respect to the sale of annuities and other insurance products;
- 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.

We are required to file reports, generally including detailed annual financial statements, with insurance regulatory authorities in each of the jurisdictions in which we do business, and our 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 we 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 17 of the Notes to the Consolidated Financial Statements.

Holding Company Regulation

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. The NAIC adopted revisions to the NAIC Insurance Holding Company System Model Act ("Model Holding Company Act") and the Insurance Holding Company System Model Regulation ("Regulation") in December 2010 and December 2014. The Model Holding Company Act and Regulation serve as a basis for action by the states. See "— NAIC" for further information on the Model Holding Company Act and Regulation.

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. Dividends in excess of prescribed limits and transactions above a specified size between an insurer and its affiliates require the approval of the insurance regulator in the insurer's state of domicile. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Statutory Capital and Dividends." See also "Dividend Restrictions" in Note 13 of the Notes to the Consolidated Financial Statements for further information regarding such limitations, as well as an amendment to the New York Insurance Law permitting MLIC to pay stockholder dividends to MetLife, Inc. in any calendar year without prior insurance regulatory clearance under one of two alternative formulations during 2016 and going forward.

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, derivatives 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 "— Health Care Regulation" and "Risk Factors — Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth."

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("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, many of which remain to be completed.

Dodd-Frank established the Federal Insurance Office ("FIO") 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 performs various functions with respect to insurance, including serving as a non-voting member of the Financial Stability Oversight Council ("FSOC") and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. On December 12, 2013, the FIO issued a report, mandated by Dodd-Frank, which, among other things, urged the states to modernize and promote greater uniformity in insurance regulation. However, the report also discussed potential federal solutions if states failed to modernize and improve regulation and some of the report's recommendations, for instance, favored a greater federal role in monitoring financial stability and identifying issues or gaps in the regulation of large national and internationally active insurers.

Dodd-Frank also includes provisions that 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 potential application of enhanced prudential standards and other restrictions, including the regulation of proprietary trading and sponsoring or investing in hedge funds or private equity funds, to non-bank SIFIs, all of which affect MetLife, Inc. as the FSOC has designated it as a non-bank SIFI. See "— Regulation of MetLife, Inc. as a Non-Bank SIFI."

Health Care Regulation

The Patient Protection and Affordable Care Act ("PPACA"), 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 "Affordable Care Act"), imposes obligations on MetLife as an enterprise, and as a provider of non-medical health insurance benefits and as a purchaser of certain of these products. In 2014, we became subject to an excise tax called the "health insurer fee," the cost of which is primarily passed on to group purchasers of certain of our dental and vision insurance products. Additionally, with respect to dental insurance products sold to groups with 50 or fewer employees, we have changed certain of our product offerings in response to the Affordable Care Act. The cost of these product changes will also be reflected in our pricing of such products. The Affordable Care Act and its related regulations have already resulted in increased and unpredictable costs to provide certain products and may have additional adverse effects. See "Risk Factors — Regulatory and Legal Risks — Legislative and Regulatory Activity in Health Care and Other Employee Benefits Could Affect our Profitability as a Provider of Life Insurance, Annuities, and Non-Medical Health Insurance Benefit Products." It has also harmed our competitive position, as the Affordable Care Act has a disparate impact on our products compared to products offered by our not-for-profit competitors.

On July 14, 2014, the District of Columbia ("DC") adopted a law that imposes an assessment on health insurers doing business in DC, including those that issue non-medical health-related products that are not subject to regulation under the Affordable Care Act. While the financial impact to the Company of DC's action will be minimal, if other states decide to successfully adopt this model, there could be an impact on product pricing and sales. Currently 16 states and DC have created their own public healthcare exchanges. One other state (Connecticut) has levied an assessment and other states may also consider levying assessments on both medical and non-medical health insurers to fund their healthcare exchanges. On June 25, 2015, the U.S. Supreme Court, in the King v. Burwell decision, upheld the payment of tax credits to individuals who purchase coverage in states that have a federally facilitated exchange rather than a state exchange. Had the Supreme Court not upheld this payment, it is likely more states would have been compelled to create their own exchanges and possibly assess insurers for the fees of running these exchanges.

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. As part of our Corporate Benefit Funding segment, we offer 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. See "Risk Factors — Regulatory and Legal Risks — Legislative and Regulatory Activity in Health Care and Other Employee Benefits Could Affect our Profitability as a Provider of Life Insurance, Annuities, and Non-Medical Health Insurance Benefit Products" for further information regarding the potential effect of such regulation.

Guaranty Associations and Similar Arrangements

Most of the jurisdictions in which we are admitted to transact business require life and health 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 17 of the Notes to the Consolidated Financial Statements for additional information on the insolvency assessments.

Insurance Regulatory Examinations and Other Activities

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 non-domiciliary insurers that are licensed in their states. Except as otherwise disclosed in Note 17 of the Notes to the Consolidated Financial Statements, during the years ended December 31, 2015, 2014 and 2013, we did not receive any material adverse findings resulting from state insurance department examinations of our insurance companies.

Regulatory authorities in a small number of states, Financial Industry Regulatory Authority and, occasionally, the SEC, have had investigations or inquiries relating to sales of individual life insurance policies or annuities or other products by Metropolitan Life Insurance Company, New England Life Insurance Company ("NELICO") and General American Life Insurance Company ("GALIC"). 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.

In addition, claims payment practices by insurance companies have received increased scrutiny from regulators. See Note 17 of the Notes to the Consolidated Financial Statements for further information regarding retained asset accounts and unclaimed property inquiries and related litigation.

State insurance regulators and the NAIC are also investigating the use of affiliated captive reinsurers and offshore entities to reinsure insurance risks. The NAIC contracted with Rector & Associates to study captives and recommend additional regulation. Rector & Associates issued recommendations in June 2014, modifying its report which was released for comment in late February 2014 (as modified, the "Rector Report"). The Rector Report was adopted by an NAIC task force on June 30, 2014 and by an NAIC executive committee on August 17, 2014. As a result, a number of NAIC working groups have adopted and may continue to adopt additional regulations on captives. It is premature to project the impact, if any, of any such regulations on us.

Like many life insurance companies, we utilize captive reinsurers to satisfy reserve and capital requirements related to universal life and term life insurance policies. Insurance regulators in a few states, including New York and California, have imposed a moratorium on new reinsurance transactions between life insurers domiciled in those states and captive reinsurers. We will continue to evaluate product modifications, pricing structure and alternative means of managing risks, capital and statutory reserves. We expect the discontinued use of captive reinsurance on new reserve financing transactions would not have a material impact on our future consolidated financial results. See "Risk Factors — Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth." As a result of the Mergers, we no longer cede any U.S. variable annuity guarantee risks to a captive reinsurer. Instead, our U.S. variable annuity risks that were previously reinsured by captives are now retained by the Company or reinsured by MetLife USA or third parties. For more information on our use of captive reinsurers see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Affiliated Captive Reinsurance Transactions" and Note 6 of the Notes to the Consolidated Financial Statements.

The International Association of Insurance Supervisors ("IAIS") has encouraged U.S. insurance supervisors, such as the Department of Financial Services, to establish Supervisory Colleges for U.S.-based insurance groups with international operations, including MetLife, to facilitate cooperation and coordination among the insurance groups' supervisors and to enhance the member regulators' understanding of an insurance group's risk profile. MetLife, Inc. was the subject of Supervisory College meetings in prior years chaired by the Department of Financial Services and attended by MetLife's key U.S. and international insurance regulators. Because MetLife, Inc. is now supervised as a non-bank SIFI, an April 2015 Supervisory College was co-chaired by the Department of Financial Services and the Federal Reserve Bank of New York and attended by MetLife's key U.S. and international regulators, including the FDIC, which has joint authority with the Federal Reserve Board over the resolution plan that MetLife, Inc. will be required to submit. The next meeting is scheduled for June 2016 and will be chaired by the Federal Reserve Bank of New York. See "—Regulation of MetLife, Inc. as a Non-Bank SIFI — Enhanced Prudential Standards for Non-Bank SIFIs" below. MetLife, Inc. has not received any reports or recommendations from the Supervisory College meetings, and we do not expect any outcome of the meetings to have a material adverse effect on our business.

Policy and Contract Reserve Adequacy Analysis

Annually, our insurance companies, including a captive reinsurer subsidiary, are required to conduct an analysis of the adequacy of all statutory reserves. In each case, a qualified actuary must submit an opinion which states that the statutory reserves make adequate provision, according to accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the insurance company. The adequacy of the statutory reserves is considered in light of the assets held by the insurer with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on such assets, and the consideration anticipated to be received and retained under the related policies and contracts. We may increase reserves in order to submit an opinion without qualification. Since inception of this requirement, our insurance companies which are required by their states or country of domicile to provide these opinions have provided such opinions without qualifications.

NAIC

The NAIC is an organization, the mission of which is to assist state insurance regulatory authorities in serving the public interest and achieving the insurance regulatory goals of its members, the state insurance regulatory officials. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate their regulatory oversight. 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 insurance companies.

The Model Holding Company Act and Regulation include a new requirement that the ultimate controlling person of a U.S. insurer file an annual enterprise risk report with the lead state of the insurer identifying risks likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. To date, all of the states where MetLife has domestic insurers have enacted a version of the revised Model Holding Company Act, including the enterprise risk reporting requirement. In December 2014, the NAIC adopted amendments to the Model Holding Company Act that would authorize state insurance commissioners to act as global group-wide supervisors for internationally active insurance groups, as well as other insurers who choose to opt in for the group-wide supervision. The amendments create a selection process for the group-wide supervisor, extend confidentiality protection to communications with the group-wide supervisor, and outline the duties of the group-wide supervisor. To date, a number of jurisdictions have adopted laws and regulations enhancing group-wide supervision.

The NAIC has concluded its "Solvency Modernization Initiative," which was designed to review the U.S. financial regulatory system and all aspects of financial regulation affecting insurance companies. Though broad in scope, the NAIC's Solvency Modernization Initiative focused on: (1) capital requirements; (2) corporate governance and risk management; (3) group supervision; (4) statutory accounting and financial reporting; and (5) reinsurance. In furtherance of this initiative, the NAIC adopted the Corporate Governance Annual Filing Model Act and Regulation at its August 2014 meeting. The new model, which requires insurers to make an annual confidential filing regarding their corporate governance policies, is expected to become effective in 2016. In addition, in September 2012, the NAIC adopted the Risk Management and Own Risk and Solvency Assessment Model Act ("ORSA"), which has been enacted by our insurance companies' domiciliary states. ORSA requires that insurers maintain a risk management framework and conduct an internal own risk and solvency assessment of the insurer's material risks in normal and stressed environments. The assessment must be documented in a confidential annual summary report, a copy of which must be made available to regulators as required or upon request. MetLife, Inc.'s first ORSA summary report was submitted on behalf of the enterprise in December 2015.

In December 2012, the NAIC approved a new valuation manual containing a principles-based approach to life insurance company reserves. Principles-based reserving is designed to better address reserving for products, including the current generation of products for which the current formulaic basis for reserve determination does not work effectively. The principles-based approach will not become effective unless it is enacted into law by a minimum number of state legislatures. Insurance commissioners of certain states (e.g., New York) oppose or do not actively support the principles-based reserve approach.

We cannot predict the capital and reserve impacts or compliance costs, if any, that may result from the above initiatives.

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 an insurer, to limit or prohibit the 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. Our U.S. insurance companies are subject to risk-based capital ("RBC") requirements. RBC is based on a formula calculated by applying factors to various asset, premium, claim, expense and statutory reserve items. The formula takes into account the risk characteristics of the insurer and is calculated on an annual basis. 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 total adjusted capital 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 total adjusted capital of each of our insurance companies subject to these requirements was in excess of each of those RBC levels. See "Statutory Equity and Income" in Note 13 of the Notes to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Statutory Capital and Dividends."

The Department of Financial Services issues an annual "Special Considerations" circular letter ("SCL") to New York licensed insurers requiring tests to be performed as part of insurers' year-end asset adequacy testing. The SCLs issued in 2015 and 2014 lowered Metropolitan Life Insurance Company's statement-based statutory capital and surplus at December 31, 2015 and 2014 by $0.5 billion and $1.4 billion, respectively, compared to NAIC-based statutory capital and surplus. The 2015 SCL provided meaningful relief to Metropolitan Life Insurance Company as compared to the 2014 SCL as it included, among other things, a provision that allowed insurers to seek approval to aggregate the results of their life, annuity and health businesses to satisfy asset adequacy testing requirements. This enabled Metropolitan Life Insurance Company to release asset adequacy reserves for long-term care and market value adjusted annuities of $0.7 billion and $0.2 billion, respectively, at December 31, 2015 and to avoid an estimated additional $0.3 billion of reserve strengthening that would have been required at December 31, 2015.

Effective December 31, 2013, the Department of Financial Services discontinued its most recent amendment to Regulation 147 which governed the valuation of life insurance policies. The amendment reflected changes made in 2013 by the NAIC to Actuarial Guideline 38 (which impacts the valuation of universal and variable life policies with secondary guarantees ("ULSG")). As a result of this action, New York licensed insurers are required to comply with a prior version of the regulation. As of December 31, 2015, Metropolitan Life Insurance Company's statutory reserves on in-force ULSG, net of reinsurance, exceed NAIC requirements by $103 million. The change in the regulation has a minimal reserve impact on new sales of ULSG products.

We are not aware of any NAIC adoptions that would have a material impact on the RBC of our insurance companies.

<u>Regulation of Investments</u>

Each of our insurance companies is subject to state laws and regulations that require diversification of investment portfolios and limit the amount of investments in certain asset categories, such as below investment grade fixed income securities, real estate equity, 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 insurance companies complied, in all material respects, with such regulations at December 31, 2015.

Regulation of MetLife, Inc. as a Non-Bank SIFI

On December 18, 2014, the FSOC designated MetLife, Inc. as a non-bank SIFI subject to regulation by the Federal Reserve and to enhanced supervision and prudential standards. See "— Enhanced Prudential Standards for Non-Bank SIFIs."

On January 13, 2015, MetLife, Inc. filed an action in the U.S. District Court for the District of Columbia asking the court to review and rescind the FSOC's designation of MetLife, Inc. as a non-bank SIFI. The court held oral argument on the parties' cross motions for summary judgment on February 10, 2016. On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. See Note 20 of the Notes to the Consolidated Financial Statements. See also "Risk Factors — Regulatory and Legal Risks — Regulation of MetLife, Inc. as a Non-Bank SIFI or as Systemically Important Under Other Regulations Proposed by National or International Authorities Could Adversely Affect Our Ability to Compete and Our Business and Results of Operations" regarding the potential impact of the proposed Separation on MetLife, Inc.'s or the new company's status as a non-bank SIFI.

Regulation of MetLife, Inc. as a non-bank SIFI could materially and adversely affect our business. For example, although the Federal Reserve Board has not yet determined the enhanced capital requirements that will apply to MetLife, those capital requirements may adversely affect our ability to compete with other insurers that are not subject to those requirements, and our ability to issue guarantees could be constrained. In addition, as a non-bank SIFI, MetLife, Inc. needs to obtain Federal Reserve approval before directly or indirectly acquiring, merging or consolidating with a financial company having more than $10 billion of assets or acquiring 5% or more of any voting class of securities of a bank or bank holding company and, depending on the extent of the combined company's liabilities, is subject to additional restrictions regarding its ability to merge. The Federal Reserve also has the right to require any of our insurance companies or insurance company affiliates, to take prompt action to correct any financial weaknesses.

Together with other non-bank SIFIs, MetLife, Inc. is subject to a number of Dodd-Frank requirements including responsibility to pay certain assessments and other charges (i) equal to the total expenses the Federal Reserve Board thinks is necessary for its supervision of bank holding companies and savings and loan holding companies with assets of $50 billion or more, and non-bank SIFIs, and (ii) in connection with the Financial Research Fund within the U.S. Department of Treasury that funds the Office of Financial Research, an agency established by Dodd-Frank to improve the quality of financial data available to policymakers and facilitate more robust and sophisticated analysis of the financial system.

Enhanced Prudential Standards for Non-Bank SIFIs

In December 2011, in accordance with Dodd-Frank, the Federal Reserve Board proposed a rule that would have applied a set of prudential standards to non-bank SIFIs, including enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, and early remediation procedures. While the final rule did not apply to non-bank SIFIs, the Federal Reserve Board has indicated that it plans to apply enhanced prudential standards to non-bank SIFIs by rule or order, enabling it to more appropriately tailor the standards to non-bank SIFIs and will provide affected non-bank SIFIs with notice and the opportunity to comment prior to determination of their enhanced prudential standards. Accordingly, the manner in which these proposed standards might apply to MetLife, Inc. and its impact on us remain unclear.

In particular, the Federal Reserve Board has not determined the requirements that will govern the amount and composition of capital that MetLife, Inc. is required to hold. Legislation was signed into law on December 18, 2014 relieving the Federal Reserve Board from certain provisions in Dodd-Frank that it believed constrained its ability to tailor capital rules for insurers that are non-bank SIFIs. See "Risk Factors — Regulatory and Legal Risks — Regulation of MetLife, Inc. as a Non-Bank SIFI or as Systemically Important Under Other Regulations Proposed by National or International Authorities Could Adversely Affect Our Ability to Compete and Our Business and Results of Operations." On September 30, 2014, the Federal Reserve Board announced that it would begin a quantitative impact study ("QIS") to evaluate the potential effects of its revised regulatory capital framework on savings and loan holding companies and non-bank financial companies supervised by the Federal Reserve that are substantially engaged in insurance underwriting activity (insurance holding companies). The Federal Reserve Board conducted the QIS in order to enable it to design a capital framework for insurance holding companies it supervises; however, because the QIS was designed prior to the December 18, 2014 statutory change, the Federal Reserve has said the data collected has limitations and that they may seek additional data in the future. MetLife, Inc. voluntarily participated in the QIS.

Stress testing requirements have been implemented which will, once capital requirements for non-bank SIFIs are determined, require non-bank SIFIs to undergo three stress tests each year: an annual supervisory stress test conducted by the Federal Reserve and two company-run stress tests (an annual test which coincides with the timing of the supervisory stress test, and a mid-cycle test). Companies will be required to take the results of the stress tests into consideration in their annual capital planning and resolution and recovery planning. As a non-bank SIFI, MetLife, Inc.'s competitive position and its ability to pay dividends, repurchase common stock or other securities or engage in other transactions that could affect its capital or need for capital could be adversely affected by any additional capital requirements that might be imposed as a result of the stress testing requirements, as well as enhanced prudential standards, other measures imposed as a result of the enactment of Dodd-Frank and other regulatory initiatives.

Non-bank SIFIs are required to submit a resolution plan setting forth how the company could be resolved under the Bankruptcy Code in the event of material financial distress. Resolution plans have to be resubmitted annually and promptly following any event, occurrence, change in conditions or circumstances, or other change that results in, or could reasonably be foreseen to have, a material effect on the resolution plan. A failure to submit a "credible" resolution plan could result in the imposition of a variety of measures, including additional capital, leverage, or liquidity requirements, and forced divestiture of assets or operations. As a non-bank SIFI, MetLife, Inc. will be required to submit a resolution plan by December 31, 2016, unless the Federal Reserve Board and FDIC require a different due date.

In addition, if it were determined that MetLife, Inc. 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 is permitted to apply them on an institution-by-institution basis, depending on its determination of the institution's level of risk.

Orderly Liquidation Authority

Under the provisions of Dodd-Frank relating to the resolution or liquidation of certain types of financial institutions, if MetLife, Inc. or another financial institution 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. While under this new regime an insurance company would be resolved in accordance with state insurance law, if the FDIC were to be appointed as the receiver for another type of company (including an insurance holding company such as MetLife, Inc.), the liquidation of that company would occur under the provisions of the new liquidation authority, and not under the Bankruptcy Code, which ordinarily governs liquidations. The FDIC's purpose under the liquidation regime is to mitigate the systemic risks the institution's failure poses, which is different from that of a bankruptcy trustee 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. 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.

Volcker Rule

Under the Volcker Rule, Dodd-Frank authorizes through rulemaking additional capital requirements and quantitative limits on proprietary trading and sponsoring or investing in funds (hedge funds and private equity funds) that rely on certain exemptions from the Investment Company Act of 1940, as amended (the "Investment Company Act"), by a non-bank SIFI. Regulations defining and governing such requirements and limits on non-bank SIFIs have not been proposed and were not addressed in the final regulations issued on December 10, 2013 implementing the Volcker Rule for insured depository institutions and their affiliates ("Volcker Rule Regulations"). After designation as a non-bank SIFI, a non-bank SIFI will have a two-year period, subject to further extension by the Federal Reserve Board, to conform to any such requirements and limits that may be set forth in final regulations applicable to non-bank SIFIs. 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. The Volcker Rule Regulations provide an exemption, subject to certain requirements, for trading activities and fund sponsorship and investments by a regulated insurance company and its affiliates solely for the general account or separate account of such insurance company. Until final regulations applicable to non-bank SIFIs have been promulgated, it is unclear whether MetLife, Inc., as a non-bank SIFI, and MLIC, as an affiliate of MetLife, Inc., may have to alter any of their future activities to comply.

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 that fiduciaries may not cause a covered plan to engage in certain prohibited transactions. The applicable provisions of ERISA and the Code are subject to enforcement by the Department of Labor ("DOL"), the Internal Revenue Service and the Pension Benefit Guaranty Corporation.

The prohibited transaction rules of ERISA and the 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.

The DOL proposed new regulations in April 2015 that would substantially expand the definition of "investment advice" and thereby broaden the circumstances under which MLIC, in providing investment advice with respect to ERISA plans, plan participants or IRAs, could be deemed a fiduciary under ERISA or the Code. Pursuant to the proposal, any communications with plans, plan participants and IRA holders, including the marketing of products, and marketing of investment management or advisory services, could be deemed fiduciary investment advice, thus, causing increased exposure to fiduciary liability. The DOL also proposed amendments to its prohibited transaction exemptions, and proposed a new exemption that would apply more onerous disclosure and contract requirements to, and increase fiduciary requirements and fiduciary liability exposure in respect of, transactions involving ERISA plans, plan participants and IRAs.

If the new DOL proposals become final, MLIC may find it necessary to change sales representative and/or broker compensation and may limit the assistance or advice they can provide. Sales to middle income investors would be unlikely to generate fees sufficient to offset the increased cost of providing advice under the rules, if adopted as proposed. Under the rules as proposed, MLIC could reduce its risk of exposure to fiduciary liability by electing not to engage in the concurrent manufacturing and distribution of certain products, including individual annuity products. Further, if the proposed rules apply to welfare benefit plans, they will disrupt settled practices in the marketing and sales of welfare benefit plan insurance products.

In addition, the DOL has issued a number of regulations that increase the level of disclosure that must be provided to plan sponsors and participants. The participant disclosure regulations and the regulations which require service providers to disclose fee and other information to plan sponsors took effect in 2012. 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.

Consumer Protection Laws

Numerous federal and state laws affect MetLife, Inc.'s earnings and activities, including federal and state consumer protection laws. As part of Dodd-Frank, Congress established the Consumer Financial Protection Bureau ("CFPB") to supervise and regulate institutions that provide certain financial products and services to consumers. Although the consumer financial services subject to the CFPB's jurisdiction generally exclude insurance business of the kind in which we engage, the CFPB does have authority to regulate non-insurance consumer services provided throughout the MetLife enterprise.

Regulation of Over-the-Counter Derivatives

Dodd-Frank includes a framework of regulation of the over-the-counter ("OTC") derivatives markets which requires clearing of certain types of transactions currently traded OTC and imposes additional costs, including new reporting and margin requirements, and will likely impose additional regulations, including new capital requirements. Our costs of risk mitigation are increasing under Dodd-Frank. For example, Dodd-Frank imposes requirements, including the requirement to pledge initial margin (i) for "OTC-cleared" transactions (OTC derivatives that are cleared and settled through central clearing counterparties) entered into after June 10, 2013, and (ii) for "OTC-bilateral" transactions (OTC derivatives that are bilateral contracts between two counterparties) entered into after the phase-in period; these requirements will be applicable to us in 2020 as the Office of the Comptroller of the Currency, the Federal Reserve Board, FDIC, Farm Credit Administration and Federal Housing Finance Agency (collectively, the "Prudential Regulators") and the U.S. Commodity Futures Trading Commission ("CFTC") adopted final margin requirements for non-centrally cleared derivatives during the fourth quarter of 2015, which are broadly consistent with the requirements published by the Bank of International Settlements and International Organization of Securities. These increased margin requirements, combined with increased capital charges for our counterparties and central clearinghouses to hold non-cash collateral, will require increased holdings of cash and highly liquid securities with lower yields causing a reduction in income. Centralized clearing of certain OTC derivatives exposes us to the risk of a default by a clearing member or clearinghouse with respect to our cleared derivative transactions. We use derivatives to mitigate a wide range of risks in connection with our businesses, including the impact of increased benefit exposures from certain of our annuity products that offer guaranteed benefits. 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, could produce 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 implementation of Dodd-Frank and comparable international derivatives regulations.

Dodd-Frank also expanded the definition of "swap" and mandated the SEC and CFTC (collectively, the "Commissions") to study whether "stable value contracts" should be treated as swaps. Pursuant to the new definition and the Commissions' interpretive regulations, products offered by our insurance companies other than stable value contracts might also be treated as swaps, even though we believe otherwise. Should such products become regulated as swaps, we cannot predict how the rules would be applied to them or the effect on such products' profitability or attractiveness to our clients.

Securities 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. 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. Certain variable contract separate accounts we sponsor are exempt from registration, but may be subject to other provisions of the federal securities laws.

Federal and state securities regulatory authorities from time to time make inquiries and conduct examinations regarding our compliance with securities 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 "Risk Factors — Regulatory and Legal Risks — Changes in U.S. Federal, State Securities and State Insurance Laws and Regulations May Affect Our Operations and Our Profitability."

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.

Unclaimed Property

We are subject to the laws and regulations of states and other jurisdictions concerning identification, reporting and escheatment of unclaimed or abandoned funds, and are subject to audit and examination for compliance with these requirements. See Note 17 of the Notes of the Consolidated Financial Statements.

Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers

The IAIS, an association of insurance supervisors and regulators and a member of the Financial Stability Board ("FSB"), an international entity established to coordinate, develop and promote regulatory, supervisory and other financial sector policies in the interest of financial stability, is participating in the FSB's initiative to identify and manage global systemically important financial institutions. The IAIS has published a methodology to assess the systemic relevance of global insurers and a framework of policy measures to be applied to G-SIIs and, on this basis, the FSB again so designated MetLife, Inc. The FSB will continue to update the list annually. The IAIS plans to evaluate and, if necessary, update the assessment methodology every three years.

Current standards call for G-SIIs to be subject to higher loss absorbency requirements ("HLA"). Given the absence of a common global base on which to calculate HLA for insurers, the FSB directed the IAIS to develop basic capital requirements ("BCR"). The first version of the IAIS HLA framework was endorsed by the FSB and the G20 in September and November 2015, respectively. This first version applies specified factors to exposures of BCR components with an emphasis on non-traditional and non-insurance activities. G-SIIs will begin reporting BCR and HLA results to their group-wide supervisors as of June 2016 on a confidential basis to allow for refinement of the BCR and HLA until fully adopted and implemented in 2019. The FSB endorsed the first version of HLA, noting that further revision will be necessary before implementation to reflect ongoing work on the G-SII assessment methodology and the definition of non-traditional and non-insurance activity. In November 2015, the IAIS published consultations for stakeholder comment on both topics. MetLife submitted comments in January 2016. The IAIS plans to incorporate any changes to the assessment methodology in the 2016 G-SII assessment update.

In addition, on December 17, 2014, the IAIS released a first exposure draft of a risk-based global insurance capital standard ("ICS") which will apply to all internationally active insurance groups, including G-SIIs. A second exposure draft is scheduled to be published for comment in June 2016. The IAIS expects to publish an interim version of the ICS by the end of 2019 for implementation by individual jurisdictions with the further goal of reaching an ultimate ICS at some later date.

The FSB and IAIS propose that national authorities consider additional requirements for G-SIIs, which include preparation of a systemic risk management plan, preparation of a recovery and resolution plan, enhanced liquidity planning and management, more intensive supervision, closer coordination among regulators through global supervisory colleges led by a regulator with group-wide supervisory authority, and a policy bias in favor of separation of non-traditional insurance and non-insurance activities from traditional insurance activities. The IAIS proposals would need to be implemented by legislation or regulation in each applicable jurisdiction, and the impact on MetLife, Inc. of such proposals is uncertain.

Company Ratings

Insurer financial strength ratings represent the opinions of rating agencies, including A.M. Best Company ("A.M. Best"), Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P"), regarding the ability of an insurance company to meet its financial obligations to policyholders and contractholders.

Rating Stability Indicators

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 rating 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, acquisitions, dispositions or material changes in a company's results, in order for the rating agency to perform its analysis to fully determine the rating implications of the event.

Insurer Financial Strength Ratings

The following insurer financial strength ratings represent each rating agency's opinion of Metropolitan Life Insurance Company and its insurance subsidiaries' ability to pay obligations under insurance policies and contracts in accordance with their terms and are not evaluations directed toward the protection of investors in securities of Metropolitan Life Insurance Company or its insurance subsidiaries. Insurer financial strength ratings are not statements of fact nor are they recommendations to purchase, hold or sell any security, contract or policy. Each rating should be evaluated independently of any other rating.

Our insurer financial strength ratings at the date of this filing are indicated in the following table. See "— Rating Agency Actions" below for information relating to the impact on our insurer financial strength ratings of the announcement of the proposed Separation. Additional information about financial strength ratings can be found on the respective websites of the rating agencies.

	A.M. Best	**Fitch**	**Moody's**	**S&P**
Ratings Structure	*"A++ (superior)" to "S (suspended)"*	*"AAA (exceptionally strong)" to "C (distressed)"*	*"Aaa (highest quality)" to "C (lowest rated)"*	*"AAA (extremely strong)" to "SD (Selective Default)" or "D (Default)"*
Metropolitan Life Insurance Company	**A+** 2nd of 16	**AA-** 4th of 19	**Aa3** 4th of 21	**AA-** 4th of 22
General American Life Insurance Company	**A+** 2nd of 16	**AA-** 4th of 19	**Aa3** 4th of 21	**A+** 5th of 22
New England Life Insurance Company	**A+** 2nd of 16	**AA-** 4th of 19	**Aa3** 4th of 21	**AA-** 4th of 22

See "Risk Factors — Risks Related to Our Business — A Downgrade or a Potential Downgrade in Our Financial Strength or Credit Ratings, or MetLife, Inc.'s Credit Ratings, Could Result in a Loss of Business and Materially Adversely Affect Our Financial Condition and Results of Operations." See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Rating Agencies" for an in depth description of the impact of a ratings downgrade.

Rating Agency Actions

In response to the announcement by MetLife, Inc. on January 12, 2016 of its plan to pursue the Separation, the rating agencies in the table above took the following actions:

- On January 14, 2016, A.M. Best placed the insurance financial strength ratings of Metropolitan Life Insurance Company, GALIC and NELICO under review with developing implications.
- On January 13, 2016, Fitch placed the insurance financial strength rating for GALIC on "Rating Watch Negative."
- On January 13, 2016, Moody's placed the insurance financial strength ratings of Metropolitan Life Insurance Company, GALIC and NELICO on review for downgrade.
- On January 13, 2016, S&P downgraded the insurance financial strength rating for GALIC and revised its outlook from "stable" to "negative."

See Note 20 of the Notes to the Consolidated Financial Statements for further details on the proposed Separation.

Item 1A. Risk Factors

Economic Environment and Capital Markets-Related Risks

If Difficult Conditions in the Global Capital Markets and the Economy Generally Persist, They May Materially Adversely Affect Our Business and Results of Operations

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 financial asset classes or various markets, including global capital markets, 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 our financial condition, as well as the volume, profitability and results of our business operations, either directly or by virtue of their impact on the business and economic environment generally and on general levels of economic activity, employment and customer behavior specifically. 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 financial condition (including our liquidity and capital levels) as a result of mismatched impacts on the value of our assets and our liabilities.

At times throughout the past several years, volatile conditions have characterized financial markets. Significant market volatility, and government actions taken in response, may exacerbate some of the risks we face. Weakness in the energy and metals and mining sectors and concerns about the political and/or economic stability of countries in regions outside the European Union ("EU"), including China, Ukraine, Russia, Argentina, Brazil, Japan and the Middle East, as well as Puerto Rico, have contributed to global market volatility. Concerns about global economic conditions, capital markets and the solvency of certain EU member states, their banking systems and the financial institutions that have significant direct or indirect exposure to debt issued by these countries or their respective banking systems, have also been a cause of elevated levels of market volatility. This market volatility has affected the performance of various asset classes at various times, and it could continue until there is an ultimate resolution of these sovereign debt and banking system-related concerns. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment." Any of these factors could have significant adverse effects on the economy and financial markets generally.

To the extent these uncertain financial market conditions persist, our revenues and net investment income are likely to remain under pressure. Similarly, sustained periods of low interest rates could cause our profit margins to erode. See "— We Are Exposed to Significant Global Financial and Capital Markets Risks 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." Also, in the event of extreme prolonged market events, such as the global credit crisis, we could incur significant capital and/or operating losses due to, among other reasons, losses incurred in our general account and as a result of the impact on us of guarantees, capital maintenance obligations and/or collateral requirements associated with our affiliated reinsurers and other similar arrangements. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility, which may also increase the cost and limit the availability of the hedging instruments and other protective measures we take to mitigate such risk.

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. Lower interest rates generally increase account values in the near term, but may result in lower returns in fixed income options in the future. Decreases in account values reduce fees generated by these products, cause the amortization of deferred policy acquisition costs ("DAC") to accelerate, could increase the level of insurance liabilities we must carry to support such products issued with any associated guarantees and could require us to provide additional funding to affiliated captive reinsurers.

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 higher unemployment rates. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Furthermore, our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Such adverse changes in the economy could negatively affect our earnings and have a material adverse effect on our business, results of operations and financial condition.

Difficult conditions in the global capital markets and the economy may continue to raise the possibility of legislative, judicial, regulatory and other governmental actions. See "— Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," and "— Risks Related to Our Business — Competitive Factors May Adversely Affect Our Market Share and Profitability" below.

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

The global capital and credit markets may be subject to periods of extreme volatility. Disruptions in capital markets could cause our liquidity and credit capacity to be limited.

We need liquidity to pay claims and other operating expenses, interest on our debt and dividends on our capital stock, provide our subsidiaries with cash or collateral, maintain our securities lending activities and replace certain maturing liabilities. Without sufficient liquidity, we could be forced to curtail our operations, and our business and financial results may 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 funding agreements and short-term instruments, such as commercial paper. Sources of capital in normal markets include external borrowings, borrowings from MetLife, Inc. or other affiliates and capital contributions from MetLife, Inc.

In the event global capital market or other conditions have an adverse impact on our capital and liquidity, or our 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 the then current market conditions, regulatory considerations, availability of credit to us and the financial services industry generally, our credit ratings and credit capacity, and the perception of our customers and lenders regarding our long- or short-term financial prospects if we incur large operating or 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. See "— Investments-Related Risks — Should the Need Arise, We May Have Difficulty Selling Certain Holdings in Our Investment Portfolio or in Our Securities Lending Program in a Timely Manner and Realizing Full Value Given Their Illiquid Nature," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Off-Balance Sheet Arrangements — Collateral for Securities Lending and Derivatives" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Securities Lending."

Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital needed to operate our business, most significantly in our insurance operations. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities, satisfy regulatory capital requirements, and access the capital necessary to grow our business. See "— Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth." 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.

We Are Exposed to Significant Global Financial and Capital Markets Risks 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 global financial and capital markets risks, including changes in interest rates, credit spreads, equity, oil and commodity prices, real estate markets, foreign currency exchange rates, market volatility, global economic performance in general, the performance of specific obligors, including governments, included in our investment portfolio and other factors outside our control. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment."

Interest Rate Risk

Some of our products, principally traditional life, universal life, 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 earn on general account investments intended to support obligations under such contracts. Our spread is a key component of our net income.

In a low interest rate environment, we may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, which will reduce our investment margin. Moreover, borrowers may prepay or redeem the fixed income securities and commercial, agricultural or residential mortgage loans in our investment portfolio with greater frequency in order to borrow at lower market rates, thereby exacerbating this risk. Although lowering interest crediting rates can help offset decreases in spreads on some products, 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. See "— Risks Related to Our Business — Guarantees Within Certain of Our Products May Decrease Our Earnings, Increase the Volatility of Our Results, Result in Higher Risk Management Costs and Expose Us to Increased Counterparty Risk."

Our expectation for future spreads is an important component in the amortization of DAC and value of business acquired ("VOBA"). 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. This could result 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, our reserves for 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.

We are also affected by the monetary policies of the Federal Reserve Board and of central banks around the world. Actions resulting from these policies may have an impact on the pricing levels of risk-bearing investments, and may adversely impact the income we earn on our investments or the level of product sales. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment."

Increases in 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 rate sensitive products competitive. We, therefore, may have to accept a lower credit 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 interest rates, which may result in realized investment losses. Unanticipated withdrawals, terminations and substantial policy amendments may cause us to accelerate the amortization of DAC and VOBA, which reduces net income. An increase in 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. However, this increase in interest rates would typically cause any guaranteed living benefits to decline in value.

We manage interest rate risk as part of our asset and liability management strategies, which include 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 asset/liability mismatch. We also use derivatives to mitigate interest rate risk. 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 interest sensitive liabilities. See "Quantitative and Qualitative Disclosures About Market Risk."

Credit Spreads

Our exposure to credit spreads primarily relates to market price volatility and cash flow variability associated with changes in such spreads. Market price volatility can make it difficult to value certain of our securities if trading becomes less frequent. In such case, 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Investment Risks."

Equity Risk

Our primary exposure to equity risk relates to the potential for lower earnings associated with certain of our 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 with respect to those 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 allocated 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.

In addition, we invest a portion of our investments in leveraged buy-out funds, hedge funds and other private equity funds. The amount and timing of net investment income from such funds tends to be uneven as a result of the performance of the underlying investments. The timing of distributions from such 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 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 estimated fair value of such investments may be impacted by downturns or volatility in equity markets. See "Quantitative and Qualitative Disclosures About Market Risk."

Real Estate Risk

Our primary exposure to real estate risk relates to commercial, agricultural and residential real estate. Our exposure to these risks stems from various factors, including the supply and demand of leasable commercial space, creditworthiness of tenants and partners, capital markets volatility and interest rate fluctuations. Although we manage credit risk and market valuation risk for our commercial, agricultural and residential real estate assets through geographic, property type and product type diversification, and asset allocation, general economic conditions in the commercial, agricultural and residential real estate sectors will continue to influence the performance of these investments. These factors, which are beyond our control, could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows.

Obligor-Related Risks

Our investment portfolio contains investments in government bonds issued by certain EU member states, and of financial institutions that have significant direct or indirect exposure to debt issued by these countries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment — Selected Country and Sector Investments." A number of member states are significantly impacted by the economies of their more influential neighbors and financial troubles of one nation can lead to troubles in others. In particular, a number of large European banks hold significant amounts of sovereign and/or financial institution debt of other European nations and could experience difficulties as a result of defaults or declines in the value of such debt. Concerns regarding these difficulties could disrupt the functioning of the financial markets.

Our investment portfolio also contains investments, primarily 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, "State and political subdivision securities"). Various U.S. states and municipalities have faced budget deficits and financial difficulties. The financial difficulties of such U.S. states and municipalities could have an adverse impact on our State and political subdivision securities.

Foreign Currency Exchange Rate Risks

Our primary foreign currency exchange rate risks are described under "— Risks Related to Our Business — Fluctuations in Foreign Currency Exchange Rates Could Negatively Affect Our Profitability." Changes in foreign currency exchange rates can significantly affect our net investment income in any period, and such changes can be substantial. This risk will increase if a country withdraws from the Euro zone. In such case, the national currency to which such a country may revert will likely be devalued and contracts using the Euro will need to be renegotiated. Any such devaluation and its related consequences for our contracts and investments in any such country could be significant and materially adversely affect our operations and earnings in that country.

Summary

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.

Regulatory and Legal Risks

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

Our insurance operations are subject to a wide variety of insurance and other laws and regulations. See "Business — Regulation," as supplemented by discussions of regulatory developments in our subsequently filed Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments."

Insurance Regulation

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, can sometimes lead to additional expense for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations. For example, like many life insurance companies, we use captive reinsurers to satisfy reserve and capital requirements related to universal life and term life insurance policies. State insurance regulators and the NAIC are investigating the use of affiliated captive reinsurers and offshore entities to reinsure insurance risks and a few states, including New York and California, have imposed a moratorium on new reinsurance transactions between life insurers domiciled in those states and captive reinsurers. See "Business — Regulation — Insurance Regulation — Insurance Regulatory Examinations and Other Activities." If additional state insurance regulators restrict the use of such captive reinsurers, or if we otherwise are unable to continue to use captive reinsurers in the future, our ability to write certain products and/or our RBC ratios and ability to deploy excess capital, could be adversely affected or we may need to increase prices on those products, which could adversely impact our competitive position and our results of operations. Such restrictions could also affect statutory reserve funding. See "— Risks Related to Our Business — Our Statutory Life Insurance Reserve Financings May Be Subject to Cost Increases and New Financings May Be Subject to Limited Market Capacity."

U.S. Federal Regulation Affecting Insurance

Currently, the U.S. federal government does not directly regulate the business of insurance. However, Dodd-Frank established the FIO 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. On December 12, 2013, the FIO issued a report, mandated by Dodd-Frank, which, among other things, urged the states to modernize and promote greater uniformity in insurance regulation. The report raised the possibility of a greater role for the federal government if states do not achieve greater uniformity in their laws and regulations. We cannot predict whether any such legislation or regulatory changes will be adopted, or what impact they will have on our business, financial condition or results of operations. See "Business — Regulation — Insurance Regulation — Federal Initiatives."

Federal legislation and administrative policies can significantly and adversely affect insurance companies, including policies regarding financial services regulation, securities regulation, derivatives 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.

ERISA Considerations

We provide products and services to certain employee benefit plans that are subject to ERISA or 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 that fiduciaries may not cause a covered plan to engage in certain prohibited transactions. The prohibited transaction rules of ERISA and the Code generally restrict the provision of investment advice to ERISA plans and participants and 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.

The DOL proposed new regulations in April 2015 that would substantially expand the definition of "investment advice" and thereby broaden the circumstances under which MLIC, in providing investment advice with respect to ERISA plans, plan participants or IRAs, could be deemed a fiduciary under ERISA or the Code. The DOL also proposed amendments to its prohibited transaction exemptions, and proposed a new exemption that would apply more onerous disclosure and contract requirements to, and increase fiduciary requirements and fiduciary liability exposure in respect of, transactions involving ERISA plans, plan participants and IRAs. If the new DOL proposals become final, MLIC may find it necessary to change sales representative and/or broker compensation and may limit the assistance or advice they can provide. See "Business — Regulation — ERISA Considerations."

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.

General

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. 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. 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.

Regulation of MetLife, Inc. as a Non-Bank SIFI or as Systemically Important Under Other Regulations Proposed by National or International Authorities Could Adversely Affect Our Ability to Compete and Our Business and Results of Operations

Regulation of MetLife, Inc. as a Non-Bank SIFI

On December 18, 2014, the FSOC designated MetLife, Inc. as a non-bank SIFI. As a non-bank SIFI, MetLife, Inc. is subject to regulation by the Federal Reserve and to enhanced supervision and prudential standards, which could adversely affect our competitive position. Many of the regulatory requirements that will apply to MetLife, Inc. as a non-bank SIFI have not been specified. In particular, the Federal Reserve Board has not determined the requirements that will govern the amount and composition of capital that MetLife, Inc. is required to hold. On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. See Note 20 of the Notes to the Consolidated Financial Statements. No assurance can be given regarding the form that the proposed Separation may take or the specific terms thereof, or that the Separation will in fact occur. Furthermore, there can be no assurance that the new company that would be created in connection with the Separation will not be designated by the FSOC as a non-bank SIFI or that any actions taken in furtherance of this plan will cause the FSOC to revoke its designation of MetLife, Inc. as a non-bank SIFI.

The Federal Reserve Board has indicated that it plans to apply enhanced prudential standards to non-bank SIFIs by rule or order. Accordingly, the manner in which these proposed standards might apply to MetLife, Inc. and its impact on us remains unclear. Regulation of MetLife, Inc. as a non-bank SIFI could materially and adversely affect our business.

If the Federal Reserve Board requires insurers that are non-bank SIFIs to comply with capital standards or regimes (such as the Basel capital rules that were developed for banks) that do not take into account the insurance business model and the differences between banks and insurers, our business and competitive position could be materially and adversely affected. Enhanced capital requirements could adversely affect our ability to compete with other insurers that are not subject to those requirements, and our ability to issue guarantees could be constrained. We could have to raise the price of the products we offer, reduce the amount of risk we take on, or stop offering certain products altogether. Legislation was signed into law on December 18, 2014 relieving the Federal Reserve Board from certain provisions in Dodd-Frank that it believed constrained its ability to tailor capital rules for insurers that are non-bank SIFIs.

MetLife, Inc. may also be subject to additional prudential standards that the Federal Reserve Board may promulgate for non-bank SIFIs which will likely include leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, and early remediation procedures. In addition, non-bank SIFIs are required to submit a resolution plan setting forth how the company could be resolved under the Bankruptcy Code in the event of material financial distress. The Federal Reserve Board also has the right to require any of our insurance companies, or insurance company affiliates, to take prompt action to correct any financial weaknesses. In addition, as a result of MetLife, Inc.'s designation as a non-bank SIFI, under the Volcker Rule, MetLife, Inc. could be subject to the imposition by the Federal Reserve Board of additional capital requirements and quantitative limits on certain of its trading and investment activities.

As a non-bank SIFI, MetLife, Inc. may consider structural and other business alternatives that may be available to it in response to such designation, and we cannot predict the impact that any such alternatives, if implemented, may have on us. See Note 20 of the Notes to the Consolidated Financial Statements for information on MetLife, Inc.'s announcement of its plan to pursue the Separation.

Together with other non-bank SIFIs and certain other large financial companies, MetLife, Inc. can be assessed under Dodd-Frank for any uncovered costs arising in connection with the resolution of a systemically important financial company. In addition, together with other non-bank SIFIs, MetLife, Inc. must pay certain assessments and other charges to offset certain costs incurred by the Federal Reserve Board in fulfilling its oversight role and in connection with the Financial Research Fund within the U.S. Department of Treasury that funds the Office of Financial Research.

See "Business — Regulation — Regulation of MetLife, Inc. as a Non-Bank SIFI" for additional information regarding regulation of MetLife, Inc. as a non-bank SIFI.

Global Systemically Important Insurers

In the wake of the financial crisis, national and international authorities have proposed measures intended to increase the intensity of regulation of large financial institutions, requiring greater coordination among regulators and efforts to harmonize regulatory regimes. For example, the IAIS is participating in the FSB's initiative to identify and manage global systemically important financial institutions. To this end, the IAIS published a methodology to assess the systemic relevance of global insurers and a framework of policy measures to be applied to G-SIIs and, on this basis, the FSB again so designated MetLife, Inc. While the regulatory standards that would apply to G-SIIs are still being developed, they will include enhanced capital standards and supervision and other additional requirements that would not apply to companies that are not G-SIIs. The IAIS proposals would need to be implemented by legislation or regulation in each applicable jurisdiction, and the impact on MetLife, Inc. of such proposals is uncertain. See "Business — Regulation — Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers."

The Dodd-Frank Provisions Compelling the Liquidation of Certain Types of Financial Institutions Could Materially and Adversely Affect MetLife, Inc., as Such a Financial Institution and as an Investor in Other Such Financial Institutions, as well as Our Investors

Under provisions of Dodd-Frank, if MetLife, Inc. or another financial institution were to become insolvent or were in danger of defaulting on its obligations and it was determined that such default would have serious effects on financial stability in the U.S., it could be compelled to undergo liquidation with the FDIC as receiver. While under this new regime an insurance company would be resolved in accordance with state insurance law, if the FDIC were appointed as the receiver for another type of a company (including an insurance holding company such as MetLife, Inc.), liquidation of that company would occur under the provisions of the new liquidation authority, and not under the Bankruptcy Code, which ordinarily governs liquidations. In an FDIC-managed liquidation, holders of a company's debt could be treated differently than under the Bankruptcy Code and similarly-situated creditors could be treated differently. In particular, unsecured creditors and shareholders are intended to bear the losses of the company being liquidated. These provisions could also apply to financial institutions whose debt securities we hold in our investment portfolio and could adversely affect our position as a creditor and the value of our holdings.

Dodd-Frank also provides for the assessment of charges against certain financial institutions, including non-bank SIFIs and bank holding companies 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. The liquidation authority could increase the funding costs of MetLife, Inc. See "Business — Regulation — Regulation of MetLife, Inc. as a Non-Bank SIFI — Orderly Liquidation Authority."

Legislative and Regulatory Activity in Health Care and Other Employee Benefits Could Affect our Profitability as a Provider of Life Insurance, Annuities, and Non-Medical Health Insurance Benefit Products

The Affordable Care Act may lead to fundamental changes in the way that employers provide health care benefits and other forms of compensation to their employees and former employees. In addition to imposing obligations on MetLife as an enterprise, the Affordable Care Act also imposes requirements on us as a provider of non-medical health insurance benefits and as a purchaser of certain of these products. See "Business — Regulation — Insurance Regulation — Health Care Regulation" for information regarding such requirements, including the effect of assessments related to public healthcare exchanges. The Affordable Care Act or other related regulations or regulatory actions may adversely affect our ability to continue to offer certain non-medical health and dental insurance products in the same manner as we do today and may continue to result in increased and unpredictable costs to provide certain products thereby harming our competitive position.

In addition, we depend on employees of MetLife, Inc. affiliates to conduct our business. These employees are offered employment-related benefits and benefits are also provided to certain retirees. These benefits are provided under complex plans that are subject to a variety of regulatory requirements. The Affordable Care Act or related regulations or regulatory actions could adversely affect MetLife, Inc. affiliates' ability to attract, retain and motivate our associates. They could also result in increased or unpredictable costs to provide employee benefits, and could harm our competitive position if we are subject to fees, penalties, tax provisions or other limitations in the Affordable Care Act and our competitors are not.

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. Consequently, this legislation could indirectly affect the mix of our business, with fewer pension risk transfers and more non-guaranteed funding products, and adversely impact our results of operations.

Changes in U.S. Federal, State Securities and State Insurance Laws and Regulations 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.

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, and to 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 proposed or adopted to the laws and regulations that govern the conduct of our variable insurance products business and our distributors. The future impact of recently adopted revisions to laws and regulations, as well as revisions that are still in the proposal stage, on the way we conduct our business and the products we sell is unclear. Such impact could adversely affect our operations and profitability, including increasing the regulatory and compliance burden upon us, resulting in increased costs. See "Business — Regulation — ERISA Considerations" and "Business — Regulation — Securities Regulation."

Changes in Tax Laws or Interpretations of Such Laws Could Reduce Our Earnings and Materially Impact Our Operations by Increasing Our Corporate Taxes and Making Some of Our Products Less Attractive to Consumers

Changes in domestic or foreign tax laws or interpretations of such laws could increase our corporate taxes and reduce our earnings. For example, in the third quarter of 2015, the Company recorded a $792 million after-tax charge under accounting guidance for the recognition of tax uncertainties as a result of the Company's consideration of recent decisions of the U.S. Court of Appeals for the Second Circuit upholding the disallowance of foreign tax credits claimed by other corporate entities not affiliated with the Company (in transactions different from the Company's), based upon a changed interpretation of the proper method of determining that a transaction has economic substance. Additionally, global budget deficits make it likely that governments' need for additional revenue will result in future tax proposals that will increase our effective tax rate. However, it remains difficult to predict the timing and effect that future tax law changes could have on our earnings both in the U.S. and in foreign jurisdictions.

Additionally, U.S. tax laws currently afford certain tax treatment to life insurance and annuity products. The Obama Administration and some members of Congress have proposed certain changes to rules applicable to certain of these products and to individual income tax rates in general. 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 by our customers would reduce our income from sales of these products, as well as the asset base upon which we earn investment income and fees, thereby reducing our earnings and potentially affecting the value of our deferred tax assets. Federal budgets have been proposed that would change selected company tax provisions and could adversely impact product affordability and availability. Tax reform proposals have also been made in recent Congresses to modify company tax treatment similar to those in the proposed budgets. These proposals have not advanced.

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. 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. Material pending litigation and regulatory matters affecting us and risks to our business presented by these proceedings are discussed in Note 17 of the Notes to the Consolidated Financial Statements. Updates are provided in the notes to our interim condensed consolidated financial statements included in our subsequently filed quarterly reports on Form 10-Q, as well as in Part II, Item 1 ("Legal Proceedings") of those quarterly reports.

A substantial legal liability or a significant federal, state or other regulatory action against us, as well as regulatory inquiries or investigations, could harm our reputation, result in material fines or penalties, result in significant legal costs and otherwise have a material adverse effect on our business, financial condition and results of operations. Even if we ultimately prevail in the litigation, regulatory action or investigation, our ability to attract new customers, retain our current customers and recruit and retain employees could be materially and adversely impacted. Regulatory inquiries and litigation may also cause volatility in the price of stocks of companies in our industry.

Current claims, litigation, unasserted claims probable of assertion, investigations and other proceedings against us could 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 in any of the jurisdictions where we operate could result in new legal actions and precedents and industry-wide regulations that could adversely affect our business, financial condition and results of operations.

Investments-Related Risks

Should the Need Arise, We May Have Difficulty Selling Certain Holdings in Our Investment Portfolio or in Our Securities Lending Program in a Timely Manner and Realizing Full Value Given Their Illiquid Nature

There may be a limited market for certain investments we hold in our investment portfolio, making them relatively illiquid. These include privately-placed fixed maturity securities, mortgage loans, policy loans, leveraged leases, other limited partnership interests, and real estate equity, such as real estate joint ventures and funds. In recent years, even some of our very high quality investments experienced reduced liquidity during periods of market volatility or disruption. If we were forced to sell certain of our investments during periods of market volatility or disruption, market prices may be lower than our carrying value in such investments. This could result in realized losses which could have a material adverse effect on our net income and financial position.

Similarly, we loan blocks of our securities to third parties (primarily brokerage firms and commercial banks) through our securities lending program, including fixed maturity and equity securities, short-term investments and cash equivalents. Under this program, we obtain collateral, usually cash, at the inception of a loan and typically purchase securities with the cash collateral. Upon the return to us of these loaned securities, we must return to the third party the cash collateral we received. If the cash collateral has been invested in securities, we need to sell the securities. However, in some cases, the maturity of those securities may exceed the term of the related securities on loan and the estimated fair value of the securities we need to sell may fall below the amount of cash received.

If we are required to return significant amounts of cash collateral under our securities lending program or otherwise need significant amounts of cash on short notice and we are forced to sell securities, 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 the event of a forced sale, accounting guidance requires the recognition of a loss for securities in an unrealized loss position and may require the impairment of other securities based on our ability to hold those securities, which would negatively impact our financial condition. In addition, under stressful capital market and economic conditions, liquidity broadly deteriorates, which may further restrict our ability to sell securities. Furthermore, 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Liquidity and Capital Uses — Securities Lending" and Note 8 of the Notes to the Consolidated Financial Statements.

Our Requirements to Pledge Collateral or Make Payments Related to Declines in Estimated Fair Value of Derivatives Transactions or Specified Assets in Connection with OTC-Cleared and OTC-Bilateral Transactions May Adversely Affect Our Liquidity, Expose Us to Central Clearinghouse and Counterparty Credit Risk, and Increase our Costs of Hedging

Substantially all of our derivatives transactions require us to pledge collateral related to any decline in the net estimated fair value of such derivatives transactions executed through a specific broker at a clearinghouse or entered into with a specific counterparty on a bilateral basis. Certain derivatives financing transactions require us to pledge collateral or make payments related to declines in the estimated fair value of the specified assets under certain circumstances to central clearinghouses or our counterparties. The amount of collateral we may be required to pledge and the payments we may be required to make under our derivatives transactions may increase under certain circumstances and will increase as a result of the requirement to pledge initial margin for OTC-cleared transactions entered into after June 10, 2013 and for OTC-bilateral transactions entered into after the phase-in period, which would be applicable to us in 2020 as a result of the adoption by the Prudential Regulators and the CFTC of final margin requirements for non-centrally cleared derivatives. Although the final rules allow us to pledge a broad range of non-cash collateral as initial and variation margin, the Prudential Regulators, CFTC, central clearinghouses and counterparties may restrict or eliminate certain types of previously eligible collateral or charge us to pledge such non-cash collateral, which would increase our costs and could adversely affect the liquidity of our investments and the composition of our investment portfolio. See "Business — Regulation — Regulation of Over-the-Counter Derivatives," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Liquidity and Capital Uses — Pledged Collateral" and Note 9 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 and equity securities classified as available-for-sale ("AFS") securities are reported at their estimated fair value. Unrealized gains or losses on AFS securities are recognized as a component of other comprehensive income (loss) ("OCI") and are, therefore, excluded from net income. In recent periods, as a result of low interest rates, the unrealized gains on our fixed maturity securities have far exceeded the unrealized losses. However, if interest rates rise, our unrealized gains would decrease and our unrealized losses would increase, perhaps substantially. The accumulated change in estimated fair value of these AFS 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Fixed Maturity and Equity Securities AFS."

The occurrence of a major economic downturn, acts of corporate malfeasance, widening credit risk spreads, or other events that adversely affect the issuers or guarantors of securities or the underlying collateral of structured securities could cause the estimated fair value of our fixed maturity securities portfolio and corresponding earnings to decline and cause 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 intent to sell, or our assessment of the likelihood that we will be required to sell, fixed maturity securities, as well as our intent and ability to hold equity securities which have declined in value until recovery. Realized losses or impairments on these securities may have a material adverse effect on our net income in a particular quarterly or annual period.

Our Valuation of Securities and Investments and the Determination of the Amount of Allowances and Impairments Taken on Our Investments Are Subjective and Include Methodologies, Estimations and Assumptions Which Are Subject to Differing Interpretations and Market Conditions and, if Changed, Could Materially Adversely Affect Our Results of Operations or Financial Condition

Fixed maturity, equity, fair value option ("FVO") and trading securities, as well as short-term investments that are reported at estimated fair value represent the majority of our total cash and investments. We define fair value generally as the price that would be received to sell an asset or paid to transfer a liability. 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. 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 if trading becomes less frequent and/or market data becomes less observable. In addition, in times of financial market disruption, certain asset classes that were in active markets with significant observable data may become illiquid. In those cases, the valuation process includes inputs that are less observable and require more subjectivity and management judgment. Valuations may result in estimated fair values which vary significantly from the amount at which the investments may ultimately be 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 the estimated fair value of securities we hold may have a material adverse effect on our results of operations or financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments" and Notes 1 and 10 of the Notes to the Consolidated Financial Statements.

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 reflect any changes in allowances and impairments in earnings as such evaluations are revised. However, historical trends may not be indicative of future impairments or allowances. In addition, any such future impairments or allowances could have a materially adverse effect on our earnings and financial position. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Investment Impairments" and Note 8 of the Notes to the Consolidated Financial Statements.

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, agricultural and residential properties. We establish valuation allowances for estimated impairments, which are based on loan risk characteristics, historical default rates and loss severities, real estate market fundamentals and outlooks, as well as other relevant factors. In addition, substantially all of our commercial and agricultural mortgage loans held-for-investment have balloon payment maturities. An increase in the default rate of our mortgage loan investments or fluctuations in their performance could have a material adverse effect on our business, results of operations and financial condition.

Further, any geographic or property type concentration of our mortgage loans may have adverse effects on our investment portfolio 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 portfolio to the extent that the portfolio is 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Mortgage Loans."

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, central clearinghouses, commercial banks, investment banks, hedge funds and investment funds and other financial 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, derivatives, 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 governments and central banks, as well as deterioration in the banks' credit standing, could negatively impact these instruments, securities, transactions and investments or limit our ability to trade with them. Any such losses or impairments to the carrying value of these investments or other changes may materially and adversely affect our business and results of operations.

Risks Related to Our Business

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 and issuance of non-U.S. dollar denominated instruments, including guaranteed interest contracts and funding agreements. 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. In addition, from time to time, various emerging market countries have experienced severe economic and financial disruptions, including significant devaluations of their currencies. Our exposure to foreign currency exchange rate risk is exacerbated by our investments in these emerging markets. See "Quantitative and Qualitative Disclosures About Market Risk."

In addition, certain of our life and annuity products are exposed to foreign exchange rate risk. Payments under these contracts, depending on the circumstances, may be required to be made in different currencies and may not be the legal tender in the country whose law governs the particular product. Changes in exchange rate movements and the imposition of capital controls may also directly impact the liability valuation that may not be entirely hedged. If the currency upon which expected future payments are made strengthens, the liability valuation may increase, which may result in a reduction of net income.

An Inability to Access Credit Facilities Could Result in a Reduction in Our Liquidity and Lead to Downgrades in MetLife, Inc.'s Credit Ratings and Our Credit and Financial Strength Ratings

We rely on the $4.0 billion unsecured credit facility maintained by MetLife, Inc. and MetLife Funding, Inc. ("MetLife Funding"), a wholly-owned subsidiary of Metropolitan Life Insurance Company (the "Credit Facility"), as a potential source of liquidity. The availability of the Credit Facility could be critical to MetLife, Inc.'s credit ratings, as well as our credit and 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 Facility contains certain administrative, reporting, legal and financial covenants, including a requirement to maintain a specified minimum consolidated net worth. For more information regarding the Credit Facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Liquidity and Capital Sources — Global Funding Sources — Credit and Committed Facilities" and Note 12 of the Notes to the Consolidated Financial Statements.

The right to borrow funds under the Credit Facility is subject to the fulfillment of certain important conditions, including compliance with all covenants, and the ability to borrow under the Credit Facility is also subject to the continued willingness and ability of the lenders that are parties to the Credit Facility to provide funds. Failure to comply with the covenants in the Credit Facility 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 Credit Facility, would restrict the ability to access the Credit Facility when needed and, consequently, could have a material adverse effect on our financial condition and results of operations.

Metropolitan Life Insurance Company May Need to Fund Deficiencies in Its Closed Block; Assets Allocated to the Closed Block Benefit Only the Holders of Closed Block Policies

Metropolitan Life Insurance Company's plan of reorganization, as amended, established in connection with its demutualization, required that it establish and operate an accounting mechanism, known as a closed block, to ensure that the reasonable dividend expectations of policyholders who own individual participating whole life insurance policies of Metropolitan Life Insurance Company in force at the time of the demutualization are met. Metropolitan Life Insurance Company allocated assets to the closed block in an amount that will produce cash flows which, together with anticipated revenue from the policies included in the closed block, are reasonably expected to be sufficient to support obligations and liabilities relating to these policies, including, but not limited to, provisions for the payment of claims and certain expenses and tax, and to provide for the continuation of the policyholder dividend scales in effect for 1999, if the experience underlying such scales continues, and for appropriate adjustments in such scales if the experience changes. The closed block assets, the cash flows generated by the closed block assets and the anticipated revenue from the policies included in the closed block may not be sufficient to provide for the benefits guaranteed under these policies. If they are not, we must fund the shortfall. Even if they are sufficient, we may choose, for competitive reasons, to support policyholder dividend payments with our general account funds.

The closed block assets, the cash flows generated by the closed block assets and the anticipated revenues from the policies in the closed block will benefit only the holders of the policies in the closed block. In addition, to the extent that these amounts are greater than the amounts estimated at the time the closed block was funded, dividends payable in respect of the policies included in the closed block may be greater than they would be in the absence of a closed block. Any excess earnings will be available for distribution over time only to closed block policyholders. See Note 7 of the Notes to the Consolidated Financial Statements.

A Downgrade or a Potential Downgrade in Our Financial Strength or Credit Ratings, or MetLife, Inc.'s Credit Ratings, Could Result in a Loss of Business and Materially Adversely Affect Our Financial Condition and Results of Operations

Financial strength ratings are published by various Nationally Recognized Statistical Rating Organizations ("NRSROs") and similar entities not formally recognized as NRSROs. They indicate the NRSROs' opinion regarding an insurance company's ability to meet contractholder and policyholder obligations and are important to maintaining public confidence in our products and our competitive position. See "Business — Company Ratings" for additional information regarding our financial strength ratings.

Downgrades in our financial strength ratings or changes to our rating outlooks 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;
- impacting our ability to generate cash flows from issuances of funding agreements and other capital markets 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 post additional collateral under certain of our financing and derivative transactions;
- 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 our financial strength ratings, various NRSROs also publish credit ratings for MetLife, Inc. and several of its subsidiaries, including us. Credit ratings indicate the NRSROs' opinion regarding a debt issuer's ability to meet the terms of debt obligations in a timely manner and are important factors in MetLife, Inc.'s and our overall funding profile and ability to access certain types of liquidity. Downgrades in MetLife, Inc.'s credit ratings or our credit ratings or changes to MetLife, Inc.'s or our rating outlooks could have a material adverse effect on our financial condition and results of operations in many ways, including limiting our access to capital markets, potentially increasing the cost of debt, and requiring us to post collateral. See Note 9 of the Notes to the Consolidated Financial Statements for information regarding the impact of a one-notch downgrade with respect to derivative transactions with financial strength or credit rating downgrade triggers and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Liquidity and Capital Uses — Pledged Collateral" for further information on the impact of a one-notch downgrade. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Rating Agencies."

In view of the difficulties experienced by many financial institutions as a result of the financial crisis and ensuing 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 insurance companies, 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 models for maintenance of certain ratings levels. Our ratings could be downgraded at any time and without notice by any NRSRO.

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. 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. For example, for some of our group businesses under which the policies and related reinsurance are subject to periodic (typically annual) renewal, prices may increase at any renewal. Also, for most of our traditional life reinsurance agreements, it is common for the reinsurer to have a right to increase reinsurance rates on in-force business if there is a systematic deterioration of mortality in the market as a whole. 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. See "Business — Reinsurance Activity" and "— If the Counterparties to Our Reinsurance or Indemnification Arrangements or to the Derivatives 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."

If the Counterparties to Our Reinsurance or Indemnification Arrangements or to the Derivatives 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 derivatives to mitigate our risks in various circumstances. In general, reinsurance, indemnification and derivatives do 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, indemnitors, counterparties and central clearinghouses. A reinsurer's, indemnitor's, counterparty's or central clearinghouse's insolvency, inability or unwillingness to make payments under the terms of reinsurance agreements, indemnity agreements or derivatives agreements with us or inability or unwillingness to return collateral could have a material adverse effect on our financial condition and results of operations, including our liquidity. See "Business — Reinsurance Activity."

In addition, we use derivatives to hedge various business risks. We enter into a variety of derivatives, including options, forwards, interest rate, credit default and currency swaps with a number of counterparties on a bilateral basis for uncleared OTC derivatives and with clearing brokers and central clearinghouses for OTC-cleared derivatives. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Derivatives." If our counterparties, clearing brokers or central clearinghouses fail or refuse to honor their obligations under these derivatives, our hedges of the related risk will be ineffective. This risk is more pronounced in light 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. Such amounts are established based on estimates by actuaries of how much we will need to pay for future benefits and claims. 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 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. 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. See "Business — Policyholder Liabilities."

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 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. In addition, 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, thereby increasing 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 or our ability to write new business. It is possible that increases in the value, caused by the effects of inflation or other factors, and geographic concentration of insured lives, could increase the severity of claims we receive from future catastrophic events.

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 MetLife 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.

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. From time to time, states have passed legislation that has the effect of limiting the ability of insurers to manage risk, such as legislation restricting an insurer’s ability to withdraw from catastrophe-prone areas. 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.

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. These associations are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers, who may become impaired, insolvent or fail, for example, following the occurrence of one or more catastrophic events. 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 17 of the Notes to the Consolidated Financial Statements.

Our Statutory Life Insurance Reserve Financings May Be Subject to Cost Increases and New Financings May Be Subject to Limited Market Capacity

We currently utilize capital markets solutions to finance a portion of our statutory reserve requirements for several products, including, but not limited to, our level premium term life subject to the NAIC Model Regulation Valuation of Life Insurance Policies (commonly referred to as XXX), and ULSG subject to NAIC Actuarial Guideline 38 (commonly referred to as AXXX), as well as MLIC's closed block. While we have financing facilities in place for certain previously written business, certain of these facilities are subject to cost increases upon the occurrence of specified ratings downgrades of MetLife or are subject to periodic re-pricing. Any resulting cost increases could negatively impact our financial results.

Future capacity for these statutory reserve funding structures in the marketplace is not guaranteed. Currently, state insurance regulators and the NAIC are investigating the use of captive reinsurers and offshore entities to reinsure insurance risks. See "— Regulatory and Legal Risks — Our Insurance Businesses are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth." Insurance regulators in a few states, including New York and California, have imposed a moratorium on new reinsurance transactions between life insurers domiciled in those states and captive reinsurers. If additional state insurance regulators determine to restrict the use of captive reinsurers for purposes of funding reserve requirements or capacity in the capital markets otherwise becomes unavailable for a prolonged period of time, thereby hindering our ability to obtain funding for these new structures, our ability to write additional business in a cost effective manner may be impacted.

Competitive Factors May Adversely Affect Our Market Share and Profitability

We believe competition amongst insurance companies 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. 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. Additionally, many of our group insurance products are underwritten annually. There is a risk that group purchasers may be able to obtain more favorable terms from competitors than they could renewing coverage with us. These competitive pressures may adversely affect the persistency of our products, as well as our ability to sell our products in the future.

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.

In addition, since numerous aspects of our business are subject to regulation, legislative and other changes affecting the regulatory environment for our business may have, over time, the effect of supporting or burdening some aspects of the financial services industry more than others. This can affect our competitive position within the life insurance industry and within the broader financial services industry. See "Business — Regulation," "— Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," and "— Regulatory and Legal Risks — Changes in U.S. Federal, State Securities and State Insurance Laws and Regulations May Affect Our Operations and Our Profitability."

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 perform our goodwill impairment testing 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 under certain circumstances.

The estimated fair value of the reporting unit is impacted by the performance of the business, which 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 operations or financial position. See Notes 1 and 11 of the Notes to the Consolidated Financial Statements.

Long-lived assets, including assets such as real estate, also require impairment testing. This testing is done to determine whether changes in circumstances indicate that we will be unable to recover the carrying amount of the asset group. 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 bases 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. In addition, changes in the corporate tax rates could affect the value of our deferred tax assets and may require a write-off of some of those assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Income Taxes."

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 are related directly to the successful acquisition of new and renewal insurance business are deferred and referred to 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 deferred and referred to as DSI. 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. DAC, DSI and VOBA related to fixed and variable universal life and deferred annuity contracts are amortized in proportion to actual and expected future gross profits and for most participating contracts in proportion to actual and expected future gross margins. The amount of future gross profit or margin is dependent principally on investment returns in excess of the amounts credited to policyholders, mortality, morbidity, persistency, interest crediting rates, dividends paid to policyholders, 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 DAC for the aforementioned contracts.

If actual gross profits or margins are less than originally expected, 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, DSI and 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 "— Economic Environment and Capital Markets-Related Risks — We Are Exposed to Significant Global Financial and Capital Markets Risks 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" for a discussion of how significantly lower spreads may cause us to accelerate amortization, thereby reducing net income in the affected reporting period.

See "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.

Guarantees Within Certain of Our Products May Decrease Our Earnings, Increase the Volatility of Our Results, Result in Higher Risk Management Costs and Expose Us to Increased Counterparty Risk

Certain of our variable annuity products include guaranteed benefits, including guaranteed minimum death benefits ("GMDBs"), guaranteed minimum withdrawal benefits, guaranteed minimum accumulation benefits, and guaranteed minimum income benefits ("GMIBs"). These guarantees are designed to protect policyholders against significant downturns in equity markets and interest rates. Any such 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 our liabilities associated with those products. An increase in these liabilities would result in a decrease in our net income.

Recently, we have been diversifying the concentration of income benefits in the portfolio of the Company's Retail Annuities business by focusing on guaranteed minimum withdrawal benefits, variable annuities without living benefits and index-linked annuities. To this end, the GMIBs will not be available for new purchases after February 19, 2016.

We also use hedging and other risk management strategies to mitigate the liability exposure and the volatility of net income associated with these liabilities. These strategies involve the use of reinsurance and derivatives, which may not be completely effective. For example, in the event that reinsurers, derivative counterparties or central clearinghouses are unable or unwilling to pay, we remain liable for the guaranteed benefits. See "— If the Counterparties to Our Reinsurance or Indemnification Arrangements or to the Derivatives 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."

In addition, hedging instruments may not effectively offset the costs of guarantees or may otherwise be insufficient in relation to our obligations. Furthermore, we are subject to the risk that changes in policyholder behavior or mortality, combined with adverse market events, produce economic losses not addressed by the risk management techniques employed. These, individually or collectively, may have a material adverse effect on our results of operations, including net income, financial condition or liquidity. See Note 1 of the Notes to the Consolidated Financial Statements for further consideration of the risks associated with guaranteed benefits.

Risks Related to Acquisitions, Dispositions or Other Structural Changes

We Could Face Difficulties, Unforeseen Liabilities, Asset Impairments or Rating Actions Arising from Business Acquisitions or Integrating and Managing Growth of Such Businesses, Dispositions of Businesses, or Legal Entity Reorganizations

MetLife, Inc. and its subsidiaries, including us, have engaged in dispositions and acquisitions of businesses in the past, and expect to continue to do so in the future. See Note 20 of the Notes to the Consolidated Financial Statements for information regarding MetLife, Inc.'s announcement of its plan to pursue the Separation and its entry into a purchase agreement with MassMutual pursuant to which MassMutual will acquire the MetLife Premier Client Group. Such activity exposes us to a number of risks arising from (i) potential difficulties achieving projected financial results including the costs and benefits of integration or deconsolidation; (ii) unforeseen liabilities or asset impairments; (iii) the scope and duration of rights to indemnification for losses; (iv) the use of capital which could be used for other purposes; (v) rating agency reactions; (vi) regulatory requirements that could impact our operations or capital requirements; (vii) changes in statutory or U.S. GAAP accounting principles, practices or policies; and (viii) certain other risks specifically arising from activities relating to an initial public offering, spin-off, joint venture or legal entity reorganization, including in connection with the proposed Separation.

The valuation and structure for any transaction reflect our financial projections and other qualitative and quantitative factors. Every transaction exposes us to the risk that actual results may materially differ from what we have projected. Factors that can cause our financial projections to vary materially from ultimate experience include, but are not limited to, macroeconomic, business growth, demographic, policyholder behavior, regulatory and political conditions.

Risks Relating to Acquisitions

Our ability to achieve certain financial benefits we anticipate from any acquisitions of businesses will depend in 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.
- 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.
- If the acquired business relies on continued distribution access with another party, we are also exposed to the risk of loss of exclusivity or change in access due to regulatory changes.
- 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.
- 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.

There could be unforeseen liabilities or asset impairments, including goodwill impairments, which 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 acquisition-related due diligence investigations. 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. Although we generally have rights to indemnification for certain losses, our rights are limited by survival periods for bringing claims and limitations on the nature and amount of losses we may recover, and we cannot be certain that indemnification will be, among other things, collectible or sufficient in amount, scope or duration to fully offset any loss we may suffer.

The use of our own funds as consideration in any acquisition would consume capital resources, which could affect our capital plan and 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.

Risks Relating to Dispositions

MetLife, Inc. and its subsidiaries, including us, may separate a business through an outright sale, or by alternate means such as a public offering of shares in an independent, publicly traded company or a spin-off, which would also result in a separate, possibly independent and publicly traded, company. See Note 20 of the Notes to the Consolidated Financial Statements for information on MetLife, Inc.'s announcement of its plan to pursue the proposed Separation and its entry into a purchase agreement with MassMutual pursuant to which MassMutual will acquire the MetLife Premier Client Group. Any Separation that might occur will be subject to the satisfaction of various conditions and approvals, including approval of any transaction by the MetLife, Inc. Board of Directors, satisfaction of any applicable requirements of the SEC, and receipt of insurance and other regulatory approvals and other anticipated conditions. No assurance can be given regarding the form that the proposed Separation may take or the specific terms thereof, or that the Separation will in fact occur. The purchase agreement with MassMutual is also subject to certain closing conditions, including regulatory approval.

Unanticipated developments could delay, prevent or otherwise adversely affect our ability to effect any disposition transaction. Factors which could affect our ability to consummate such transactions include difficulties in finding buyers and delays or other problems with obtaining required regulatory, tax and other approvals, as well as adverse conditions in the capital and credit markets.

When we dispose of subsidiaries or operations, we may remain liable to the acquiror or to third parties for certain losses or costs arising from the divested business or on other bases. We may also incur a loss on the disposition. In anticipation of any disposition, we may need to restructure our operations, which could disrupt such operations and affect our ability to recruit key personnel needed to operate and grow such business. In addition, the actions of key employees of the business to be divested could adversely affect the success of such disposition as they may be more focused on obtaining employment, or the terms of their employment, than on maximizing the value of the business to be divested. Any such separation will also decrease the diversification of our sources of revenue. Furthermore, we may be unable to timely dissolve all contractual relationships with the divested business in the course of the proposed transaction, which may materially adversely affect our ability to realize value from the disposition. Such restructuring could also adversely affect our internal controls and procedures and impair our relationships with key customers, distributors and suppliers. An interruption or significant change in certain key relationships could materially affect our ability to market our products and could have a material adverse effect on our business, operating results and financial condition. Distributors may elect to suspend, alter, reduce or terminate their distribution relationships with us for various reasons, including uncertainty related to the proposed Separation, changes in our distribution strategy, adverse developments in our business, adverse rating agency actions or concerns about market-related risks.

Risks Relating to Joint Ventures

We may enter into joint ventures with other companies, including joint ventures where we may have a lesser degree of control over the business operations, which may expose us to additional operational, financial, legal or compliance risks. We may be dependent on a joint venture counterparty for capital, product distribution, local market knowledge or other resources.

A joint venture may require an investment of considerable management, financial and operational resources to establish sufficient infrastructure such as underwriting, actuarial, risk management, compliance or other processes. If we are unable to effectively cooperate with joint venture counterparties, or any joint venture counterparty fails to meets its obligations under the joint venture arrangement, encounters financial difficulty, or elects to alter, modify or terminate the relationship, we may be unable to exercise management control or influence over these joint venture operations and our ability to achieve our objectives and our results of operations may be negatively impacted.

Risks Relating to Legal Entity Reorganizations

In addition, we may reorganize or consolidate the legal entities through which we conduct business. For example, in November 2014, the Mergers were completed. See “Business — Overview.” The implementation of legal entity reorganizations is a complex undertaking and involves a number of risks similar to those outlined above that are present in the case of an acquisition, including additional costs and expenses, information technology-related delays and problems, loss of key personnel and distraction of management. Many aspects of these transactions are subject to regulatory approvals from a number of different jurisdictions. We may not obtain needed regulatory approvals in the timeframe anticipated or at all, which could reduce or prevent us from realizing the anticipated benefits of these transactions. These transactions or the related regulatory approvals may entail modifications of certain aspects of our operations, the composition of certain of our investment portfolios, and/or the cost of our derivatives hedging activities, which could result in additional costs or reduce net investment income. Any of these risks, if realized, could result in a material adverse effect on our business, results of operations or financial condition.

Operational Risks

MetLife’s Risk Management Policies and Procedures May Leave Us Exposed to Unidentified or Unanticipated Risk, Which Could Negatively Affect Our Business

MetLife’s enterprise risk management is designed to mitigate material risks and loss to MetLife. MetLife develops and periodically updates 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 and may not identify every risk to which we are exposed. Many of MetLife’s methods for managing risk and exposures are based upon the use of observed historical market behavior to model or project potential future exposure. Models used by MetLife’s business are based on assumptions and projections. These models may not operate properly or input and assumptions may be inaccurate. 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 pending regulations. See “Business — Regulation — Regulation of MetLife, Inc. as a Non-Bank SIFI,” “Business — Regulation — Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers” and “Quantitative and Qualitative Disclosures About Market Risk.”

The Continued Threat of Terrorism and Ongoing Military Actions May Adversely Affect the Value of Our Investment Portfolio and the Level of Claim Losses We Incur

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. The value of 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. Companies in which we maintain investments may suffer losses as a result of financial, commercial or economic disruptions and such disruptions might affect the ability of those companies to pay interest or principal on their securities or mortgage loans. Terrorist actions also could disrupt our operations centers in the U.S. and result in higher than anticipated claims under our insurance policies. See "— Economic Environment and Capital Markets-Related Risks — If Difficult Conditions in the Global Capital Markets and the Economy Generally Persist, They May Materially Adversely Affect Our Business and Results of Operations."

The Failure in Cyber- or Other Information Security Systems, as well as the Occurrence of Events Unanticipated in MetLife's Disaster Recovery Systems and Management Continuity Planning, Could Result in a Loss or Disclosure of Confidential Information, Damage to Our Reputation and Impairment of Our Ability to Conduct Business Effectively

Our business is highly dependent upon the effective operation of MetLife's computer systems. We rely on these systems throughout our business for a variety of functions, including processing claims and applications, providing information to customers and distributors, performing actuarial analyses and maintaining financial records. We also retain confidential and proprietary information on our computer systems and we rely on sophisticated technologies to maintain the security of that information. MetLife's computer systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access, cyberattacks or other computer-related penetrations. While, to date, MetLife has not experienced a material breach of cybersecurity, administrative and technical controls and other preventive actions we take to reduce the risk of cyber-incidents and protect our information technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks or other security breaches to our computer systems.

In the event of a disaster such as a natural catastrophe, epidemic, industrial accident, blackout, computer virus, terrorist attack, cyberattack or war, unanticipated problems with our 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 following 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.

The failure of our computer systems and/or our disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our customers. Such a failure could harm our reputation, subject us to regulatory sanctions and legal claims, lead to a loss of customers and revenues and otherwise adversely affect our business and financial results. Although we conduct due diligence, negotiate contractual provisions and, in many cases, conduct periodic reviews of our vendors, distributors, and other third parties that provide operational or information technology services to us to confirm compliance with MetLife enterprise information security standards, the failure of such third parties' computer systems and/or their disaster recovery plans for any reason might cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our customers. Such a failure could harm our reputation, subject us to regulatory sanctions and legal claims, lead to a loss of customers and revenues and otherwise adversely affect our business and financial results. While MetLife maintains cyber liability insurance that provides both third-party liability and first-party liability coverages, this insurance may not be sufficient to protect us against all losses. MetLife, Inc. and its subsidiaries maintain a primary cybersecurity and privacy liability insurance policy with a limit of $15 million, and have additional coverage for cybersecurity and privacy liability available under blended professional liability excess coverage policies with a total limit of $210 million.

MetLife Associates May Take Excessive Risks Which Could Negatively Affect Our Financial Condition and Business

As an insurance enterprise, we are in the business of accepting certain risks. The MetLife 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. MetLife endeavors, in the design and implementation of compensation programs and practices, to avoid giving associates incentives to take excessive risks; however, associates may take such risks regardless of the structure of these compensation programs and practices. Similarly, although MetLife employs controls and procedures designed to monitor associates' business decisions and prevent them from taking excessive risks, and to prevent employee misconduct, these controls and procedures may not be effective. If MetLife associates take excessive risks, the impact of those risks could harm our reputation and have a material adverse effect on our financial condition and business operations.

General Risks

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 (the "FASB"). The impact of accounting pronouncements that have been issued but not yet implemented is disclosed in our reports filed with the SEC. 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 official positions of the FASB are determined only after extensive due process and deliberations. Therefore, the effects on our financial statements cannot be meaningfully assessed. The required adoption of future accounting standards could have a material adverse effect on our financial condition and results of operations, including on our net income.

Changes in Our Assumptions Regarding the Discount Rate, Expected Rate of Return, Mortality Rates and Expected Increase in Compensation Used for Pension and Other Postretirement Benefit Plans For Employees and Retirees of MetLife, Inc. 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, mortality rates, expected increases in compensation levels and expected medical inflation. Changes in these assumptions may result in increased expenses and reduce our profitability. See Note 15 of the Notes to the Consolidated Financial Statements for details on how changes in these assumptions would affect plan costs.

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 harm our reputation and have a material adverse effect on our business and our ability to compete with other insurers and financial institutions.

In addition, we may be subject to claims by third parties for (i) patent, trademark or copyright infringement, (ii) breach of patent, trademark or copyright license usage rights, or (iii) misappropriation of trade secrets. Any such claims or 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 patents, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly alternative. Any of these scenarios could harm our reputation and have a material adverse effect on our business and results of operations.

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. Insurers compete 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 financial services companies for sales representatives primarily on the basis of product features, support services, compensation and financial position. We continue to undertake several initiatives to enhance the efficiency and production of our existing sales force. These initiatives may not 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 highly qualified and productive agents. See "— Risks Related to Our Business — Competitive Factors May Adversely Affect Our Market Share and Profitability."

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We lease 420,000 rentable square feet in an office building in Manhattan, New York. The term of that lease commenced in February 2008 and continues until April 2029. In August 2009, we subleased 32,000 rentable square feet of that space to a subtenant, which has met our standards of review with respect to creditworthiness. We also lease 495,000 rentable square feet at 200 Park Avenue, New York (the "MetLife Building"). The term of this lease commenced in December 2015 and continues until September 2027. We also lease additional space at the MetLife Building, which includes MetLife, Inc.'s boardroom. Each of these spaces under lease is occupied by all of our segments, as well as Corporate & Other. The Company plans to consolidate its existing New York City offices to the MetLife Building, in phases, beginning in December 2016.

We lease 425,000 rentable square feet in Charlotte, North Carolina, which is predominantly occupied by the Retail segment, as well as Corporate & Other. The term of that lease commenced in April 2013 and continues until September 2026. We leased an additional 30,000 rentable square feet in Charlotte, North Carolina, the term of which commenced in May 2014 and expired on December 31, 2015. We lease 435,000 rentable square feet in two buildings in Cary, North Carolina, which are occupied by Global Technology & Operations, which supports all of our segments, as well as Corporate & Other. The leases for the two buildings commenced in February 2015 and April 2015, and will both continue until April 2030.

In December 2015, we entered into a sale-leaseback of five properties located in the U.S. with an unrelated third party. We own nine buildings in the U.S. that we use in the operation of our business. These buildings contain 2 million rentable square feet and are located in the following states: Florida, Illinois, Missouri, New York, Oklahoma and Pennsylvania. Our computer center in Rensselaer, New York is not owned in fee but rather is occupied pursuant to a long-term ground lease. In addition to the aforementioned leases in New York and North Carolina, we lease space in 300 other locations throughout the U.S. Including our Long Island City, New York, facility and the lease-backs, these leased facilities consist of 6.5 million rentable square feet. Of these leases, 240 are occupied as sales offices while the balance of the space is utilized for corporate functions supporting business activities. We believe that these properties are suitable and adequate for our current and anticipated business operations.

MetLife arranges for property & 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 the renewal of those coverages, MetLife has arranged $500 million of property insurance, including coverage for terrorism, on our real estate portfolio through May 1, 2016, its renewal date.

Item 3. Legal Proceedings

See Note 17 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

No established public trading market exists for Metropolitan Life Insurance Company's common equity; all of Metropolitan Life Insurance Company's common stock is held by MetLife, Inc.

During the years ended December 31, 2015 and 2014, Metropolitan Life Insurance Company paid cash dividends of $1.5 billion and $708 million, respectively, to MetLife, Inc. Also, during the year ended December 31, 2014, Metropolitan Life Insurance Company distributed shares of an affiliate to MetLife, Inc. as an in-kind dividend of $113 million, as calculated on a statutory basis. See Note 13 of the Notes to the Consolidated Financial Statements for a discussion of restrictions on Metropolitan Life Insurance Company's ability to pay dividends. The maximum amount of dividends which Metropolitan Life Insurance Company may pay in 2016, without prior regulatory approval, is $3.8 billion.

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

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements and Other Financial Information

For purposes of this discussion, "MLIC," the "Company," "we," "our" and "us" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "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," "Quantitative and Qualitative Disclosures About Market Risk" 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, or are tied to future periods, 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."

This narrative analysis includes references to our performance measure, operating earnings, that is not based on GAAP. Operating earnings is the measure of segment profit or loss we use to evaluate segment performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is our measure of segment performance. See "— Non-GAAP and Other Financial Disclosures" for definitions of this and other measures.

Overview

The Company is a provider of life insurance, annuities, employee benefits and asset management and is organized into three segments: Retail; Group, Voluntary & Worksite Benefits; and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other. See "Business — Segments and Corporate & Other" and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments and Corporate & Other. See also "— Other Key Information" for information on MetLife, Inc.'s announcement of its plan to pursue the Separation. Management continues to evaluate the Company's segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

Other Key Information

On February 28, 2016, MetLife, Inc. entered into a purchase agreement with MassMutual pursuant to which MassMutual will acquire MetLife's U.S. Retail advisor force, the MetLife Premier Client Group, together with its affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc., and certain related assets. As part of the transaction, MetLife, Inc. and MassMutual have also agreed to enter into a product development agreement under which MetLife's U.S. Retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. The transaction is subject to certain closing conditions, including regulatory approval.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. MetLife is currently evaluating structural alternatives for the proposed Separation, including a public offering of shares in an independent, publicly traded company, a spin-off, or a sale. The completion of a public offering would depend on, among other things, the SEC filing and review process, as well as market conditions. Any Separation that might occur will be subject to the satisfaction of various conditions and approvals, including approval of any transaction by the MetLife, Inc. Board of Directors, satisfaction of any applicable requirements of the SEC, and receipt of insurance and other regulatory approvals and other anticipated conditions. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of the Separation. Metropolitan Life Insurance Company would no longer write new retail life and annuity business post-Separation.

In the first quarter of 2015, the Company implemented certain segment reporting changes related to the measurement of segment operating earnings, which included revising the Company's capital allocation methodology. These changes were applied retrospectively and did not have an impact on total consolidated operating earnings or net income. Consequently, prior period results for the year ended December 31, 2014 were impacted as follows:

- Retail's operating earnings increased by $145 million, net of $49 million of income tax benefit;
- Group, Voluntary & Worksite Benefits' operating earnings decreased by $19 million, net of $13 million of income tax benefit;
- Corporate Benefit Funding's operating earnings decreased by $60 million, net of $41 million of income tax benefit; and
- Corporate & Other's operating earnings decreased by $66 million, net of $103 million of income tax expense.

See Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments and Corporate & Other.

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 our significant accounting policies, see Note 1 of the Notes to the Consolidated Financial Statements. The most critical estimates include those used in determining:

(i) liabilities for future policy benefits and the accounting for reinsurance;

(ii) capitalization and amortization of DAC and the establishment and amortization of VOBA;

(iii) estimated fair values of investments in the absence of quoted market values;

(iv) investment impairments;

(v) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;

(vi) measurement of employee benefit plan liabilities;

(vii) measurement of income taxes and the valuation of deferred tax assets; and

(viii) liabilities for litigation and regulatory matters.

In applying our 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 our business and operations. Actual results could differ from these estimates.

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 our historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs.

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 and paid-up 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 and paid-up 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 experience of the appropriate underlying equity index, such as the S&P 500 Index.

We regularly review our estimates of liabilities for future policy benefits and compare them with our 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 4 of the Notes to the Consolidated Financial Statements for additional information on our 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. We periodically review actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluate the financial strength of counterparties to our reinsurance agreements using criteria similar to that evaluated in our security impairment process. See "— Investment Impairments." Additionally, for each of our reinsurance agreements, we determine whether the agreement provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. We review all contractual features, including 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 we determine that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, we record the agreement using the deposit method of accounting.

See Note 6 of the Notes to the Consolidated Financial Statements for additional information on our reinsurance programs.

Deferred Policy Acquisition Costs and Value of Business Acquired

We incur 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. We utilize 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 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. Our 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. We monitor these events and only change the assumption when our 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 with an offset to our unearned revenue liability which nets to approximately $50 million. We use a mean reversion approach to separate account returns where the mean reversion period is five years with a long-term separate account return after the five-year reversion period is over. The current long-term rate of return assumption for the variable universal life contracts and variable deferred annuity contracts is 7.25%.

We also periodically review other long-term assumptions underlying the projections of estimated gross margins and profits. These assumptions primarily relate to 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.

Our 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 and policyholder dividends on participating traditional life contracts, variable and universal life contracts and annuity contracts. We expect these assumptions to be the ones most reasonably likely to cause significant changes in the future. Changes in these assumptions can be offsetting and we are unable to predict their movement or offsetting impact over time.

See Note 5 of the Notes to the Consolidated Financial Statements for additional information on DAC and VOBA.

Estimated Fair Value of Investments

In determining the estimated fair value of our investments, fair values are based on unadjusted quoted prices for identical investments 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 investments, or other observable inputs. If these inputs are not available, or observable inputs are not determinable, unobservable inputs and/or adjustments to observable inputs requiring management judgment are used to determine the estimated fair value of investments.

The methodologies, assumptions and inputs utilized are described in Note 10 of the Notes to the Consolidated Financial Statements.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Our ability to sell investments, or the price ultimately realized for investments, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain investments.

Investment Impairments

One of the significant estimates related to AFS securities is our impairment evaluation. The assessment of whether an other-than-temporary impairment ("OTTI") occurred is based on our case-by-case evaluation of the underlying reasons for the decline in estimated fair value on a security-by-security basis. Our review of each fixed maturity and equity security for OTTI 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. Accordingly, such an unrealized loss position may not impact our 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 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. Factors we consider in the OTTI evaluation process are described in Note 8 of the Notes to the Consolidated Financial Statements.

The determination of the amount of allowances and impairments on the remaining invested asset classes is highly subjective 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.

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for additional information relating to our determination of the amount of allowances and impairments.

Derivatives

The determination of the 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 9 of the Notes to the Consolidated Financial Statements for additional details on significant inputs into the OTC derivative pricing models and credit risk adjustment.

We issue variable annuity products with guaranteed minimum benefits, some of which are embedded derivatives 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 our 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, Inc.'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, Inc. 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.

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. 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 our 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, we ceded the risk associated with certain of the variable annuities with guaranteed minimum benefits described in the preceding paragraphs. 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 us 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 9 of the Notes to the Consolidated Financial Statements for additional information on our derivatives and hedging programs.

Employee Benefit Plans

We sponsor and/or administer various plans that provide defined benefit pension and other postretirement benefits covering eligible employees and sales representatives. The calculation of the obligations and expenses associated with these plans requires an extensive use of assumptions such as the discount rate, expected rate of return on plan assets, rate of future compensation increases and healthcare cost trend rates, as well as assumptions regarding participant demographics such as rate and age of retirements, withdrawal rates and mortality. In consultation with external actuarial firms, we determine these assumptions based upon a variety of factors such as historical experience of the plan and its assets, currently available market and industry data, and expected benefit payout streams.

We determine the expected rate of return on plan assets based upon an approach that considers inflation, real return, term premium, credit spreads, equity risk premium and capital appreciation, as well as expenses, expected asset manager performance, asset weights and the effect of rebalancing. We determine the discount rates used to value the pension and postretirement obligations, based upon rates commensurate with current yields on high quality corporate bonds. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics. These differences may have a significant effect on the Company's consolidated financial statements and liquidity.

See Note 15 of the Notes to the Consolidated Financial Statements for additional discussion of assumptions used in measuring liabilities relating to our employee benefit plans.

Income Taxes

We provide 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. Our accounting for income taxes represents our best estimate of various events and transactions. Tax laws are often complex and may be 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 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.

In establishing a liability for unrecognized tax benefits, assumptions may be made in determining whether, and to what extent, a tax position may be sustained. Once established, unrecognized tax benefits are adjusted when there is more information available or when events occur requiring a change.

Valuation allowances are established against deferred tax assets when management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. See Note 1 of the Notes to the Consolidated Financial Statements for additional information relating to our determination of such valuation allowances.

We may be required to change our 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 financial statements in the year these changes occur.

See Notes 1 and 16 of the Notes to the Consolidated Financial Statements for additional information on our income taxes.

Litigation Contingencies

We are a party to a number of legal actions and are involved in a number of regulatory investigations. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on our 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. Liabilities related to certain lawsuits, including our asbestos-related liability, are especially difficult to estimate due to the limitation of available data and uncertainty regarding numerous variables that can affect liability estimates. The data and variables that impact the assumptions used to estimate our asbestos-related liability include the number of future claims, the cost to resolve claims, the disease mix and severity of disease in pending and future claims, the impact of the number of new claims filed in a particular jurisdiction and variations in the law in the jurisdictions in which claims are filed, the possible impact of tort reform efforts, the willingness of courts to allow plaintiffs to pursue claims against us when exposure to asbestos took place after the dangers of asbestos exposure were well known, and the impact of any possible future adverse verdicts and their amounts. On a quarterly and annual basis, we review relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in our consolidated financial statements. It is possible that an adverse outcome in certain of our litigation and regulatory investigations, including asbestos-related cases, or the use of different assumptions in the determination of amounts recorded could have a material effect upon our consolidated net income or cash flows in particular quarterly or annual periods.

See Note 17 of the Notes to the Consolidated Financial Statements for additional information regarding our 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 and the Company's business.

MetLife's economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon while applying an industry standard method for the inclusion of diversification benefits among risk types. Economic capital-based risk estimation is an evolving science and industry best practices have emerged and continue to evolve. Areas of evolving industry best practices include stochastic liability valuation techniques, alternative methodologies for the calculation of diversification benefits, and the quantification of appropriate shock levels. MetLife's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

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 income (loss) from continuing operations, net of income tax.

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios 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.

Dispositions

See Note 3 of the Notes to the Consolidated Financial Statements.

Results of Operations

Consolidated Results

Business Overview. Overall sales declined from 2014 levels; however, sales experience was positive across various products within our businesses for the year ended December 31, 2015 as compared to 2014. The introduction of new variable annuity products in late 2014 and early 2015, as well as pricing actions and our continued focus on our enhanced underwriting programs, all contributed to higher sales in our Retail segment. For our Group, Voluntary & Worksite Benefits segment, 2015 sales were slightly lower, as improved sales of voluntary products were more than offset by lower sales of our core group products as a result of increased competition. Despite the decline in funding ratios for defined benefit pension plans of S&P 500 companies, we experienced an increase in sales of pension risk transfers. However, more competitive pricing in the market drove a decrease in structured settlement annuity sales.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Revenues		
Premiums	$ 21,934	$ 21,384
Universal life and investment-type product policy fees	2,584	2,466
Net investment income	11,577	11,893
Other revenues	1,536	1,808
Net investment gains (losses)	259	143
Net derivative gains (losses)	881	1,037
Total revenues	38,771	38,731
Expenses		
Policyholder benefits and claims and policyholder dividends	25,791	25,095
Interest credited to policyholder account balances	2,183	2,174
Capitalization of DAC	(482)	(424)
Amortization of DAC and VOBA	742	695
Interest expense on debt	122	151
Other expenses	5,876	5,649
Total expenses	34,232	33,340
Income (loss) from continuing operations before provision for income tax	4,539	5,391
Provision for income tax expense (benefit)	1,782	1,532
Income (loss) from continuing operations, net of income tax	2,757	3,859
Income (loss) from discontinued operations, net of income tax	—	(3)
Net income (loss)	2,757	3,856
Less: Net income (loss) attributable to noncontrolling interests	—	(5)
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 2,757	$ 3,861

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

During the year ended December 31, 2015, income (loss) from continuing operations, before provision for income tax, decreased $852 million ($1.1 billion, net of income tax) from 2014 primarily driven by a $557 million one-time tax charge and a $362 million ($235 million, net of income tax) one-time charge for interest on uncertain tax positions that were recorded under accounting guidance for the recognition of tax uncertainties related to the U.S. tax treatment of taxes paid by a wholly-owned United Kingdom ("U.K.") investment subsidiary of Metropolitan Life Insurance Company.

Management of Investment Portfolio and Hedging Market Risks with Derivatives. 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 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. 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 currency exchange rates, credit spreads and equity market levels.

We purchase investments 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 currency exchange rates, 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, which creates volatility in earnings.

Certain direct or assumed variable annuity products with guaranteed minimum benefits 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). We use reinsurance and derivatives to hedge the market and other risks inherent in these variable annuity guarantees. Ceded reinsurance of direct variable annuity products with guaranteed minimum benefits 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) and volatility in earnings, but does not have an economic impact on us.

Net Derivative Gains (Losses). Direct, assumed and ceded variable annuity embedded derivatives, as well as the associated freestanding derivatives, are referred to as “VA program derivatives” in the following table. All other embedded derivatives and all freestanding 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:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Non-VA program derivatives		
Interest rate	$ 174	$ 730
Foreign currency exchange rate	300	316
Credit	28	68
Non-VA embedded derivatives	487	(498)
Total non-VA program derivatives	989	616
VA program derivatives		
Embedded derivatives-direct and assumed guarantees:		
Market risks	136	(53)
Nonperformance risk adjustment	29	14
Other risks	(280)	(130)
Total	(115)	(169)
Embedded derivatives-ceded reinsurance:		
Market and other risks	50	506
Nonperformance risk adjustment	(4)	(9)
Total	46	497
Freestanding derivatives hedging direct and assumed embedded derivatives	(39)	93
Total VA program derivatives	(108)	421
Net derivative gains (losses)	$ 881	$ 1,037

The favorable change in net derivative gains (losses) on non-VA program derivatives was $373 million ($242 million, net of income tax). This was primarily due to a change in the value of underlying assets and the recapture of a certain reinsurance agreement from an affiliate which favorably impacted non-VA embedded derivatives related to affiliated ceded reinsurance written on a coinsurance with funds withheld basis. This favorable change was partially offset by the unfavorable impact of mid- to long-term interest rates decreasing less in 2015 than in 2014, unfavorably impacting receive-fixed interest rate swaptions and interest rate swaps. 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 unfavorable change in net derivative gains (losses) on VA program derivatives was $529 million ($344 million, net of income tax). This was due to an unfavorable change of $549 million ($357 million, net of income tax) in 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 those risks, partially offset by a favorable change of $20 million ($13 million, net of income tax) related to the change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives, net of the impact of the nonperformance risk adjustment on the ceded variable annuity embedded derivatives. Other risks relate primarily to the impact of policyholder behavior and other non-market risks that generally cannot be hedged.

The foregoing unfavorable change of $549 million ($357 million, net of income tax) was primarily driven by changes in market factors, as well as by the recapture of certain variable annuities previously reinsured to an affiliate.

The primary changes in market factors are summarized as follows:

- Long-term interest rates decreased less in 2015 than in 2014, contributing to a favorable change in our direct and assumed embedded derivatives and an unfavorable change in our ceded reinsurance assets, embedded derivatives and freestanding derivatives. For example, the 30-year U.S. swap rate decreased by 3% in 2015 and 31% in 2014.
- Key equity index levels decreased in 2015 and increased in 2014, contributing to an unfavorable change in our direct and assumed embedded derivatives and a favorable change in our ceded reinsurance assets and freestanding derivatives. For example, the S&P 500 Index decreased by 1% in 2015 and increased by 11% in 2014.

We calculate the nonperformance risk adjustment as the change in the embedded derivative discounted at the risk-adjusted rate (which includes our own credit spread to the extent that the embedded derivative is in-the-money) less the change in the embedded derivative discounted at the risk-free rate. The favorable change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives of $15 million ($10 million, net of income tax) was primarily due to a favorable change of $7 million, before income tax, as a result of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, and a favorable change of $8 million, before income tax, related to changes in our own credit spread. The favorable change in the nonperformance risk adjustment on the ceded variable annuity embedded derivatives of $5 million ($3 million, net of income tax) was due to a favorable change of $10 million, before income tax, as a result of the impact of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, partially offset by an unfavorable change of $5 million, before income tax, related to changes in our own credit spread.

When equity index levels decrease in isolation, the direct and assumed variable annuity guarantees become more valuable to policyholders, which results in an increase in the undiscounted embedded derivative liability. Discounting this unfavorable change by the risk-adjusted rate yields a smaller loss than by discounting at the risk-free rate, thus creating a gain from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees.

When the risk-free interest rate decreases in isolation, discounting the embedded derivative liability produces a higher valuation of the liability than if the risk-free interest rate had remained constant. Discounting this unfavorable change by the risk-adjusted rate yields a smaller loss than by discounting at the risk-free interest rate, thus creating a gain from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees.

When our own credit spread increases in isolation, discounting the embedded derivative liability produces a lower valuation of the liability than if our own credit spread had remained constant. As a result, a gain is created from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees when the reinsurer's credit spread increases in isolation. For each of these primary market drivers, the opposite effect occurs when they move in the opposite direction.

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 agreements 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.

Net Investment Gains (Losses). The favorable change in net investment gains (losses) of $116 million ($75 million, net of income tax) primarily reflects higher net gains on sales of real estate and real estate joint ventures. This favorable change was partially offset by higher impairments and net losses on sales and disposals of fixed maturity and equity securities.

Actuarial Assumption Review. Results for 2015 include a $163 million ($106 million, net of income tax), net of reinsurance, charge associated with our annual assumption review related to reserves and DAC, of which a $2 million loss ($1 million, net of income tax) was recognized in net derivative gains (losses). Of the $163 million charge, $60 million ($39 million, net of income tax) was related to reserves and $103 million ($67 million, net of income tax) was associated with DAC.

The foregoing $2 million loss ($4 million direct and assumed, $6 million ceded) recognized in net derivative gains (losses) associated with our annual assumption review was included within the market and other risks caption in the table above.

As a result of our annual assumption review, changes were made to economic, policyholder behavior and mortality assumptions, and operational updates were made as well. The most significant impacts were in the Retail Life and Annuity blocks of business and are summarized as follows:

- Changes in economic assumptions resulted in reserve increases, net of reinsurance, and unfavorable DAC for a net loss of $34 million ($22 million, net of income tax).
- Changes to policyholder behavior and mortality assumptions resulted in reserve increases, net of reinsurance, partially offset by favorable DAC for a net loss of $13 million ($9 million, net of income tax).
- The remaining updates resulted in reserve increases, net of reinsurance, and unfavorable DAC for a net loss of $116 million ($75 million, net of income tax). The most notable impact resulted from projection update of closed block results.

Results for 2014 include a $172 million ($112 million, net of income tax) benefit, net of reinsurance, associated with our annual assumption review related to reserves and DAC, of which $57 million ($37 million, net of income tax) was recognized in net derivative gains (losses). Of the $172 million benefit, $130 million ($85 million, net of income tax) was associated with DAC and $42 million ($27 million, net of income tax) was related to reserves.

Taxes. Income tax expense for the year ended December 31, 2015 was $1.8 billion, or 39% of income (loss) from continuing operations before provision for income tax, compared with $1.5 billion, or 28% of income (loss) from continuing operations before provision for income tax, for the year ended December 31, 2014. The Company's 2015 effective tax rate differs from the U.S. statutory rate of 35% primarily due to the aforementioned tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties. In addition, the 2015 and 2014 effective tax rates differ from the U.S. statutory rate of 35% primarily due to non-taxable investment income and tax credits for low income housing.

Operating Earnings. As more fully described in "— Non-GAAP and Other Financial Disclosures," we use operating earnings, which does not equate to income (loss) from continuing operations, net of income tax, 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 income (loss) from continuing operations, net of income tax. Operating earnings decreased $1.1 billion, net of income tax, to $2.4 billion, net of income tax, for the year ended December 31, 2015 from $3.5 billion, net of income tax, for the year ended December 31, 2014.

Reconciliation of income (loss) from continuing operations, net of income tax, to operating earnings

Year Ended December 31, 2015

	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Income (loss) from continuing operations, net of income tax	$ 1,007	$ 812	$ 1,272	$ (334)	$ 2,757
Less: Net investment gains (losses)	(27)	(28)	282	32	259
Less: Net derivative gains (losses)	214	176	(10)	501	881
Less: Other adjustments to continuing operations (1)	(324)	(170)	(37)	(8)	(539)
Less: Provision for income tax (expense) benefit	48	8	(82)	(183)	(209)
Operating earnings	$ 1,096	$ 826	$ 1,119	$ (676)	$ 2,365

Year Ended December 31, 2014

	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Income (loss) from continuing operations, net of income tax	$ 1,681	$ 930	$ 1,398	$ (150)	$ 3,859
Less: Net investment gains (losses)	—	(41)	199	(15)	143
Less: Net derivative gains (losses)	683	528	171	(345)	1,037
Less: Other adjustments to continuing operations (1)	(406)	(167)	(11)	(1)	(585)
Less: Provision for income tax (expense) benefit	(96)	(112)	(126)	124	(210)
Operating earnings	$ 1,500	$ 722	$ 1,165	$ 87	$ 3,474

____

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

Year Ended December 31, 2015

	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Total revenues	$ 11,140	$ 17,684	$ 8,613	$ 1,334	$ 38,771
Less: Net investment gains (losses)	(27)	(28)	282	32	259
Less: Net derivative gains (losses)	214	176	(10)	501	881
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	—	—	—	—
Less: Other adjustments to revenues (1)	(130)	(169)	(52)	(5)	(356)
Total operating revenues	$ 11,083	$ 17,705	$ 8,393	$ 806	$ 37,987
Total expenses	$ 9,702	$ 16,391	$ 6,664	$ 1,475	$ 34,232
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	117	—	—	—	117
Less: Other adjustments to expenses (1)	77	—	(14)	3	66
Total operating expenses	$ 9,508	$ 16,391	$ 6,678	$ 1,472	$ 34,049

Year Ended December 31, 2014

	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Total revenues	$ 11,903	$ 17,617	$ 8,422	$ 789	$ 38,731
Less: Net investment gains (losses)	—	(41)	199	(15)	143
Less: Net derivative gains (losses)	683	528	171	(345)	1,037
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	(15)	—	—	—	(15)
Less: Other adjustments to revenues (1)	(232)	(167)	3	(7)	(403)
Total operating revenues	$ 11,467	$ 17,297	$ 8,049	$ 1,156	$ 37,969
Total expenses	$ 9,441	$ 16,158	$ 6,280	$ 1,461	$ 33,340
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	98	—	—	—	98
Less: Other adjustments to expenses (1)	60	—	14	(5)	69
Total operating expenses	$ 9,283	$ 16,158	$ 6,266	$ 1,466	$ 33,173

____

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Consolidated Results — Operating

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 21,934	$ 21,384
Universal life and investment-type product policy fees	2,484	2,412
Net investment income	12,033	12,365
Other revenues	1,536	1,808
Total operating revenues	37,987	37,969
Operating expenses		
Policyholder benefits and claims and policyholder dividends	25,727	25,050
Interest credited to policyholder account balances	2,179	2,163
Capitalization of DAC	(482)	(424)
Amortization of DAC and VOBA	630	579
Interest expense on debt	122	150
Other expenses	5,873	5,655
Total operating expenses	34,049	33,173
Provision for income tax expense (benefit)	1,573	1,322
Operating earnings	$ 2,365	$ 3,474

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Overview. The primary drivers of the decrease in operating earnings were: (i) a tax charge and a related charge for interest on uncertain tax positions in 2015, (ii) lower investment yields, (iii) an adjustment to better align the allocation of acquisition expenses with affiliates' sales revenue that decreased 2014 expenses, (iv) an unfavorable impact from our annual review of actuarial assumptions and (v) the prior period favorable reserve adjustment related to disability premium waivers in our life business, partially offset by (vi) higher net investment income from portfolio growth. Our financial results include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses.

Business Growth. We benefited from higher sales and business growth across many of our products. An increase in our investment portfolio from deposits and funding agreement issuances in our Corporate Benefit Funding segment and growth in premiums in our Group, Voluntary & Worksite Benefits segment generated higher net investment income. This was partially offset by the related increase in interest credited expense. Higher costs associated with our variable annuity GMDBs drove lower operating earnings. Operating earnings also decreased in 2015 as a result of the disposition of our former broker-dealer subsidiary, NES, in the fourth quarter of 2014. In our Retail segment, negative net flows from the direct deferred variable annuity business decreased average separate account balances and, consequently, lower asset-based fee income. However, this was offset by higher asset-based fee income in our deferred annuities business as a result of the recapture of a ceded variable annuity reinsurance agreement from an affiliate. The changes in business growth discussed above resulted in a $15 million increase in operating earnings.

Market Factors. Investment yields were negatively impacted by the adverse impact of the sustained low interest rate environment on fixed maturity securities and mortgage loans, as well as by lower returns on other limited partnership interests and our securities lending program. These decreases were partially offset by higher income on currency derivatives and higher returns on real estate and real estate joint ventures. Many of our funding agreement and guaranteed interest contract liabilities have interest credited rates that are contractually tied to external indices and, as a result, we set lower interest credited rates on new business, as well as on existing business with terms that can fluctuate. In our Retail segment, an increase in asset-based fee income resulted in an increase in operating earnings. The changes in market factors discussed above resulted in a $298 million decrease in operating earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Less favorable mortality experience in our Retail and Corporate Benefit Funding segments, as well as less favorable morbidity experience in our Group, Voluntary & Worksite Benefits segment were almost entirely offset by favorable mortality experience in our Group, Voluntary & Worksite Benefits segment, which resulted in a slight decrease in operating earnings. On an annual basis, we review and update our long-term assumptions used in our calculations of certain insurance-related liabilities and DAC. These annual updates, which occurred in both 2015 and 2014, resulted in a net operating earnings decrease of $73 million and were primarily related to unfavorable DAC unlockings in our Retail segment. Refinements to DAC and certain insurance-related liabilities that were recorded in both 2015 and 2014 resulted in a net decrease of $52 million in operating earnings. The 2014 refinements include favorable reserve adjustments related to disability premium waivers and a charge related to delayed settlement interest on unclaimed funds held by state governments, all in our retail life business.

Expenses. In 2015, other expenses include the aforementioned $235 million charge for interest on uncertain tax positions. In addition, an adjustment that decreased 2014 expenses by $140 million to better align the allocation of acquisition expenses with affiliates' sales revenue resulted in a decrease in operating earnings in 2015. These were partially offset by a $182 million decrease in expenses, which was primarily the result of a $117 million accrual in 2014 to increase the litigation reserve related to asbestos and lower costs associated with corporate initiatives and projects.

Taxes. The Company's 2015 effective tax rate differs from the U.S. statutory rate of 35% primarily due to the aforementioned tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties, partially offset by tax benefits of $5 million as compared to 2014, primarily as a result of the higher utilization of tax preferenced investments. In addition, the Company's 2015 and 2014 effective tax rates differ from the U.S. statutory rate of 35% primarily due to non-taxable investment income and tax credits for low income housing.

Segment Results and Corporate & Other

Retail

Business Overview. Life sales increased 17% driven by increases in our term life products (due to pricing actions), universal life products (due to new products introduced in 2014 and 2015) and whole life products (due to a continued focus on our enhanced underwriting programs). Retail annuity sales increased 10% as a result of new variable annuity products introduced in late 2014 and early 2015. A significant portion of our operating earnings is driven by separate account balances. Most directly, these balances determine asset-based fee income but they also impact DAC amortization and asset-based commissions. Separate account balances are driven by sales, movements in the market, surrenders, withdrawals, benefit payments, transfers and policy charges. Separate account balances have declined due to market performance along with the impact of negative net flows, as benefits, surrenders and withdrawals exceeded sales.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 4,115	$ 4,081
Universal life and investment-type product policy fees	1,543	1,505
Net investment income	5,269	5,451
Other revenues	156	430
Total operating revenues	11,083	11,467
Operating expenses		
Policyholder benefits and claims and policyholder dividends	6,547	6,379
Interest credited to policyholder account balances	955	988
Capitalization of DAC	(449)	(376)
Amortization of DAC and VOBA	579	536
Interest expense on debt	3	6
Other expenses	1,873	1,750
Total operating expenses	9,508	9,283
Provision for income tax expense (benefit)	479	684
Operating earnings	$ 1,096	$ 1,500

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. In our direct deferred variable annuity business, negative net flows decreased average separate account balances and, consequently, lower asset-based fee income, partially offset by lower interest credited expense. In our deferred annuities business, asset-based fee income increased as a result of the recapture of a ceded variable annuity reinsurance agreement from an affiliate, partially offset by higher costs associated with our variable annuity GMDBs. In our life businesses, higher interest credited expense decreased operating earnings, but was offset by an increase in income from a larger invested asset base due to a higher amount of allocated equity as compared to 2014. Operating earnings decreased in 2015 as a result of the disposition of our former broker-dealer subsidiary, NES, in the fourth quarter of 2014. The items discussed above resulted in a $41 million decrease in operating earnings.

Market Factors. A $38 million decrease in operating earnings was attributable to market factors, including equity markets and interest rates. While separate account fund returns were down slightly on a full year basis, the positive returns in the first half of the year drove an increase in our average separate account balances which resulted in an increase in asset-based fee income. Lower returns on other limited partnership interests and on interest rate derivatives also decreased operating earnings. The sustained low interest rate environment resulted in a decline in net investment income on our fixed maturity securities and mortgage loans as proceeds from maturing investments were reinvested at lower yields. This reduction in current period income from lower yields was partially offset by a decrease in DAC amortization.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Less favorable mortality experience in our life business resulted in a $28 million decrease in operating earnings. Favorable morbidity experience in our individual disability income business resulted in a $5 million increase in operating earnings. On an annual basis, we review and update our long-term assumptions used in our calculations of certain insurance-related liabilities and DAC. These annual updates, which occurred in both 2015 and 2014, resulted in a net operating earnings decrease of $73 million and were primarily related to unfavorable DAC unlockings in the life businesses. Refinements to DAC and certain insurance-related liabilities that were recorded in both 2015 and 2014 resulted in a $48 million net decrease in operating earnings. The 2014 refinements include favorable reserve adjustments related to disability premium waivers and a charge related to delayed settlement interest on unclaimed funds held by state governments, all in our life business.

Expenses and Taxes. An adjustment that decreased 2014 expenses by $140 million to better align the allocation of acquisition expenses with affiliates' sales revenue resulted in a decrease in operating earnings in 2015. In addition, an increase in expenses, mainly due to higher employee-related costs, resulted in a $26 million decrease in operating earnings. In 2015, we realized lower tax benefits of $8 million primarily related to the separate account dividends received deduction.

Group, Voluntary & Worksite Benefits

Business Overview. Premiums increased for most of our businesses as a result of gradual growth in the U.S. economy, a decrease in the U.S. unemployment rate and low inflation. Our term life, dental, disability and voluntary benefits businesses generated premium growth due to sales and rate actions. In addition, we had strong persistency levels. The dental business also benefited from pricing actions on existing business. Our 2015 sales were slightly lower, as improved sales of voluntary products were more than offset by lower sales of our core group products as a result of increased competition. Although we have discontinued selling our long-term care product, we continue to collect premiums and administer the existing block of business, which contributed to asset growth in the segment.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 14,699	$ 14,381
Universal life and investment-type product policy fees	740	716
Net investment income	1,825	1,785
Other revenues	441	415
Total operating revenues	17,705	17,297
Operating expenses		
Policyholder benefits and claims and policyholder dividends	13,974	13,823
Interest credited to policyholder account balances	151	155
Capitalization of DAC	(12)	(17)
Amortization of DAC and VOBA	32	26
Interest expense on debt	—	2
Other expenses	2,246	2,169
Total operating expenses	16,391	16,158
Provision for income tax expense (benefit)	488	417
Operating earnings	$ 826	$ 722

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. A $75 million increase in operating earnings was attributable to business growth. Growth in premiums, as well as increases in allocated equity, resulted in higher average invested assets, improving operating earnings. Consistent with the growth in average invested assets from increased premiums, primarily in our long-term care business, interest credited on long-duration contracts and policyholder account balances increased. An increase in the annual assessment of the PPACA fee increased other expenses in 2015; however, the impact of the assessment was significantly offset by a related increase in premiums from our dental business. The remaining increase in other operating expenses, mainly the result of growth across the segment, partially offset by lower post-retirement benefit costs, was more than offset by the remaining increase in premiums, fees and other revenues.

Market Factors. The sustained low interest rate environment drove lower investment yields on our fixed maturity securities and mortgage loans. In addition, yields were negatively impacted by a reduction in the size of our securities lending program, as well as lower returns on other limited partnership interests. This was partially offset by higher returns on alternative investments and currency derivatives. Unlike in the Retail and Corporate Benefit Funding segments, in the Group, Voluntary & Worksite Benefits segment, a change in investment yield does not necessarily drive a corresponding change in the rates credited on certain insurance liabilities. The decrease in investment yields was partially offset by the impact of lower crediting rates in 2015, which resulted in a net decrease in operating earnings of $15 million.

Underwriting and Other Insurance Adjustments. Our life and AD&D businesses experienced favorable mortality in 2015, mainly due to favorable claims experience, which resulted in a $45 million increase in operating earnings. Less favorable reserve development in our dental business was partially offset by favorable morbidity experience in our long-term care and disability businesses, and resulted in a $14 million decrease in operating earnings. The favorable claims experience in our long-term care business was due to higher net closures and the impact of lapses on certain insurance liabilities. In our disability business, the favorable claims experience was primarily driven by fewer approvals, a reduction in the average size of claims and higher net closures. Refinements to certain insurance and other liabilities, which were recorded in both 2015 and 2014, resulted in a $23 million increase in operating earnings.

Corporate Benefit Funding

Business Overview. Funding ratios for defined benefit pension plans of S&P 500 companies continued to fall in 2015, limiting their ability to engage in full pension plan buyouts. However, we expect that customers may choose to close out portions of pension plans over time, with the largest volume of business generally occurring near the end of any year. Despite the decline in funding ratios for defined benefit pension plans of S&P 500 companies, higher pension risk transfers resulted in an increase in premiums. In addition, more competitive pricing in the market drove a decrease in structured settlement annuity sales. Changes in premiums for these businesses were almost entirely offset by the related changes in policyholder benefits and claims.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 3,004	$ 2,794
Universal life and investment-type product policy fees	201	191
Net investment income	4,901	4,777
Other revenues	287	287
Total operating revenues	8,393	8,049
Operating expenses		
Policyholder benefits and claims and policyholder dividends	5,126	4,771
Interest credited to policyholder account balances	1,073	1,020
Capitalization of DAC	(19)	(30)
Amortization of DAC and VOBA	20	17
Interest expense on debt	4	10
Other expenses	474	478
Total operating expenses	6,678	6,266
Provision for income tax expense (benefit)	596	618
Operating earnings	$ 1,119	$ 1,165

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. The impact of 2015 deposits and funding agreement issuances resulted in higher invested assets, which drove an increase in net investment income, partially offset by the related increase in interest credited expense, and resulted in an $85 million increase in operating earnings. Net funding agreement issuances were higher in 2014 to take advantage of favorable market conditions in advance of scheduled contract maturities.

Market Factors. The sustained low interest rate environment impacted our investment yields, as well as our interest credited rates. Lower interest rates drove lower investment yields on fixed maturity securities and mortgage loans, as well as from our securities lending program. In addition, weaker equity markets in 2015 resulted in lower returns on other limited partnership interests. These unfavorable changes were partially offset by higher income on interest rate and currency derivatives, alternative investments, real estate and real estate joint ventures, as well as the favorable impact of a conversion of the securities accounting system. Many of our funding agreement and guaranteed interest contract liabilities have interest credited rates that are contractually tied to external indices and, as a result, we set lower interest credited rates on new business, as well as on existing business with terms that can fluctuate. The impact of lower investment returns, partially offset by lower interest credited expense, resulted in a decrease in operating earnings of $93 million.

Underwriting and Other Insurance Adjustments. Less favorable mortality in our pension risk transfer and structured settlement businesses was partially offset by more favorable mortality from our income annuity and specialized life insurance products, and resulted in an $11 million decrease in operating earnings. The net impact of insurance liability refinements that were recorded in both 2015 and 2014 decreased operating earnings by $27 million.

Expenses. Lower non-deferrable commissions driven by a decrease in structured settlement annuity sales, were mostly offset by slightly higher employee-related costs and annual premium tax adjustments in 2015 and resulted in a slight increase in operating earnings.

Corporate & Other

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 116	$ 128
Net investment income	38	352
Other revenues	652	676
Total operating revenues	806	1,156
Operating expenses		
Policyholder benefits and claims and policyholder dividends	80	77
Capitalization of DAC	(2)	(1)
Amortization of DAC and VOBA	(1)	—
Interest expense on debt	115	132
Other expenses	1,280	1,258
Total operating expenses	1,472	1,466
Provision for income tax expense (benefit)	10	(397)
Operating earnings	$ (676)	$ 87

The table below presents operating earnings by source, net of income tax:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Net investment income	$ 25	$ 229
Interest expense on debt	(75)	(86)
Acquisition costs	—	(3)
Corporate initiatives and projects	(73)	(124)
Incremental tax benefit (expense)	(243)	289
Other	(310)	(218)
Operating earnings	$ (676)	$ 87

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Net Investment Income. A $204 million decrease in net investment income was driven by an increase in the amount credited to the segments due to growth in the economic capital managed by Corporate & Other on their behalf. This decrease was also impacted by the sustained low interest rate environment, which drove lower investment yields on fixed maturity securities and mortgage loans, as well as lower returns on alternative investments. This was partially offset by improved returns on real estate investments.

Corporate Initiatives and Projects. Expenses associated with corporate initiatives and projects decreased by $51 million, primarily due to lower relocation costs, severance and consulting expenses associated with certain enterprise-wide initiatives.

Incremental Tax Benefit (Expense). Corporate & Other benefits from the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing. As a result, our effective tax rate differs from the U.S. statutory rate of 35%. Our 2015 results include the aforementioned tax charge of $557 million which was recorded under accounting guidance for the recognition of tax uncertainties. In addition, in 2015 we had higher utilization of tax preferenced investments and other tax benefits, which improved operating earnings by $25 million over 2014.

Other. The financial results of Corporate & Other include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses. Our 2015 results include the aforementioned charge of $235 million for interest on uncertain tax positions also recorded under accounting guidance for the recognition of tax uncertainties, as well as higher direct business costs of $9 million and a $7 million charge associated with company use real estate. These increases in expenses were partially offset by lower reinsurance costs of $26 million and a $21 million one-time tax refund received for a favorable outcome on prior year tax audits. Our results for 2014 include a $117 million accrual to increase the litigation reserve related to asbestos.

Effects of Inflation

Management believes that inflation has not had a material effect on the Company's 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.

Investments

Investment Risks

Our primary investment objective is to optimize, net of income tax, risk-adjusted investment income and risk-adjusted total return while ensuring that assets and liabilities are managed on a cash flow and duration basis. The Investments Department, led by the Chief Investment Officer, manages investment risks using a risk control framework comprised of policies, procedures and limits, as discussed further below. The Investments Risk Committee, chaired by GRM, reviews and monitors investment risk limits and tolerances. We are exposed to the following primary sources of investment risks:

- credit risk, relating to the uncertainty associated with the continued ability of a given obligor to make timely payments of principal and interest;
- interest rate risk, relating to the market price and cash flow variability associated with changes in market interest rates. Changes in market interest rates will impact the net unrealized gain or loss position of our fixed income investment portfolio and the rates of return we receive on both new funds invested and reinvestment of existing funds;
- liquidity risk, relating to the diminished ability to sell certain investments, in times of strained market conditions;
- market valuation risk, relating to the variability in the estimated fair value of investments associated with changes in market factors such as credit spreads. A widening of credit spreads will adversely impact the net unrealized gain (loss) position of the fixed income investment portfolio, will increase losses associated with credit-based nonqualifying derivatives where we assume credit exposure, and, if credit spreads widen significantly or for an extended period of time, will likely result in higher OTTI. Credit spread tightening will reduce net investment income associated with purchases of fixed maturity securities and will favorably impact the net unrealized gain (loss) position of the fixed income investment portfolio;
- currency risk, relating to the variability in currency exchange rates for foreign denominated investments. This risk relates to potential decreases in estimated fair value and net investment income resulting from changes in currency 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 foreign denominated investments; and
- real estate risk, relating to commercial, agricultural and residential real estate, and stemming from factors, which 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.

We manage investment risk through in-house fundamental credit analysis of the underlying obligors, issuers, transaction structures and real estate properties. We also manage credit risk, market valuation risk and liquidity risk through industry and issuer diversification and asset allocation. Risk limits to promote diversification by asset sector, avoid concentrations in any single issuer and limit overall aggregate credit exposure as measured by our economic capital framework are approved annually by a committee of directors that oversees our investment portfolio. For real estate assets, we manage credit risk and market valuation risk through geographic, property type and product type diversification and asset allocation. We manage interest rate risk as part of our ALM strategies. These strategies include 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, and utilizing product design, such as the use of market value adjustment features and surrender charges, to manage interest rate risk. We also manage interest rate risk through proactive monitoring and management of certain non-guaranteed elements of our products, such as the resetting of credited interest and dividend rates for policies that permit such adjustments. In addition to hedging with foreign currency derivatives, we manage currency risk by matching much of our foreign currency liabilities with their respective foreign currency assets, thereby reducing our risk to foreign currency exchange rate fluctuation. We also use certain derivatives in the management of credit, interest rate, and equity market risks.

We use purchased credit default swaps to mitigate credit risk in our investment portfolio. Generally, we purchase credit protection by entering into credit default swaps referencing the issuers of specific assets we own. In certain cases, basis risk exists between these credit default swaps and the specific assets we own. For example, we may purchase credit protection on a macro basis to reduce exposure to specific industries or other portfolio concentrations. In such instances, the referenced entities and obligations under the credit default swaps may not be identical to the individual obligors or securities in our investment portfolio. In addition, our purchased credit default swaps may have shorter tenors than the underlying investments they are hedging. However, we dynamically hedge this risk through the rebalancing and rollover of our credit default swaps at their most liquid tenors. We believe that our purchased credit default swaps serve as effective economic hedges of our credit exposure.

We generally enter into market standard purchased and written credit default swap contracts. Payout under such contracts is triggered by certain credit events experienced by the referenced entities. For credit default swaps covering North American corporate issuers, credit events typically include bankruptcy and failure to pay on borrowed money. For European corporate issuers, credit events typically also include involuntary restructuring, and may include governmental intervention. With respect to credit default contracts on Western European sovereign debt, credit events typically include failure to pay debt obligations, repudiation, moratorium, or involuntary restructuring. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association deems that a credit event has occurred.

Current Environment

The global economy and markets continue to be affected by stress and volatility, which has adversely affected the financial services sector, in particular, and global capital markets. Recently, weakness in the energy and metals and mining sectors and political and/or economic instability of countries and regions outside the EU, including China, Ukraine, Russia, Argentina, Brazil, Japan, the Middle East and Puerto Rico, as well as Portugal, Ireland, Italy, Greece and Spain ("Europe's perimeter region") and Cyprus, have contributed to global market volatility. As an insurance company with significant operations in the U.S., we are affected by the monetary policy of the Federal Reserve Board in the United States. In December 2015, the Federal Reserve Board's Federal Open Market Committee increased the federal funds rate for the first time in 10 years and has held it steady since then. The Federal Reserve may take further actions to influence interest rates in the future, which may affect interest rates and risk markets in the U.S. and other developed and emerging economies, have an impact on the pricing levels of risk-bearing investments and may adversely impact the level of product sales. We are also affected by the monetary policy of central banks around the world due to the diversification of our investment portfolio. See "— Selected Country and Sector Investments."

European Region Investments

We maintain general account investments in certain EU member states and other countries in the region that are not members of the EU (collectively, the "European Region") for diversification. We have proactively mitigated risk in both direct and indirect exposures by investing in a diversified portfolio of high quality investments with a focus on the higher-rated countries, including the U.K., France, the Netherlands, Germany, and Norway. Our total European Region general account exposure to fixed maturity and perpetual hybrid securities classified as non-redeemable preferred stock were $17.5 billion, or 6% of total cash and invested assets at December 31, 2015. Our exposure to European Region sovereign debt was $711 million, at estimated fair value, at December 31, 2015. The European Region corporate securities (fixed maturity and perpetual hybrid securities classified as non-redeemable preferred stock) are invested in a diversified portfolio of primarily non-financial services securities, which comprised $12.9 billion, or 77% of European Region total corporate securities, at estimated fair value, at December 31, 2015. Of these European Region sovereign fixed maturity and corporate securities, 88% were investment grade and, for the 12% that were below investment grade, the majority were non-financial services corporate securities at December 31, 2015. European Region financial services corporate securities, at estimated fair value, were $3.9 billion (including $2.1 billion within the banking sector) with 93% invested in investment grade rated corporate securities, at December 31, 2015.

Selected Country and Sector Investments

In recent years, elevated levels of market volatility have affected the performance of various asset classes. Contributing factors include concerns about global economic conditions and capital markets; lower oil prices impacting the energy sector; lower commodity prices impacting the metals and mining sector; country specific volatility due to local economic and/or political concerns, including concerns over the solvency of the EU member states included in Europe's perimeter region and Cyprus, their banking systems and the financial institutions that have significant direct or indirect exposure to debt issued by these countries or their respective banking systems. While economic conditions in certain of these countries, including Europe's perimeter region, seem to be stabilizing or improving, greater European Central Bank and International Monetary Fund support, stronger liquidity facilities and gradually improving macroeconomic conditions at the country level have reduced the risk of default on sovereign debt and/or the risk of possible withdrawal of such countries from the Euro zone.

The following table presents, by country, a summary of fixed maturity securities in selected countries. We maintain general account investments in the selected countries through our global portfolio diversification. The Company has written credit default swaps where the underlying is an index comprised of companies across various sectors in the European Region. At December 31, 2015, the written credit default swaps exposure to Europe's perimeter region was $125 million in notional amount and $2 million in estimated fair value. The information below is presented on a country of risk basis (e.g. the country where the issuer primarily conducts business).

	Selected Country Fixed Maturity Securities at December 31, 2015			
	Sovereign	Financial Services	Non-Financial Services	Total (1)
	(In millions)			
Europe's perimeter region:				
Spain	$ 21	$ 27	$ 271	$ 319
Italy	11	37	232	280
Ireland	—	22	38	60
Total Europe's perimeter region	32	86	541	659
Brazil	133	48	366	547
Russia	59	1	15	75
Puerto Rico (2)	2	—	71	73
Ukraine	1	—	—	1
Total	$ 227	$ 135	$ 993	$ 1,355
Investment grade %	23%	80%	59%	55%

____

(1) The par value and amortized cost of the fixed maturity securities were $1.4 billion and $1.4 billion, respectively, at December 31, 2015.

(2) Our exposure to Puerto Rico sovereigns is in the form of political subdivision fixed maturities and is composed completely of revenue bonds. We have no Puerto Rico general obligation bonds.

There has been an increased focus on energy sector investments and metals and mining sector investments as a result of lower energy, oil and commodity prices. Our net exposure to energy sector fixed maturity securities was $7.1 billion (comprised of fixed maturity securities of $7.2 billion at estimated fair value, partially offset by related net purchased credit default swaps of $10 million at notional value), of which 84% were investment grade, with unrealized losses of $297 million at December 31, 2015. Our net exposure to metals and mining sector fixed maturity securities was $1.0 billion (comprised of fixed maturity securities of $1.0 billion at estimated fair value, partially offset by related net purchased credit default swaps of $5 million at notional value), of which 75% were investment grade, with unrealized losses of $160 million at December 31, 2015.

We manage direct and indirect investment exposure in the selected countries, the energy sector and the metals and mining sector through fundamental credit analysis and we continually monitor and adjust our level of investment exposure. We do not expect that our general account investments in these countries, the energy sector or the metals and mining sector will have a material adverse effect on our results of operations or financial condition.

Current Environment - Summary

All of these factors have had and could continue to have an adverse effect on the financial results of companies in the financial services industry, including MLIC. Such global economic conditions, as well as the global financial markets, continue to impact our net investment income, net investment gains (losses), net derivative gains (losses), level of unrealized gains (losses) within the various asset classes in our investment portfolio, and our level of investment in lower yielding cash equivalents, short-term investments and government securities. See "Risk Factors — Economic Environment and Capital Markets-Related Risks — We Are Exposed to Significant Global Financial and Capital Markets Risks 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."

Investment Portfolio Results

The following yield table presents the yield and investment income (loss) for our investment portfolio for the periods indicated. As described in the footnotes below, this table reflects certain differences from the presentation of net investment income presented in the GAAP consolidated statements of operations. This yield table presentation is consistent with how we measure our investment performance for management purposes, and we believe it enhances understanding of our investment portfolio results.

	For the Years Ended December 31,					
	2015		2014		2013	
	Yield% (1)	Amount	Yield% (1)	Amount	Yield% (1)	Amount
		(In millions)		(In millions)		(In millions)
Fixed maturity securities (2) (3)	5.12 %	$ 7,876	5.44 %	$ 8,254	5.57 %	$ 8,288
Mortgage loans (3)	4.91 %	2,514	5.10 %	2,379	5.41 %	2,404
Real estate and real estate joint ventures	4.44 %	330	3.28 %	246	3.14 %	224
Policy loans	5.13 %	435	5.30 %	448	5.23 %	440
Equity securities	4.64 %	91	4.64 %	86	4.70 %	78
Other limited partnership interests	10.96 %	519	14.79 %	721	13.53 %	633
Cash and short-term investments	0.40 %	12	0.76 %	21	0.87 %	25
Other invested assets		668		536		452
Total before investment fees and expenses	5.25 %	12,445	5.54 %	12,691	5.64 %	12,544
Investment fees and expenses	(0.17)	(412)	(0.14)	(326)	(0.15)	(327)
Net investment income (4)	5.08 %	$ 12,033	5.40 %	$ 12,365	5.49 %	$ 12,217

____

(1) Yields are calculated as investment income as a percent of average quarterly asset carrying values. Investment income excludes recognized gains and losses and reflects GAAP adjustments presented in footnote (4) below. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, annuities funding structured settlement claims, freestanding derivative assets, collateral received from derivative counterparties, and the effects of consolidating certain variable interest entities ("VIEs") under GAAP that are treated as consolidated securitization entities ("CSEs"). A yield is not presented for other invested assets, as it is not considered a meaningful measure of performance for this asset class.

(2) Investment income (loss) includes amounts for trading and securities for which the FVO has been elected ("FVO securities") of ($15) million, $23 million and $43 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(3) Investment income from fixed maturity securities and mortgage loans includes prepayment fees.

(4) Net investment income presented in the yield table varies from the most directly comparable GAAP measure due to certain reclassifications and adjustments and excludes the effects of consolidating certain VIEs under GAAP that are treated as CSEs. Such reclassifications and adjustments are presented in the table below.

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Net investment income — in the above yield table	$ 12,033	$ 12,365	$ 12,217
Real estate discontinued operations	—	—	(1)
Investment hedge adjustments	(457)	(473)	(433)
Operating joint venture adjustments	1	—	(1)
Incremental net investment income from CSEs	—	1	3
Net investment income — GAAP consolidated statements of operations	$ 11,577	$ 11,893	$ 11,785

See "— Results of Operations — Consolidated Results — Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014" for an analysis of the year over year changes in net investment income.

Fixed Maturity and Equity Securities AFS

The following table presents fixed maturity and equity securities AFS by type (public or private) and information about perpetual and redeemable securities held at:

	December 31, 2015		December 31, 2014	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)		(In millions)	
Fixed maturity securities				
Publicly-traded	$ 141,216	80.4 %	$ 152,393	80.7 %
Privately-placed	34,470	19.6	36,518	19.3
Total fixed maturity securities	$ 175,686	100.0 %	$ 188,911	100.0 %
Percentage of cash and invested assets	63.4%		66.8%	
Equity securities				
Publicly-traded	$ 1,059	54.3 %	$ 1,234	59.8 %
Privately-held	890	45.7	831	40.2
Total equity securities	$ 1,949	100.0 %	$ 2,065	100.0 %
Percentage of cash and invested assets	0.7%		0.7%	
Perpetual securities included within fixed maturity and equity securities AFS	$ 604		$ 719	
Redeemable preferred stock with a stated maturity included within fixed maturity securities AFS	$ 720		$ 763	

Perpetual securities are included within fixed maturity and equity securities. Upon acquisition, we classify 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. 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”).

Redeemable preferred stock with a stated maturity is included within fixed maturity securities. These securities, which are commonly referred to as “capital securities,” primarily have cumulative interest deferral features and are primarily issued by U.S. financial institutions.

Valuation of Securities. We are responsible for the determination of the estimated fair value of our investments. We determine the estimated fair value of publicly-traded securities after considering one of three primary sources of information: quoted market prices in active markets, independent pricing services, or independent broker quotations. We determine the estimated fair value of privately placed securities after considering one of three primary sources of information: market standard internal matrix pricing, market standard internal discounted cash flow techniques, or independent pricing services (after we determine the independent pricing services’ use of available observable market data). For publicly-traded securities, the number of quotations obtained varies by instrument and depends on the liquidity of the particular instrument. Generally, we obtain prices from multiple pricing services to cover all asset classes and obtain multiple prices for certain securities, but ultimately utilize the price with the highest placement in the fair value hierarchy. Independent pricing services that value these instruments use market standard valuation methodologies based on data about market transactions and inputs from multiple pricing sources that are market observable or can be derived principally from or corroborated by observable market data. See Note 10 of the Notes to the Consolidated Financial Statements for a discussion of the types of market standard valuation methodologies utilized and key assumptions and observable inputs used in applying these standard valuation methodologies. When a price is not available in the active market or through an independent pricing service, management values the security primarily using market standard internal matrix pricing or discounted cash flow techniques, and non-binding quotations from independent brokers who are knowledgeable about these securities. Independent non-binding broker quotations utilize inputs that may be difficult to corroborate with observable market data. As shown in the following section, less than 1% of our fixed maturity securities were valued using non-binding quotations from independent brokers at December 31, 2015.

Senior management, independent of the trading and investing functions, is responsible for the oversight of control systems and valuation policies, including reviewing and approving new transaction types and markets, for ensuring that observable market prices and market-based parameters are used for valuation, wherever possible, and for determining that valuation adjustments, when applied, are based upon established policies and are applied consistently over time. See Note 10 of the Notes to the Consolidated Financial Statements for further information on our valuation controls and procedures including our formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value.

We have reviewed the significance and observability of inputs used in the valuation methodologies to determine the appropriate fair value hierarchy level for each of our securities. Based on the results of this review and investment class analysis, each instrument is categorized as Level 1, 2 or 3 based on the lowest level significant input to its valuation. See Note 10 of the Notes to the Consolidated Financial Statements for information regarding the valuation techniques and inputs by level within the three level fair value hierarchy by major classes of invested assets.

Fair Value of Fixed Maturity and Equity Securities – AFS

Fixed maturity and equity securities AFS measured at estimated fair value on a recurring basis and their corresponding fair value pricing sources are as follows:

	December 31, 2015			
	Fixed Maturity Securities		Equity Securities	
	(In millions)		(In millions)	
Level 1				
Quoted prices in active markets for identical assets	$ 23,015	13.1%	$ 424	21.8%
Level 2				
Independent pricing sources	116,076	66.1	1,128	57.9
Internal matrix pricing or discounted cash flow techniques	23,589	13.4	69	3.5
Significant other observable inputs	139,665	79.5	1,197	61.4
Level 3				
Independent pricing sources	4,524	2.6	242	12.4
Internal matrix pricing or discounted cash flow techniques	7,857	4.5	72	3.7
Independent broker quotations	625	0.3	14	0.7
Significant unobservable inputs	13,006	7.4	328	16.8
Total estimated fair value	$ 175,686	100.0%	$ 1,949	100.0%

See Note 10 of the Notes to the Consolidated Financial Statements for the fixed maturity securities and equity securities AFS fair value hierarchy.

The composition of fair value pricing sources for and significant changes in Level 3 securities at December 31, 2015 are as follows:

- The majority of the Level 3 fixed maturity and equity securities AFS were concentrated in three sectors: U.S. and foreign corporate securities and residential mortgage-backed securities ("RMBS").
- Level 3 fixed maturity securities are priced principally through market standard valuation methodologies, independent pricing services and, to a much lesser extent, independent non-binding broker quotations using inputs that are not market observable or cannot be derived principally from or corroborated by observable market data. Level 3 fixed maturity securities consist of less liquid securities with very limited trading activity or where less price transparency exists around the inputs to the valuation methodologies. Level 3 fixed maturity securities include: sub-prime RMBS; certain below investment grade private securities and less liquid investment grade corporate securities (included in U.S. and foreign corporate securities); and less liquid asset-backed securities ("ABS").
- During the year ended December 31, 2015, Level 3 fixed maturity securities decreased by $1.3 billion, or 9%. The decrease was driven by net transfers out of Level 3 and a decrease in estimated fair value recognized in OCI, partially offset by purchases in excess of sales.

See Note 10 of the Notes to the Consolidated Financial Statements for a rollforward of the fair value measurements for fixed maturity securities and equity securities AFS measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs; transfers into and/or out of Level 3; and information about the valuation techniques and inputs by level by major classes of invested assets that affect the amounts reported above.

Fixed Maturity Securities AFS

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for further information about fixed maturity securities AFS by sector, contractual maturities and continuous gross unrealized losses.

Fixed Maturity Securities Credit Quality — Ratings

The Securities Valuation Office of the NAIC evaluates the fixed maturity security investments of insurers for regulatory reporting and capital assessment purposes and assigns securities to one of six credit quality categories called "NAIC designations." If no designation is available from the NAIC, then, as permitted by the NAIC, an internally developed designation is used. The NAIC designations are generally similar to the credit quality ratings of the NRSRO for fixed maturity securities, except for certain structured securities as described below. Rating agency ratings are based on availability of applicable ratings from rating agencies on the NAIC credit rating provider list, including Moody's, S&P, Fitch, Dominion Bond Rating Service, A.M. Best, Kroll Bond Rating Agency, Egan Jones Ratings Company and Morningstar, Inc. ("Morningstar"). If no rating is available from a rating agency, then an internally developed rating is used.

The NAIC has adopted revised methodologies for certain structured securities comprised of non-agency RMBS, commercial mortgage-backed securities ("CMBS") and ABS. The NAIC's objective with the revised methodologies for these structured securities was to increase the accuracy in assessing expected losses, and to use the improved assessment to determine a more appropriate capital requirement for such structured securities. The revised methodologies reduce regulatory reliance on rating agencies and allow for greater regulatory input into the assumptions used to estimate expected losses from structured securities. We apply the revised NAIC methodologies to structured securities held by Metropolitan Life Insurance Company and its insurance subsidiaries that maintain the NAIC statutory basis of accounting. The NAIC's present methodology is to evaluate structured securities held by insurers using the revised NAIC methodologies on an annual basis. If Metropolitan Life Insurance Company or its insurance subsidiaries acquire structured securities that have not been previously evaluated by the NAIC, but are expected to be evaluated by the NAIC in the upcoming annual review, an internally developed designation is used until a final designation becomes available.

The following table presents total fixed maturity securities by NRSRO rating and the equivalent designations of the NAIC, except for certain structured securities, which are presented using the revised NAIC methodologies as described above, as well as the percentage, based on estimated fair value that each designation is comprised of at:

		December 31,							
		2015				2014			
NAIC Designation	NRSRO Rating	Amortized Cost	Unrealized Gain (Loss)	Estimated Fair Value	% of Total	Amortized Cost	Unrealized Gain (Loss)	Estimated Fair Value	% of Total
		(In millions)				(In millions)			
1	Aaa/Aa/A	$ 106,622	$ 7,407	$ 114,029	64.9 %	$ 109,531	$ 11,934	$ 121,465	64.3 %
2	Baa	46,550	516	47,066	26.8	45,493	3,423	48,916	25.9
	Subtotal investment grade	153,172	7,923	161,095	91.7	155,024	15,357	170,381	90.2
3	Ba	10,770	(327)	10,443	5.9	11,451	65	11,516	6.1
4	B	3,832	(218)	3,614	2.1	6,353	(105)	6,248	3.3
5	Caa and lower	584	(53)	531	0.3	775	(15)	760	0.4
6	In or near default	3	—	3	—	1	5	6	—
	Subtotal below investment grade	15,189	(598)	14,591	8.3	18,580	(50)	18,530	9.8
	Total fixed maturity securities	$ 168,361	$ 7,325	$ 175,686	100.0 %	$ 173,604	$ 15,307	$ 188,911	100.0 %

The following tables present total fixed maturity securities, based on estimated fair value, by sector classification and by NRSRO rating and the equivalent designations of the NAIC, except for certain structured securities, which are presented using the NAIC methodologies as described above:

	Fixed Maturity Securities — by Sector & Credit Quality Rating						
NAIC Designation:	**1**	**2**	**3**	**4**	**5**	**6**	**Total Estimated Fair Value**
NRSRO Rating:	**Aaa/Aa/A**	**Baa**	**Ba**	**B**	**Caa and Lower**	**In or Near Default**	
				(In millions)			
December 31, 2015							
U.S. corporate	$ 22,530	$ 28,306	$ 7,357	$ 2,913	$ 451	$ —	$ 61,557
U.S. Treasury and agency	39,693	—	—	—	—	—	39,693
Foreign corporate	7,284	16,558	2,357	543	53	—	26,795
RMBS	23,012	401	386	90	23	3	23,915
State and political subdivision	6,840	132	—	—	2	—	6,974
CMBS	6,558	6	15	—	—	—	6,579
ABS	6,183	375	8	—	1	—	6,567
Foreign government	1,929	1,288	320	68	1	—	3,606
Total fixed maturity securities	$ 114,029	$ 47,066	$ 10,443	$ 3,614	$ 531	$ 3	$ 175,686
Percentage of total	64.9%	26.8%	5.9%	2.1%	0.3%	—%	100.0%
December 31, 2014							
U.S. corporate	$ 24,273	$ 28,043	$ 7,834	$ 4,744	$ 457	$ 6	$ 65,357
U.S. Treasury and agency	39,070	—	—	—	—	—	39,070
Foreign corporate	8,240	17,766	2,704	1,036	72	—	29,818
RMBS	26,117	812	608	396	230	—	28,163
State and political subdivision	6,379	137	4	—	—	—	6,520
CMBS	7,742	6	160	5	—	—	7,913
ABS	7,742	457	26	—	1	—	8,226
Foreign government	1,902	1,695	180	67	—	—	3,844
Total fixed maturity securities	$ 121,465	$ 48,916	$ 11,516	$ 6,248	$ 760	$ 6	$ 188,911
Percentage of total	64.3%	25.9%	6.1%	3.3%	0.4%	—%	100.0%

U.S. and Foreign Corporate Fixed Maturity Securities

We maintain a diversified portfolio of corporate fixed maturity securities across industries and issuers. This portfolio does not have any exposure to any single issuer in excess of 1% of total investments and the top ten holdings comprise 2% of total investments at both December 31, 2015 and 2014. The tables below present our U.S. and foreign corporate securities holdings at:

	December 31,			
	2015		2014	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(In millions)		(In millions)	
Corporate fixed maturity securities — by sector:				
Foreign corporate (1)	$ 26,795	30.3%	$ 29,818	31.3%
U.S. corporate fixed maturity securities — by industry:				
Consumer	16,635	18.8	16,706	17.6
Industrial	16,039	18.2	17,230	18.1
Utility	12,622	14.3	13,892	14.6
Finance	9,304	10.5	9,170	9.6
Communications	4,591	5.2	5,534	5.8
Other	2,366	2.7	2,825	3.0
Total	$ 88,352	100.0%	$ 95,175	100.0%

(1) Includes both U.S. dollar and foreign denominated securities.

Structured Securities

We held $37.1 billion and $44.3 billion of structured securities, at estimated fair value, at December 31, 2015 and 2014, respectively, as presented in the RMBS, CMBS and ABS sections below.

RMBS

The table below presents our RMBS holdings at:

	December 31,					
	2015			2014		
	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
	(In millions)		(In millions)	(In millions)		(In millions)
By security type:						
Collateralized mortgage obligations	$ 14,111	59.0%	$ 485	$ 15,116	53.7%	$ 814
Pass-through securities	9,804	41.0	235	13,047	46.3	456
Total RMBS	$ 23,915	100.0%	$ 720	$ 28,163	100.0%	$ 1,270
By risk profile:						
Agency	$ 14,402	60.2%	$ 531	$ 17,333	61.5%	$ 912
Prime	1,509	6.3	39	2,026	7.2	64
Alt-A	4,629	19.4	47	4,759	16.9	141
Sub-prime	3,375	14.1	103	4,045	14.4	153
Total RMBS	$ 23,915	100.0%	$ 720	$ 28,163	100.0%	$ 1,270
Ratings profile:						
Rated Aaa/AAA	$ 14,853	62.1%		$ 17,822	63.3%	
Designated NAIC 1	$ 23,012	96.2%		$ 26,117	92.7%	

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

The majority of our RMBS holdings were rated Aaa/AAA by Moody's, S&P or Fitch; and were designated NAIC 1 by the NAIC at December 31, 2015 and 2014. Agency RMBS were guaranteed or otherwise supported by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association. Non-agency RMBS include prime, alternative residential mortgage loans ("Alt-A") and sub-prime RMBS. Prime residential mortgage lending includes the origination of residential mortgage loans to the most creditworthy borrowers with high quality credit profiles. Alt-A is a classification of mortgage loans where the risk profile of the borrower falls between prime and sub-prime. Sub-prime mortgage lending is the origination of residential mortgage loans to borrowers with weak credit profiles.

Included within prime and Alt-A RMBS are re-securitization of real estate mortgage investment conduit ("Re-REMIC") securities. Re-REMIC RMBS involve the pooling of previous issues of prime and Alt-A RMBS and restructuring the combined pools to create new senior and subordinated securities. The credit enhancement on the senior tranches is improved through the re-securitization.

Historically, we have managed our exposure to sub-prime RMBS holdings by: acquiring older vintage year securities that benefit from better underwriting, improved credit enhancement and higher levels of residential property price appreciation; reducing our overall exposure; stress testing the portfolio with severe loss assumptions; and closely monitoring the performance of the portfolio. Since 2012, we have increased our exposure by purchasing sub-prime RMBS at significant discounts to the expected principal recovery value of these securities. The estimated fair value of our sub-prime RMBS holdings purchased since 2012 was $2.9 billion and $3.4 billion at December 31, 2015 and 2014, respectively, with unrealized gains of $78 million and $122 million at December 31, 2015 and 2014, respectively.

CMBS

Our CMBS holdings are diversified by vintage year. The following tables present our CMBS holdings by rating agency rating and by vintage year at:

	December 31, 2015											
	Aaa		Aa		A		Baa		Below Investment Grade		Total	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)											
2003-2005	$ 67	$ 72	$ 19	$ 19	$ 25	$ 25	$ 4	$ 4	$ 6	$ 5	$ 121	$ 125
2006	636	644	39	39	47	48	25	25	—	—	747	756
2007	161	163	87	88	68	71	—	—	65	63	381	385
2008 - 2010	—	—	—	—	—	—	—	—	—	—	—	—
2011	150	156	—	—	30	32	—	—	—	—	180	188
2012	307	311	211	217	351	361	7	8	—	—	876	897
2013	548	569	399	416	552	537	12	10	—	—	1,511	1,532
2014	353	355	466	465	279	270	—	—	—	—	1,098	1,090
2015	1,341	1,324	218	211	74	71	—	—	—	—	1,633	1,606
Total	$ 3,563	$ 3,594	$ 1,439	$ 1,455	$ 1,426	$ 1,415	$ 48	$ 47	$ 71	$ 68	$ 6,547	$ 6,579
Ratings Distribution		54.7%		22.1%		21.5%		0.7%		1.0%		100.0%

	December 31, 2014											
	Aaa		Aa		A		Baa		Below Investment Grade		Total	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)											
2003-2004	$ 68	$ 74	$ 6	$ 6	$ 26	$ 27	$ 4	$ 4	$ 12	$ 11	$ 116	$ 122
2005	1,411	1,427	47	48	60	60	46	47	—	—	1,564	1,582
2006	1,382	1,427	54	56	71	75	30	31	—	—	1,537	1,589
2007	448	460	32	34	171	180	13	13	70	67	734	754
2008 - 2010	—	—	—	—	11	11	—	—	—	—	11	11
2011	281	297	—	—	30	32	—	—	—	—	311	329
2012	140	145	109	115	621	638	—	—	—	—	870	898
2013	369	390	233	250	874	887	13	11	—	—	1,489	1,538
2014	206	212	359	366	424	431	8	8	76	73	1,073	1,090
Total	$ 4,305	$ 4,432	$ 840	$ 875	$ 2,288	$ 2,341	$ 114	$ 114	$ 158	$ 151	$ 7,705	$ 7,913
Ratings Distribution		56.0%		11.1%		29.6%		1.4%		1.9%		100.0%

The tables above reflect rating agency ratings assigned by NRSROs including Moody's, S&P, Fitch and Morningstar. CMBS designated NAIC 1 were 99.7% and 97.8% of total CMBS at December 31, 2015 and 2014, respectively.

ABS

Our ABS are diversified both by collateral type and by issuer. The following table presents our ABS holdings at:

	December 31,					
	2015			2014		
	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
	(In millions)		(In millions)	(In millions)		(In millions)
By collateral type:						
Collateralized obligations	$ 3,975	60.5%	$ (94)	$ 3,375	41.0%	$ (33)
Student loans	623	9.5	(14)	1,051	12.8	19
Credit card loans	464	7.1	16	843	10.2	31
Automobile loans	311	4.7	—	1,015	12.3	7
Foreign residential loans	307	4.7	(14)	719	8.8	(9)
Other loans	887	13.5	8	1,223	14.9	5
Total	$ 6,567	100.0%	$ (98)	$ 8,226	100.0%	$ 20
Ratings profile:						
Rated Aaa/AAA	$ 3,402	51.8%		$ 4,541	55.2%	
Designated NAIC 1	$ 6,183	94.2%		$ 7,742	94.1%	

Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for information about the evaluation of fixed maturity securities and equity securities AFS for OTTI and evaluation of temporarily impaired AFS securities.

OTTI Losses on Fixed Maturity and Equity Securities AFS Recognized in Earnings

See Note 8 of the Notes to the Consolidated Financial Statements for information about OTTI losses and gross gains and gross losses on AFS securities sold.

Overview of Fixed Maturity and Equity Security OTTI Losses Recognized in Earnings

Impairments of fixed maturity and equity securities were $91 million, $47 million and $147 million for the years ended December 31, 2015, 2014 and 2013, respectively. Impairments of fixed maturity securities were $54 million, $26 million and $128 million for the years ended December 31, 2015, 2014 and 2013, respectively. Impairments of equity securities were $37 million, $21 million and $19 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Credit-related impairments of fixed maturity securities were $54 million, $26 million and $115 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Overall OTTI losses recognized in earnings on fixed maturity and equity securities were $91 million for the year ended December 31, 2015 as compared to $47 million for the year ended December 31, 2014. The most significant increases were in U.S. and foreign corporate securities, which comprised $36 million for the year ended December 31, 2015, as compared to $6 million for the year ended December 31, 2014. An increase of $30 million in OTTI losses on U.S. and foreign corporate securities reflected the impact of weakening foreign currencies on non-functional currency denominated fixed maturity securities and lower oil prices impacting the energy sector. The $30 million increase in OTTI losses on U.S. and foreign corporate securities was concentrated in the utility and consumer services industries.

Future Impairments

Future OTTI will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), and changes in credit ratings, collateral valuation, interest rates and credit spreads. If economic fundamentals deteriorate or if there are adverse changes in the above factors, OTTI may be incurred in upcoming periods.

Trading and FVO Securities

We have a trading securities portfolio, principally invested in fixed maturity securities, to support investment strategies that involve the active and frequent purchase and sale of securities and the execution of short sale agreements. Trading and FVO securities also include FVO securities. FVO securities include certain fixed maturity and equity securities held-for-investment by the general account to support ALM strategies for certain insurance products. FVO securities also include securities held by CSEs. Trading and FVO securities were $431 million and $705 million at estimated fair value, or 0.2% of total cash and invested assets at both December 31, 2015 and 2014. See Note 10 of the Notes to the Consolidated Financial Statements for the trading and FVO securities fair value hierarchy and a rollforward of the fair value measurements for trading and FVO securities measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

Securities Lending

We participate in a securities lending program whereby securities 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. We monitor the estimated fair value of the securities loaned on a daily basis with additional collateral obtained as necessary throughout the duration of the loan. Securities loaned under such transactions may be sold or re-pledged by the transferee. We are liable to return to our counterparties the cash collateral under our control. Security collateral on deposit from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected in the consolidated financial statements. These transactions are treated as financing arrangements and the associated cash collateral liability is recorded at the amount of the cash received.

See "— Liquidity and Capital Resources — Liquidity and Capital Uses — Securities Lending" and Note 8 of the Notes to the Consolidated Financial Statements for information regarding our securities lending program.

Mortgage Loans

Our mortgage loans are principally collateralized by commercial, agricultural and residential properties. Mortgage loans and the related valuation allowances are summarized as follows at:

	December 31,							
	2015				2014			
	Recorded Investment	% of Total	Valuation Allowance	% of Recorded Investment	Recorded Investment	% of Total	Valuation Allowance	% of Recorded Investment
	(Dollars in millions)				(Dollars in millions)			
Commercial	$ 33,440	62.3%	$ 165	0.5%	$ 32,482	66.3%	$ 182	0.6%
Agricultural	11,663	21.7	37	0.3%	11,033	22.5	35	0.3%
Residential	8,562	16.0	55	0.6%	5,494	11.2	41	0.7%
Total	$ 53,665	100.0%	$ 257	0.5%	$ 49,009	100.0%	$ 258	0.5%

The information presented in the tables herein exclude mortgage loans where we elected the FVO. Such amounts are presented in Note 8 of the Notes to the Consolidated Financial Statements.

We diversify our mortgage loan portfolio by both geographic region and property type to reduce the risk of concentration. Of our commercial and agricultural mortgage loan portfolios, 85% are collateralized by properties located in the U.S., with the remaining 15% collateralized by properties located outside the U.S., at December 31, 2015. The carrying value of our commercial and agricultural mortgage loans located in California, New York and Texas were 18%, 11% and 8%, respectively, of total mortgage loans at December 31, 2015. Additionally, we manage risk when originating commercial and agricultural mortgage loans by generally lending up to 75% of the estimated fair value of the underlying real estate collateral.

We manage our residential mortgage loan portfolio in a similar manner to reduce risk of concentration. All residential mortgage loans were collateralized by properties located in the U.S. at December 31, 2015. The carrying value of our residential mortgage loans located in California, Florida, and New York were 39%, 8%, and 6%, respectively.

Commercial Mortgage Loans by Geographic Region and Property Type. Commercial mortgage loans are the largest component of the mortgage loan invested asset class, as such loans represented over 60% of total mortgage loans at both December 31, 2015 and 2014. The tables below present the diversification across geographic regions and property types of commercial mortgage loans:

	December 31,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
	(In millions)		(In millions)	
Region				
Pacific	$ 7,042	21.1%	$ 6,633	20.4%
International	6,009	18.0	5,664	17.4
Middle Atlantic	5,948	17.8	5,782	17.8
South Atlantic	4,792	14.3	5,350	16.5
West South Central	3,217	9.6	3,157	9.7
East North Central	1,648	4.9	1,792	5.5
New England	1,113	3.3	989	3.1
Mountain	878	2.6	752	2.3
West North Central	467	1.4	139	0.4
East South Central	401	1.2	322	1.0
Multi-Region and Other	1,925	5.8	1,902	5.9
Total recorded investment	33,440	100.0%	32,482	100.0%
Less: valuation allowances	165		182	
Carrying value, net of valuation allowances	$ 33,275		$ 32,300	
Property Type				
Office	$ 16,414	49.1%	$ 16,755	51.6%
Retail	7,107	21.2	6,882	21.2
Apartment	4,140	12.4	3,005	9.2
Hotel	3,481	10.4	3,639	11.2
Industrial	2,172	6.5	2,011	6.2
Other	126	0.4	190	0.6
Total recorded investment	33,440	100.0%	32,482	100.0%
Less: valuation allowances	165		182	
Carrying value, net of valuation allowances	$ 33,275		$ 32,300	

Mortgage Loan Credit Quality - Monitoring Process. We monitor our mortgage loan investments on an ongoing basis, including a review of loans that are current, past due, restructured and under foreclosure. See Note 8 of the Notes to the Consolidated Financial Statements for tables that present mortgage loans by credit quality indicator, past due and nonaccrual mortgage loans, as well as impaired mortgage loans. See "— Real Estate and Real Estate Joint Ventures" for real estate acquired through foreclosure.

We review our commercial mortgage loans on an ongoing basis. These reviews 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. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, 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 mortgage loans is generally similar, with a focus on higher risk loans, such as loans with higher loan-to-value ratios, including reviews on a geographic and sector basis. We review our residential mortgage loans on an ongoing basis. See Note 8 of the Notes to the Consolidated Financial Statements for information on our evaluation of residential mortgage loans and related valuation allowance methodology.

Loan-to-value ratios and debt service coverage ratios are common measures in the assessment of the quality of commercial mortgage loans. Loan-to-value ratios are a common measure in the assessment of the quality of agricultural mortgage loans. Loan-to-value ratios compare the amount of the loan to the estimated fair value of the underlying collateral. A loan-to-value ratio greater than 100% indicates that the loan amount is greater than the collateral value. A loan-to-value ratio of less than 100% indicates an excess of collateral value over the loan amount. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt service coverage ratio 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. For our commercial mortgage loans, our average loan-to-value ratio was 52% at both December 31, 2015 and 2014, and our average debt service coverage ratio was 2.6x at both December 31, 2015 and 2014. The debt service coverage ratio, as well as the values utilized in calculating the ratio, is updated annually on a rolling basis, with a portion of the portfolio updated each quarter. In addition, the loan-to-value ratio is routinely updated for all but the lowest risk loans as part of our ongoing review of our commercial mortgage loan portfolio. For our agricultural mortgage loans, our average loan-to-value ratio was 44% at both December 31, 2015 and 2014. The values utilized in calculating the agricultural mortgage loan loan-to-value ratio are developed in connection with the ongoing review of the agricultural loan portfolio and are routinely updated.

Mortgage Loan Valuation Allowances. Our valuation allowances are established both on a loan specific basis for those loans considered impaired where a property specific or market specific risk has been identified that could likely result in a future loss, as well as for pools of loans with similar risk characteristics where a property specific or market specific risk has not been identified, but for which we expect to incur a loss. Accordingly, a valuation allowance is provided to absorb these estimated probable credit losses.

The determination of the amount of valuation allowances is based upon our periodic evaluation and assessment of known and inherent risks associated with our loan portfolios. Such evaluations and assessments are based upon several factors, including our experience for loan losses, defaults and loss severity, and loss expectations for loans with similar risk characteristics. These evaluations and assessments are revised as conditions change and new information becomes available, which can cause the valuation allowances to increase or decrease over time as such evaluations are revised. Negative credit migration, including an actual or expected increase in the level of problem loans, will result in an increase in the valuation allowance. Positive credit migration, including an actual or expected decrease in the level of problem loans, will result in a decrease in the valuation allowance.

See Notes 1, 8 and 10 of the Notes to the Consolidated Financial Statements for information about how valuation allowances are established and monitored, activity in and balances of the valuation allowance, and the estimated fair value of impaired mortgage loans and related impairments included within net investment gains (losses) as of and for the years ended December 31, 2015, 2014 and 2013.

Real Estate and Real Estate Joint Ventures

We diversify our real estate investments by both geographic region and property type to reduce risk of concentration. Our real estate investments are primarily located in the United States. The carrying value of our real estate investments located in California, DC and Georgia were 24%, 11% and 11%, respectively, of total real estate investments at December 31, 2015.

Real estate investments by type consisted of the following at:

	December 31,			
	2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Traditional	$ 5,584	92.9%	$ 7,067	89.8%
Real estate joint ventures and funds	342	5.7	450	5.7
Subtotal	5,926	98.6	7,517	95.5
Foreclosed (commercial, agricultural and residential)	40	0.7	279	3.5
Real estate held-for-investment	5,966	99.3	7,796	99.0
Real estate held-for-sale	42	0.7	78	1.0
Total real estate and real estate joint ventures	$ 6,008	100.0%	$ 7,874	100.0%

We classify within traditional real estate our investment in income-producing real estate, which is comprised of wholly-owned real estate and joint ventures with interests in single property income-producing real estate. The estimated fair value of the traditional and held-for-sale real estate investment portfolios was $8.7 billion and $9.9 billion at December 31, 2015 and 2014, respectively. We classify within real estate joint ventures and funds, our 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 our investments in real estate private equity funds. From time to time, if we intend to retain an interest in the property, we transfer investments from these joint ventures to traditional real estate after the completed property commences operations.

Real estate and real estate joint venture investments by property type are categorized by sector as follows at:

	December 31,			
	2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Office	$ 1,998	33.3%	$ 3,952	50.2%
Apartment	1,408	23.4	1,421	18.0
Retail	609	10.1	517	6.6
Hotel	504	8.4	531	6.7
Real estate investment funds	469	7.8	299	3.8
Industrial	455	7.6	486	6.2
Land	219	3.6	299	3.8
Agriculture	15	0.3	17	0.2
Other	331	5.5	352	4.5
Total real estate and real estate joint ventures	$ 6,008	100.0%	$ 7,874	100.0%

Impairments recognized on real estate and real estate joint ventures were $34 million, $9 million and $1 million for the years ended December 31, 2015, 2014 and 2013, respectively. Depreciation expense on real estate investments was $131 million, $160 million and $144 million for the years ended December 31, 2015, 2014 and 2013, respectively. Real estate investments are net of accumulated depreciation of $572 million and $1.0 billion at December 31, 2015 and 2014, respectively.

Other Limited Partnership Interests

Other limited partnership interests are comprised of private equity funds and hedge funds. The carrying value of other limited partnership interests was $4.1 billion and $4.9 billion at December 31, 2015 and 2014, respectively, which included $835 million and $1.3 billion of hedge funds, at December 31, 2015 and 2014, respectively.

Other Invested Assets

The following table presents the carrying value of our other invested assets by type:

	December 31,			
	2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Freestanding derivatives with positive estimated fair values	$ 8,146	48.3%	$ 7,104	50.0%
Tax credit and renewable energy partnerships	3,053	18.1	2,660	18.7
Loans to affiliates	2,371	14.1	2,375	16.7
Leveraged leases, net of non-recourse debt	1,378	8.2	1,461	10.3
Annuities funding structured settlement claims	1,298	7.7	—	—
Direct financing leases	274	1.6	285	2.0
Funds withheld	155	0.9	194	1.4
Operating joint venture	142	0.8	74	0.5
Other	52	0.3	56	0.4
Total	$ 16,869	100.0%	$ 14,209	100.0%

Leveraged lease impairments were $41 million, $80 million and $7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

See Notes 8 and 9 of the Notes to the Consolidated Financial Statements for information regarding tax credit partnerships, leveraged and direct financing leases, loans to affiliates, annuities funding structured settlement claims and freestanding derivatives with positive estimated fair values, respectively. See Note 1 of the Notes to the Consolidated Financial Statements for further information about tax credit and renewable energy partnerships, funds withheld, loans to affiliates and operating joint venture.

Short-term Investments and Cash Equivalents

The carrying value of short-term investments, which approximates estimated fair value, was $5.6 billion and $4.5 billion, or 2.0% and 1.6% of total cash and invested assets, at December 31, 2015 and 2014, respectively. The carrying value of cash equivalents, which approximates estimated fair value, was $3.9 billion and $1.0 billion, or 1.4% and 0.4% of total cash and invested assets, at December 31, 2015 and 2014, respectively.

Derivatives

Derivative Risks

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. We use a variety of strategies to manage these risks, including the use of derivatives. See Note 9 of the Notes to the Consolidated Financial Statements for:

- A comprehensive description of the nature of our derivatives, including the strategies for which derivatives are used in managing various risks.
- Information about the gross notional amount, estimated fair value, and primary underlying risk exposure of our derivatives by type of hedge designation, excluding embedded derivatives held at December 31, 2015 and 2014.
- The statement of operations effects of derivatives in cash flow, fair value, or nonqualifying hedge relationships for the years ended December 31, 2015, 2014 and 2013.

See "Quantitative and Qualitative Disclosures About Market Risk — Management of Market Risk Exposures — Hedging Activities" for more information about our use of derivatives by major hedge program.

Fair Value Hierarchy

See Note 10 of the Notes to the Consolidated Financial Statements for derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy.

The valuation of Level 3 derivatives involves the use of significant unobservable inputs and generally requires a higher degree of management judgment or estimation than the valuations of Level 1 and Level 2 derivatives. Although Level 3 inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such instruments and are considered appropriate given the circumstances. The use of different inputs or methodologies could have a material effect on the estimated fair value of Level 3 derivatives and could materially affect net income.

Derivatives categorized as Level 3 at December 31, 2015 include: interest rate forwards with maturities which extend beyond the observable portion of the yield curve; credit default swaps priced using unobservable credit spreads, or that are priced through independent broker quotations; equity variance swaps with unobservable volatility inputs; and equity index options with unobservable correlation inputs. At December 31, 2015, less than 1% of the estimated fair value of our derivatives was priced through independent broker quotations.

See Note 10 of the Notes to the Consolidated Financial Statements for a rollforward of the fair value measurements for derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

See "— Summary of Critical Accounting Estimates — Derivatives" for further information on the estimates and assumptions that affect derivatives.

Credit Risk

See Note 9 of the Notes to the Consolidated Financial Statements for information about how we manage credit risk related to derivatives and for the estimated fair value of our net derivative assets and net derivative liabilities after the application of master netting agreements and collateral.

Our policy is not to offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement. This policy applies to the recognition of derivatives on the consolidated balance sheets, and does not affect our legal right of offset.

Credit Derivatives

The following table presents the gross notional amount and estimated fair value of credit default swaps at:

	December 31,			
	2015		2014	
Credit Default Swaps	**Gross Notional Amount**	**Estimated Fair Value**	**Gross Notional Amount**	**Estimated Fair Value**
	(In millions)			
Purchased (1)	$ 819	$ 20	$ 857	$ (3)
Written (2)	6,577	40	7,419	125
Total	$ 7,396	$ 60	$ 8,276	$ 122

(1) The gross notional amount and estimated fair value for purchased credit default swaps in the trading portfolio were \$175 million and (\$2) million, respectively, at December 31, 2015 and \$250 million and (\$6) million, respectively, at December 31, 2014.

(2) The gross notional amount and estimated fair value for written credit default swaps in the trading portfolio were \$20 million and (\$2) million, respectively, at December 31, 2015 and \$15 million and \$1 million, respectively, at December 31, 2014.

The following table presents the gross gains, gross losses and net gain (losses) recognized in income for credit default swaps as follows:

	Years Ended December 31,					
	2015			2014		
Credit Default Swaps	**Gross Gains (1)**	**Gross Losses (1)**	**Net Gains (Losses)**	**Gross Gains (1)**	**Gross Losses (1)**	**Net Gains (Losses)**
	(In millions)					
Purchased (2), (4)	$ 26	$ (12)	$ 14	$ 14	$ (16)	$ (2)
Written (3), (4)	21	(78)	(57)	32	(33)	(1)
Total	$ 47	$ (90)	$ (43)	$ 46	$ (49)	$ (3)

(1) Gains (losses) are reported in net derivative gains (losses), except for gains (losses) on the trading portfolio, which are reported in net investment income.

(2) The gross gains and gross (losses) for purchased credit default swaps in the trading portfolio were $8 million and ($11) million, respectively, for the year ended December 31, 2015 and $5 million and ($5) million, respectively, for the year ended December 31, 2014.

(3) The gross gains and gross (losses) for written credit default swaps in the trading portfolio were $3 million and ($3) million, respectively, for the year ended December 31, 2015 and were not significant for the year ended December 31, 2014.

(4) Gains (losses) do not include earned income (expense) on credit default swaps.

The favorable change in net gains (losses) on purchased credit default swaps of $16 million was due to credit spreads widening in the current period compared to the prior period on credit default swaps hedging certain bonds. The unfavorable change in net gains (losses) on written credit default swaps of ($56) million was due to certain credit spreads widening in the current period compared to the prior period on certain credit default swaps used as replications.

The maximum amount at risk related to our written credit default swaps is equal to the corresponding gross notional amount. In a replication transaction, we pair an asset on our balance sheet with a written credit default swap to synthetically replicate a corporate bond, a core asset holding of life insurance companies. Replications are entered into in accordance with the guidelines approved by insurance regulators and are an important tool in managing the overall corporate credit risk within the Company. In order to match our long-dated insurance liabilities, we will seek to buy long-dated corporate bonds. In some instances, these may not be readily available in the market, or they may be issued by corporations to which we already have significant corporate credit exposure. For example, by purchasing Treasury bonds (or other high-quality assets) and associating them with written credit default swaps on the desired corporate credit name, we, at times, can replicate the desired bond exposures and meet our ALM needs. In addition, given the shorter tenor of the credit default swaps (generally five-year tenors) versus a long-dated corporate bond, we have more flexibility in managing our credit exposures.

Embedded Derivatives

See Note 10 of the Notes to the Consolidated Financial Statements for information about embedded derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy.

See Note 10 of the Notes to the Consolidated Financial Statements for a rollforward of the fair value measurements for net embedded derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

See Note 9 of the Notes to the Consolidated Financial Statements for information about the nonperformance risk adjustment included in the valuation of guaranteed minimum benefits accounted for as embedded derivatives.

See "— Summary of Critical Accounting Estimates — Derivatives" for further information on the estimates and assumptions that affect embedded derivatives.

Off-Balance Sheet Arrangements

Credit and Committed Facilities

In addition to the Credit Facility, Missouri Reinsurance, Inc., a wholly-owned subsidiary of Metropolitan Life Insurance Company, along with MetLife, Inc., maintain a $210 million committed facility, which is used for collateral for certain of MLIC's affiliated reinsurance liabilities, with unaffiliated financial institutions (the "Committed Facility"). See "— Liquidity and Capital Resources — Liquidity and Capital Sources — Global Funding Sources — Credit and Committed Facilities" and Note 12 of the Notes to the Consolidated Financial Statements for further descriptions of such arrangements, the classification of expenses on the Credit Facility and the Committed Facility and the nature of the associated liability for letters of credit issued and drawdowns on such facilities.

Collateral for Securities Lending and Derivatives

We participate in a securities lending program in the normal course of business for the purpose of enhancing the total return on our investment portfolio. Periodically, we receive non-cash collateral for securities lending from counterparties on deposit from customers, which cannot be sold or re-pledged, and which has not been recorded on our consolidated balance sheets. The amount of this collateral was $22 million and $19 million at estimated fair value at December 31, 2015 and 2014, respectively. See Notes 1 and 8 of the Notes to the Consolidated Financial Statements, as well as "— Investments — Securities Lending" for discussion of our securities lending program, the classification of revenues and expenses, and the nature of the secured financing arrangement and associated liability.

We enter into derivatives to manage various risks relating to our ongoing business operations. We have non-cash collateral from counterparties for derivatives, which can be sold or re-pledged subject to certain constraints, and which has not been recorded on our consolidated balance sheets. The amount of this non-cash collateral was $1.4 billion and $2.4 billion at December 31, 2015 and 2014, respectively. In certain instances, cash collateral pledged to the Company as initial margin for OTC-bilateral derivatives is held in separate custodial accounts and is not recorded on the Company's balance sheet because the account title is in the name of the counterparty (but segregated for the benefit of the Company). The amount of this cash collateral was $138 million at December 31, 2014. We did not hold any cash collateral of this type at December 31, 2015. See "— Liquidity and Capital Resources — Liquidity and Capital Uses — Pledged Collateral" and Note 9 of the Notes to the Consolidated Financial Statements for information regarding the earned income on and the gross notional amount, estimated fair value of assets and liabilities and primary underlying risk exposure of our derivatives.

Lease Commitments

As lessee, we have entered into various lease and sublease agreements for office space, information technology and other equipment. Our commitments under such lease agreements are included within the contractual obligations table. See "— Liquidity and Capital Resources — Contractual Obligations" and Note 17 of the Notes to the Consolidated Financial Statements.

Guarantees

See "Guarantees" in Note 17 of the Notes to the Consolidated Financial Statements.

Other

Additionally, we enter into the following commitments in the normal course of business for the purpose of enhancing the total return on our investment portfolio: mortgage loan commitments and commitments to fund partnerships, bank credit facilities, bridge loans and private corporate bond investments. See "Net Investment Income" and "Net Investment Gains (Losses)" in Note 8 of the Notes to the Consolidated Financial Statements for information on the investment income, investment expense, gains and losses from such investments. See also "— Investments — Fixed Maturity and Equity Securities AFS" and "— Investments — Mortgage Loans" for information on our investments in fixed maturity securities and mortgage loans. See "— Investments — Real Estate and Real Estate Joint Ventures" and "— Investments — Other Limited Partnership Interests" for information on our partnership investments.

Other than the commitments disclosed in Note 17 of the Notes to the Consolidated Financial Statements, there are no other material obligations or liabilities arising from the commitments to fund mortgage loans, partnerships, bank credit facilities, bridge loans, and private corporate bond investments. For further information on commitments to fund partnership investments, mortgage loans, bank credit facilities, bridge loans and private corporate bond investments. See "— Liquidity and Capital Resources — Contractual Obligations."

Insolvency Assessments

See Note 17 of the Notes to the Consolidated Financial Statements.

Liquidity and Capital Resources

Overview

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. The global markets and economy continue to experience volatility that may affect our financing costs and market interest for our debt securities. For further information regarding market factors that could affect our ability to meet liquidity and capital needs, see "— Investments — Current Environment."

Liquidity Management

Based upon the strength of our franchise, diversification of our businesses, strong financial fundamentals and the substantial funding sources available to us as described herein, we continue to believe we have access to ample liquidity to meet business requirements under current market conditions and reasonably possible stress scenarios. We continuously monitor and adjust our liquidity and capital plans for Metropolitan Life Insurance Company and its subsidiaries in light of market conditions, as well as changing needs and opportunities.

Short-term Liquidity

We maintain a substantial short-term liquidity position, which was $2.7 billion and $3.6 billion at December 31, 2015 and 2014, respectively. Short-term liquidity includes cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed, including: (i) amounts related to cash collateral received under our securities lending program; (ii) amounts related to cash collateral received from counterparties in connection with derivatives; and (iii) cash held in the closed block.

Liquid Assets

An integral part of our liquidity management includes managing our level of liquid assets, which was $92.0 billion and $94.0 billion at December 31, 2015 and 2014, respectively. Liquid assets include cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include: (i) amounts related to cash collateral received under our securities lending program; (ii) amounts related to cash collateral received from counterparties in connection with derivatives; (iii) cash and investments held in the closed block or on deposit with regulatory agencies; (iv) investments held in trust; and (v) investments pledged in support of funding agreements, derivatives and short sale agreements.

Liquidity

Liquidity refers to a company's ability to generate adequate amounts of cash to meet its needs. We determine our liquidity needs based on a rolling 12-month forecast by portfolio of invested assets which we monitor daily. We adjust the asset mix and asset maturities based on this rolling 12-month forecast. To support this forecast, we conduct cash flow and stress testing, which include various scenarios of the potential risk of early contractholder and policyholder withdrawal. We include provisions limiting withdrawal rights on many of our products, including general account pension products sold to employee benefit plan sponsors. Certain of these provisions prevent the customer from making withdrawals prior to the maturity date of the product. In the event of significant cash requirements beyond anticipated liquidity needs, we have various alternatives available depending on market conditions and the amount and timing of the liquidity need. These available alternatives include cash flows from operations, sales of liquid assets, global funding sources and various credit facilities.

Under certain stressful market and economic conditions, our access to liquidity may deteriorate, or the cost to access liquidity may increase. If we require significant amounts of cash on short notice in excess of anticipated cash requirements or if we are required to post or return cash collateral in connection with derivatives or our securities lending program, we may have difficulty selling investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both. In addition, in the event of such forced sale, accounting guidance requires the recognition of a loss for certain securities in an unrealized loss position and may require the impairment of other securities if there is a need to sell such securities, which may negatively impact our financial condition. See "Risk Factors — Investment-Related Risks — Should the Need Arise, We May Have Difficulty Selling Certain Holdings in Our Investment Portfolio or in Our Securities Lending Program in a Timely Manner and Realizing Full Value Given Their Illiquid Nature."

In extreme circumstances, all general account assets within a particular legal entity — other than those which may have been pledged to a specific purpose — are available to fund obligations of the general account of that legal entity.

Capital

We manage our capital position to maintain our financial strength and credit ratings. Our capital position is supported by our ability to generate strong cash flows within our operating companies and borrow funds at competitive rates, as well as by our demonstrated ability to raise additional capital to meet operating and growth needs despite adverse market and economic conditions.

Rating Agencies

Rating agencies assign insurer financial strength ratings to certain of MetLife, Inc.'s life insurance subsidiaries, including us, and credit ratings to MetLife, Inc. and certain of its subsidiaries, including our insurance companies. Financial strength ratings represent the opinion of rating agencies regarding the ability of an insurance company to pay obligations under insurance policies and contracts in accordance with their terms. Credit ratings indicate the rating agency's opinion regarding a debt issuer's ability to meet the terms of debt obligations in a timely manner. They are important factors in our overall funding profile and ability to access certain types of liquidity. The level and composition of regulatory capital of Metropolitan Life Insurance Company and its insurance subsidiaries are among the many factors considered in determining our insurer financial strength ratings and credit ratings. Each agency has its own capital adequacy evaluation methodology, and assessments are generally based on a combination of factors. In addition to heightening the level of scrutiny that they apply to insurance companies, rating agencies have increased and may continue to increase the frequency and scope of their credit reviews, may request additional information from the companies that they rate and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. See "Business — Company Ratings" for further information on our insurer financial strength ratings.

Downgrades in our insurer financial strength ratings or changes to our ratings outlooks 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 post additional collateral under certain of our financing and derivative transactions;
- 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.

A downgrade in MetLife, Inc.'s or our credit ratings or changes to MetLife, Inc.'s or our ratings outlooks would likely impact us in the following ways, including:

- impact our ability to generate cash flows from the sale of funding agreements and other capital market products offered by our Corporate Benefit Funding segment;
- impact the cost and availability of financing for MetLife, Inc. and its subsidiaries, including us; and
- result in additional collateral requirements or other required payments under certain agreements, which are eligible to be satisfied in cash or by posting investments held by the subsidiaries subject to the agreements. See "— Liquidity and Capital Uses — Pledged Collateral."

Statutory Capital and Dividends

Our insurance companies have statutory surplus and RBC levels well above levels to meet current regulatory requirements.

RBC requirements are used as minimum capital requirements by the NAIC and the state insurance departments to identify companies that merit regulatory action. RBC is based on a formula calculated by applying factors to various asset, premium, claim, expense and statutory reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk, market risk and business risk and is calculated on an annual basis. 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. These rules apply to Metropolitan Life Insurance Company and most of its insurance subsidiaries. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose total adjusted capital does not meet or exceed certain RBC levels. At the date of the most recent annual statutory financial statements filed with insurance regulators, the total adjusted capital of Metropolitan Life Insurance Company and each of its insurance subsidiaries subject to these requirements was in excess of each of those RBC levels.

The amount of the dividend that Metropolitan Life Insurance Company can pay to MetLife, Inc. is constrained by the amount of surplus Metropolitan Life Insurance Company holds to maintain its ratings and provides an additional margin for risk protection and investment in MLIC's businesses. We proactively take actions to maintain capital consistent with these ratings objectives, which may include adjusting dividend amounts and deploying financial resources from internal or external sources of capital. Certain of these activities may require regulatory approval. Furthermore, the payment of dividends and other distributions to Metropolitan Life Insurance Company by its insurance subsidiaries is governed by insurance laws and regulations. See Note 13 of the Notes to the Consolidated Financial Statements.

Affiliated Captive Reinsurance Transactions

Metropolitan Life Insurance Company cedes specific policy classes, including ordinary life insurance, participating whole life insurance, long-term disability insurance and group life insurance, to a wholly-owned captive reinsurer. The wholly-owned captive reinsurer currently only reinsures Metropolitan Life Insurance Company business and the results of the captive reinsurer are eliminated within our consolidated results of operations. In addition, Metropolitan Life Insurance Company reinsures specific policy classes, including term life insurance, universal life insurance and ordinary and industrial life insurance, to other affiliated captive reinsurers. The statutory reserves of such affiliated captive reinsurers are supported by a combination of investment assets and letters of credit issued by unaffiliated financial institutions. MetLife, Inc. has committed to maintain the surplus of certain of these domestic affiliated captive reinsurers, as well as provided a guarantee of one such captive reinsurer's repayment obligations on the letters of credit. MetLife, Inc. has also provided a guarantee of a captive reinsurer's payment obligations on a retrocession agreement entered into by the captive. We enter into reinsurance agreements with affiliated captive reinsurers for risk and capital management purposes, as well as to satisfy statutory reserve requirements related to universal life and term life insurance policies.

The NAIC continues to review insurance companies' use of affiliated captive reinsurers and off-shore entities. The New York Department of Financial Services continues to have a moratorium on new reserve financing transactions involving captive insurers. We are not aware of any states other than New York and California implementing such a moratorium. While such a moratorium would not impact our existing reinsurance agreements with captive reinsurers, a moratorium placed on the use of captives for new reserve financing transactions could impact our ability to write certain products and/or impact our RBC ratios and ability to deploy excess capital in the future. This could result in our need to increase prices, modify product features or limit the availability of those products to our customers. While this affects insurers across the industry, it could adversely impact our competitive position and our results of operations in the future. We continue to evaluate product modifications, pricing structure and alternative means of managing risks, capital and statutory reserves and we expect the discontinued use of captive reinsurance on new reserve financing transactions would not have a material impact on our future consolidated financial results.

Our variable annuity guaranteed minimum benefit risks and certain other risks were previously ceded to an affiliated captive reinsurer. In November 2014, this captive reinsurer merged with and into MetLife USA as part of the Mergers, further reducing the Company's exposure to and use of captive reinsurers. See "Business — Overview" for further information on the Mergers. See also "Risk Factors — Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth — Insurance Regulation" and Note 6 of the Notes to the Consolidated Financial Statements for further information on our reinsurance activities.

Summary of Primary Sources and Uses of Liquidity and Capital

Our primary sources and uses of liquidity and capital are summarized as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Sources:			
Operating activities, net	$ 5,266	$ 6,201	$ 6,060
Investing activities, net	2,143	—	—
Changes in policyholder account balances, net	—	3,692	—
Changes in payables for collateral under securities loaned and other transactions, net	—	3,071	—
Short-term debt issuances, net	—	—	75
Long-term debt issued	907	4	481
Cash received in connection with redeemable noncontrolling interests	—	—	774
Total sources	8,316	12,968	7,390
Uses:			
Investing activities, net	—	10,433	2,866
Changes in policyholder account balances, net	1,032	—	2,002
Changes in payables for collateral under securities loaned and other transactions, net	2,230	—	1,365
Short-term debt repayments, net	—	320	—
Long-term debt repaid	673	390	27
Cash paid in connection with noncontrolling interests	159	—	—
Dividends paid to MetLife, Inc.	1,489	708	1,428
Returns of capital	11	—	—
Other, net	64	222	5
Total uses	5,658	12,073	7,693
Net increase (decrease) in cash and cash equivalents	$ 2,658	$ 895	$ (303)

Cash Flows from Operations

The principal cash inflows from our insurance activities come from insurance premiums, net investment income, annuity considerations and deposit funds. The principal cash outflows relate to various life insurance, annuity and pension products, operating expenses and income tax, as well as interest expense. A primary liquidity concern with respect to these cash flows is the risk of early contractholder and policyholder withdrawal.

Cash Flows from Investments

The principal cash inflows from our investment activities come from repayments of principal, proceeds from maturities and sales of investments and settlements of freestanding derivatives. The principal cash outflows relate to purchases of investments, issuances of policy loans and settlements of freestanding derivatives. We typically have a net cash outflow from investing activities because cash inflows from insurance operations are reinvested in accordance with our ALM discipline to fund insurance liabilities. We closely monitor and manage these risks through our comprehensive investment risk management process. The primary liquidity concerns with respect to these cash flows are the risk of default by debtors and market disruption.

Cash Flows from Financing

The principal cash inflows from our financing activities come from issuances of debt, deposits of funds associated with policyholder account balances and lending of securities. The principal cash outflows come from repayments of debt, payments of dividends on Metropolitan Life Insurance Company's common stock, withdrawals associated with policyholder account balances and the return of securities on loan. The primary liquidity concern with respect to these cash flows is the risk of early contractholder and policyholder withdrawal.

Liquidity and Capital Sources

In addition to the general description of liquidity and capital sources in "— Summary of Primary Sources and Uses of Liquidity and Capital," the following additional information is provided regarding our primary sources of liquidity and capital:

Global Funding Sources

Liquidity is provided by a variety of global funding sources, including funding agreements, credit facilities and commercial paper. Capital is provided by a variety of global funding sources, including short-term and long-term debt. The diversity of our global funding sources enhances our funding flexibility, limits dependence on any one market or source of funds and generally lowers the cost of funds. Our primary global funding sources include:

Commercial Paper, Reported in Short-term Debt

MetLife Funding and MetLife, Inc., each have a commercial paper program that is supported by the Credit Facility (see "— Credit and Committed Facilities"). MetLife Funding raises cash from its commercial paper program and uses the proceeds to extend loans through MetLife Credit Corp., another subsidiary of Metropolitan Life Insurance Company, to affiliates in order to enhance the financial flexibility and liquidity of these companies.

Federal Home Loan Bank Funding Agreements, Reported in Policyholder Account Balances

Metropolitan Life Insurance Company and certain of its insurance subsidiaries are members of a regional FHLB. During the years ended December 31, 2015, 2014 and 2013, we issued $17.5 billion, $9.7 billion and $10.1 billion, respectively, and repaid $17.7 billion, $9.9 billion and $10.8 billion, respectively, under funding agreements with certain regional FHLBs. At December 31, 2015 and 2014, total obligations outstanding under these funding agreements were $13.3 billion and $13.6 billion, respectively. See Note 4 of the Notes to the Consolidated Financial Statements.

Special Purpose Entity Funding Agreements, Reported in Policyholder Account Balances

We issue fixed and floating rate funding agreements, which are denominated in either U.S. dollars or foreign currencies, to certain 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, 2015, 2014 and 2013, we issued $35.1 billion, $36.7 billion and $26.8 billion, respectively, and repaid $35.5 billion, $31.7 billion and $25.1 billion, respectively, under such funding agreements. At December 31, 2015 and 2014, total obligations outstanding under these funding agreements were $29.5 billion and $30.3 billion, respectively. See Note 4 of the Notes to the Consolidated Financial Statements.

Federal Agricultural Mortgage Corporation Funding Agreements, Reported in Policyholder Account Balances

We have issued funding agreements to Farmer Mac, as well as 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 Farmer Mac. The obligations under all such funding agreements are secured by a pledge of certain eligible agricultural real estate mortgage loans. During the years ended December 31, 2015 and 2014, we issued $50 million and $200 million, respectively, and repaid $50 million and $200 million, respectively, under such funding agreements. We neither issued nor repaid any amounts under such funding agreements during the year ended December 31, 2013. At both December 31, 2015 and 2014, total obligations outstanding under these funding agreements were $2.6 billion. See Note 4 of the Notes to the Consolidated Financial Statements.

Debt Issuances

In December 2015, MetLife Private Equity Holdings, LLC ("MPEH"), a wholly-owned indirect investment subsidiary of MLIC, borrowed $350 million under term loans that mature in December 2020. See Note 12 of the Notes to the Consolidated Financial Statements for further information.

Credit and Committed Facilities

MetLife Funding and MetLife, Inc. maintain the Credit Facility. When drawn upon, this facility bears interest at varying rates in accordance with the agreement.

This facility is used for general corporate purposes, to support the borrowers' commercial paper programs and for the issuance of letters of credit. At December 31, 2015, we had outstanding $484 million in letters of credit and no drawdowns against this facility. Remaining availability was $3.5 billion at December 31, 2015.

The Committed Facility is used for collateral for certain of MLIC's affiliated reinsurance liabilities. When drawn upon, this facility bears interest at varying rates in accordance with the agreement. At December 31, 2015, MoRe had outstanding $210 million in letters of credit and no drawdowns against this facility. There was no remaining availability at December 31, 2015.

See Note 12 of the Notes to the Consolidated Financial Statements for further information about these facilities.

We have no reason to believe that our lending counterparties will be unable to fulfill their respective contractual obligations under these facilities. As commitments associated with letters of credit and financing arrangements may expire unused, these amounts do not necessarily reflect our actual future cash funding requirements.

Outstanding Debt Under Global Funding Sources

The following table summarizes our outstanding debt at:

	December 31,	
	2015	2014
	(In millions)	
Short-term debt	$ 100	$ 100
Long-term debt (1), (2)	$ 1,704	$ 2,014

(1) Excludes $11 million and $13 million at December 31, 2015 and 2014, respectively, of long-term debt relating to CSEs — FVO (see Note 10 of the Notes to the Consolidated Financial Statements). For more information regarding long-term debt, see Note 12 of the Notes to the Consolidated Financial Statements.

(2) Includes $456 million and $379 million of non-recourse debt at December 31, 2015 and 2014, respectively, for which creditors have no access, subject to customary exceptions, to the general assets of the Company other than recourse to certain investment subsidiaries.

Debt and Facility Covenants

Certain of our debt instruments, as well as the Credit Facility and Committed Facility, contain various administrative, reporting, legal and financial covenants. We believe we were in compliance with all applicable covenants at December 31, 2015.

Liquidity and Capital Uses

In addition to the general description of liquidity and capital uses in "— Summary of Primary Sources and Uses of Liquidity and Capital" and "— Contractual Obligations," the following additional information is provided regarding our primary uses of liquidity and capital:

Dividends

During the years ended December 31, 2015, 2014 and 2013, Metropolitan Life Insurance Company paid cash dividends to MetLife, Inc. of $1.5 billion, $708 million and $1.4 billion, respectively. Also, during the year ended December 31, 2014, Metropolitan Life Insurance Company distributed to MetLife, Inc., as a dividend, all of the issued and outstanding shares of common stock of its wholly-owned, broker-dealer subsidiary, NES. The net book value of NES at the time of the dividend was $35 million. See Notes 3 and 13 of the Notes to the Consolidated Financial Statements.

On March 15, 2016, Metropolitan Life Insurance Company paid an ordinary cash dividend to MetLife, Inc. of $1.5 billion.

Debt Repayments

See Note 12 of the Notes to the Consolidated Financial Statements for further information on long-term and short-term debt, including:

- In December 2015, a wholly-owned real estate subsidiary of the Company repaid in cash $110 million of its mortgage loans issued to MetLife USA due in January 2016;
- In November 2015, the Company repaid in cash, at maturity, $188 million of surplus notes issued to MetLife Mexico S.A., an affiliate;
- In November 2015, the Company repaid in cash, at maturity, $200 million of surplus notes;
- During 2015, a wholly-owned real estate subsidiary of the Company repaid in cash $132 million of its 7.26% mortgage loans issued to MetLife USA due in January 2020;
- In November 2014, a wholly-owned real estate subsidiary of the Company repaid in cash $60 million of its 7.01% mortgage loans issued to MetLife USA due in January 2020;
- In November 2014, a wholly-owned real estate subsidiary of the Company repaid in cash $60 million of its 4.67% mortgage loans issued to MetLife USA due in January 2017; and
- In September 2014, the Company repaid in cash, at maturity, $217 million of surplus notes issued to MetLife Mexico S.A.

Support Agreements

Metropolitan Life Insurance Company and certain of its subsidiaries (each, an "Obligor") are parties to various capital support commitments and guarantees with subsidiaries or former subsidiaries of such Obligors. Under these arrangements, each Obligor with respect to the applicable entity, has agreed to cause such entity to meet specified capital and surplus levels or has guaranteed certain contractual obligations. We anticipate that in the event that these arrangements place demands upon us, there will be sufficient liquidity and capital to enable us to meet anticipated demands.

Insurance Liabilities

Liabilities arising from our insurance activities primarily relate to benefit payments under various life insurance, annuity and group pension products, as well as payments for policy surrenders, withdrawals and loans. For annuity or deposit type products, surrender or lapse behavior differs somewhat by segment. In the Retail segment, which includes individual annuities, lapses and surrenders tend to occur in the normal course of business. During the years ended December 31, 2015 and 2014, general account surrenders and withdrawals from annuity products were $1.6 billion and $2.2 billion, respectively. In the Corporate Benefit Funding segment, which includes pension risk transfers, bank-owned life insurance and other fixed annuity contracts, as well as funding agreements and other capital market products, most of the products offered have fixed maturities or fairly predictable surrenders or withdrawals. With regard to the Corporate Benefit Funding segment liabilities that provide customers with limited rights to accelerate payments, as of December 31, 2015, there were no funding agreements and other capital market products that could be put back to the Company.

Pledged Collateral

We pledge collateral to, and have collateral pledged to us by, counterparties in connection with our derivatives. At December 31, 2015 and 2014, we were obligated to return cash collateral pledged to the Company of $3.8 billion and $2.6 billion, respectively. At December 31, 2015 and 2014, we had pledged cash collateral of $61 million and $73 million, respectively. With respect to OTC-bilateral derivatives in a net liability position that have financial strength contingent provisions, a one-notch downgrade in Metropolitan Life Insurance Company's or its subsidiaries' financial strength rating would not have increased our derivative collateral requirements at December 31, 2015.

We pledge collateral from time to time in connection with funding agreements. See Note 4 of the Notes to the Consolidated Financial Statements.

Securities Lending

We participate in a securities lending program whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, from the borrower, which must be returned to the borrower when the loaned securities are returned to us. Under our securities lending program, we were liable for cash collateral under our control of $18.1 billion and $21.6 billion at December 31, 2015 and 2014, respectively. Of these amounts, $6.3 billion and $7.6 billion at December 31, 2015 and 2014, respectively, were on open, meaning that the related loaned security could be returned to us on the next business day requiring the immediate return of cash collateral we hold. The estimated fair value of the securities on loan related to the cash collateral on open at December 31, 2015 was $6.1 billion, over 99% of which were U.S. Treasury and agency securities which, if put to us, could be immediately sold to satisfy the cash requirements to immediately return the cash collateral. See Note 8 of the Notes to the Consolidated Financial Statements.

Litigation

Putative or certified class action litigation and other litigation, and claims and assessments against us, in addition to those discussed elsewhere herein and those otherwise provided for in the consolidated financial statements, have arisen in the course of our business, including, but not limited to, in connection with our activities as an insurer, investor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning our compliance with applicable insurance and other laws and regulations. See Note 17 of the Notes to the Consolidated Financial Statements.

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. For material matters where a loss is believed to be reasonably possible but not probable, no accrual is made but we disclose the nature of the contingency and an aggregate estimate of the reasonably possible range of loss in excess of amounts accrued, when such an estimate can be made. It is not possible to predict or determine the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to herein, very 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 adverse effect upon our financial position, based on information currently known by us, in our opinion, the outcome 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 adverse effect on our consolidated net income or cash flows in particular quarterly or annual periods.

Contractual Obligations

The following table summarizes our major contractual obligations at December 31, 2015:

	Total	One Year or Less	More than One Year to Three Years	More than Three Years to Five Years	More than Five Years
			(In millions)		
Insurance liabilities	$ 224,838	$ 12,836	$ 11,784	$ 11,623	$ 188,595
Policyholder account balances	133,865	18,513	22,292	12,708	80,352
Payables for collateral under securities loaned and other transactions	21,937	21,937	—	—	—
Debt	3,482	233	224	573	2,452
Investment commitments	8,653	8,456	96	101	—
Operating leases	1,805	241	391	314	859
Other	29,003	28,777	—	—	226
Total	$ 423,583	$ 90,993	$ 34,787	$ 25,319	$ 272,484

Insurance Liabilities

Insurance liabilities include future policy benefits, other policy-related balances, policyholder dividends payable and the policyholder dividend obligation, which are all reported on the consolidated balance sheet and are more fully described in Notes 1 and 4 of the Notes to the Consolidated Financial Statements. The amounts presented reflect future estimated cash payments and (i) are based on mortality, morbidity, lapse and other assumptions comparable with our experience and expectations of future payment patterns; and (ii) consider future premium receipts on current policies in-force. All estimated cash payments presented are undiscounted as to interest, net of estimated future premiums on in-force policies and gross of any reinsurance recoverable. Payment of amounts related to policyholder dividends left on deposit are projected based on assumptions of policyholder withdrawal activity. Because the exact timing and amount of the ultimate policyholder dividend obligation is subject to significant uncertainty and the amount of the policyholder dividend obligation is based upon a long-term projection of the performance of the closed block, we have reflected the obligation at the amount of the liability, if any, presented in the consolidated balance sheet in the more than five years category. Additionally, the more than five years category includes estimated payments due for periods extending for more than 100 years.

The sum of the estimated cash flows shown for all years of $224.8 billion exceeds the liability amounts of $128.5 billion included on the consolidated balance sheet principally due to (i) the time value of money, which accounts for a substantial portion of the difference; and (ii) differences in assumptions, most significantly mortality, between the date the liabilities were initially established and the current date; and are partially offset by liabilities related to accounting conventions, or which are not contractually due, which are excluded.

Actual cash payments may differ significantly from the liabilities as presented in the consolidated balance sheets and the estimated cash payments as presented due to differences between actual experience and the assumptions used in the establishment of these liabilities and the estimation of these cash payments.

For the majority of our insurance operations, estimated contractual obligations for future policy benefits and policyholder account balances, as presented, are derived from the annual asset adequacy analysis used to develop actuarial opinions of statutory reserve adequacy for state regulatory purposes. These cash flows are materially representative of the cash flows under GAAP. See "— Policyholder Account Balances."

Policyholder Account Balances

See Notes 1 and 4 of the Notes to the Consolidated Financial Statements for a description of the components of policyholder account balances. See "— Insurance Liabilities" regarding the source and uncertainties associated with the estimation of the contractual obligations related to future policy benefits and policyholder account balances.

Amounts presented represent the estimated cash payments undiscounted as to interest and including assumptions related to the receipt of future premiums and deposits; withdrawals, including unscheduled or partial withdrawals; policy lapses; surrender charges; annuitization; mortality; future interest credited; policy loans and other contingent events as appropriate for the respective product type. Such estimated cash payments are also presented net of estimated future premiums on policies currently in-force and gross of any reinsurance recoverable. For obligations denominated in foreign currencies, cash payments have been estimated using current spot foreign currency rates.

The sum of the estimated cash flows shown for all years of $133.9 billion exceeds the liability amount of $94.4 billion included on the consolidated balance sheets principally due to (i) the time value of money, which accounts for a substantial portion of the difference; (ii) differences in assumptions, between the date the liabilities were initially established and the current date; and (iii) liabilities related to accounting conventions, or which are not contractually due, which are excluded.

Payables for Collateral Under Securities Loaned and Other Transactions

We have accepted cash collateral in connection with securities lending and derivatives. As the securities lending transactions expire within the next year and the timing of the return of the derivatives collateral is uncertain, the return of the collateral has been included in the one year or less category in the table. We also held non-cash collateral, which is not reflected as a liability in the consolidated balance sheet, of $1.4 billion at December 31, 2015.

Debt

Amounts presented for debt include short-term debt and long-term debt, the total of which differs from the total of the corresponding amounts presented on the consolidated balance sheet due to the following: (i) the amounts presented herein do not include premiums or discounts upon issuance or purchase accounting fair value adjustments; (ii) the amounts presented herein include future interest on such obligations for the period from January 1, 2016 through maturity; and (iii) the amounts presented herein do not include $11 million at December 31, 2015 of long-term debt relating to CSEs as such debt does not represent our contractual obligation. Future interest on variable rate debt was computed using prevailing rates at December 31, 2015 and, as such, does not consider the impact of future rate movements. Future interest on fixed rate debt was computed using the stated rate on the obligations. Total debt at December 31, 2015 included affiliated debt obligations of $2.0 billion.

Investment Commitments

To enhance the return on our investment portfolio, we commit to lend funds under mortgage loans, bank credit facilities, bridge loans and private corporate bond investments and we commit to fund partnership investments. In the table, the timing of the funding of mortgage loans and private corporate bond investments is based on the expiration dates of the corresponding commitments. As it relates to commitments to fund partnerships and bank credit facilities, we anticipate that these amounts could be invested any time over the next five years; however, as the timing of the fulfillment of the obligation cannot be predicted, such obligations are generally presented in the one year or less category. Commitments to fund bridge loans are short-term obligations and, as a result, are presented in the one year or less category. See Note 17 of the Notes to the Consolidated Financial Statements and "— Off-Balance Sheet Arrangements."

Operating Leases

As a lessee, we have various operating leases, primarily for office space. Contractual provisions exist that could increase or accelerate those lease obligations presented, including various leases with early buyouts and/or escalation clauses. However, the impact of any such transactions would not be material to our financial position or results of operations. See Note 17 of the Notes to the Consolidated Financial Statements.

Other

Other obligations presented are principally comprised of amounts due under reinsurance agreements, payables related to securities purchased but not yet settled, securities sold short, accrued interest on debt obligations, estimated fair value of derivative obligations, deferred compensation arrangements, guaranty liabilities, and accruals and accounts payable due under contractual obligations, which are all reported in other liabilities on the consolidated balance sheets. If the timing of any of these other obligations is sufficiently uncertain, the amounts are included within the one year or less category. Items reported in other liabilities on the consolidated balance sheets that were excluded from the table represent accounting conventions or are not liabilities due under contractual obligations. Unrecognized tax benefits and related accrued interest totaling $1.7 billion was excluded as the timing of payment cannot be reliably determined.

Separate account liabilities are excluded as they are fully funded by cash flows from the corresponding separate account assets and are set equal to the estimated fair value of separate account assets.

We also enter into agreements to purchase goods and services in the normal course of business; however, such amounts are excluded as these purchase obligations were not material to our consolidated results of operations or financial position at December 31, 2015.

Additionally, we have agreements in place for services we provide, generally at cost, to subsidiaries and affiliates relating to insurance, reinsurance, loans and capitalization. Intercompany transactions have been eliminated in consolidation. Intercompany transactions among insurance subsidiaries and affiliates have been approved by the appropriate insurance regulators as required.

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.

Non-GAAP and Other Financial Disclosures

In this report, the Company presents certain measures of its performance that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures enhance the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business. The following non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Non-GAAP financial measures:	Comparable GAAP financial measures:
(i) operating revenues	(i) GAAP revenues
(ii) operating expenses	(ii) GAAP expenses
(iii) operating earnings	(iii) income (loss) from continuing operations, net of income tax

Reconciliations of these measures to the most directly comparable GAAP measures are included in "— Results of Operations."

Our definitions of the various non-GAAP and other financial measures discussed in this report may differ from those used by other companies:

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 GMIB fees ("GMIB Fees"); and
- Net investment income: (i) includes investment hedge adjustments which represent earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, and (iv) 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 and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment;
- 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 noncontrolling interests and goodwill impairments.

The following additional information is relevant to an understanding of our performance results:

- 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.
- Allocated equity is defined as the portion of common stockholders' equity that MetLife's management allocates to each of its segments and sub-segments based on local capital requirements and economic capital. See "— Economic Capital."

Subsequent Events

See Note 20 of the Notes to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We have developed an integrated process for managing risk, which we conduct through multiple Board and senior management committees (financial and non-financial) within the GRM, MetLife, Inc.'s ALM Unit, Treasury Department and Investments Department. The risk committee structure is designed to provide a consolidated enterprise-wide assessment and management of risk. MetLife, Inc.'s Enterprise Risk Committee ("ERC") is responsible for reviewing all material risks to the enterprise and deciding on actions, if necessary, in the event risks exceed desired tolerances, taking into consideration industry best practices and the current environment to resolve or mitigate those risks. Additional committees at the MetLife, Inc. and subsidiary insurance company level that manage capital and risk positions, approve ALM strategies and establish corporate business standards, report to the ERC.

Global Risk Management

Independent from the lines of business, the centralized GRM, led by MetLife, Inc.'s Chief Risk Officer ("CRO") collaborates and coordinates across all committees to ensure that all material risks are properly identified, measured, aggregated and reported across the Company. The CRO reports to MetLife, Inc.'s Chief Executive Officer and is primarily responsible for maintaining and communicating the Company's enterprise risk policies and for monitoring and analyzing all material risks.

GRM considers and monitors a full range of risks against the Company's solvency, liquidity, earnings, business operations and reputation. GRM's primary responsibilities consist of:

- implementing a corporate risk framework, which outlines MetLife's approach for managing risk;
- 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 basis;
- recommending capital allocations on an economic capital basis; and
- reporting to (i) the Finance and Risk Committee of MetLife, Inc.'s Board of Directors; (ii) the Investment Committee of MetLife, Inc.'s Board of Directors; and (iii) the financial and non-financial senior management committees on various aspects of risk.

Asset/Liability Management

We actively manage our 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 the ALM Unit, GRM, the Portfolio Management Unit, and the senior members of MetLife's business segments and is governed by the ALM Committees. The 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. Generally, the ALM Steering Committee oversees the activities of the underlying ALM Committees. The ALM Steering Committee reports to the ERC.

MetLife establishes target asset portfolios for each major insurance product, which represent the investment strategies used to profitably fund our liabilities within acceptable levels of risk. The ALM Working Groups monitor these strategies through regular review of portfolio metrics, such as effective duration, yield curve sensitivity, convexity, liquidity, asset sector concentration and credit quality.

Market Risk Exposures

We regularly analyze our exposure to interest rate, equity market price and foreign currency exchange rate risks. As a result of that analysis, we have 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. We have exposure to market risk through our 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

Our exposure to interest rate changes results most significantly from our holdings of fixed maturity securities, as well as our interest rate sensitive liabilities. The fixed maturity securities include U.S. and foreign government bonds, securities issued by government agencies, corporate bonds, mortgage-backed securities and ABS, 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, policyholder account balances 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. We employ product design, pricing and ALM strategies to reduce the potential 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 crediting rates for certain products. ALM strategies include the use of derivatives and duration mismatch limits. See "Risk Factors — Economic Environment and Capital Markets-Related Risks — We Are Exposed to Significant Global Financial and Capital Markets Risks 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."

Foreign Currency Exchange Rates

Our exposure to fluctuations in foreign currency exchange rates against the U.S. dollar results from our holdings in non-U.S. dollar denominated fixed maturity and equity securities, mortgage loans, and certain liabilities. The principal currencies that create foreign currency exchange rate risk in our investment portfolios and liabilities are the British pound, the Euro and the Canadian dollar. See "Risk Factors — Risks Related to Our Business — Fluctuations in Foreign Currency Exchange Rates Could Negatively Affect Our Profitability."

Equity Market

Along with investments in equity securities, we have 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 and certain policyholder account balances. 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. We also manage equity market risk exposure in our investment portfolio through the use of derivatives. Equity exposures associated with other limited partnership interests are excluded from this discussion as they are not considered financial instruments under GAAP.

Management of Market Risk Exposures

We use a variety of strategies to manage interest rate, foreign currency exchange rate and equity market risk, including the use of derivatives.

Interest Rate Risk Management

To manage interest rate risk, we analyze 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 derivatives. These projections involve evaluating the potential gain or loss on most of our in-force business under various increasing and decreasing interest rate environments. The Department of Financial Services regulations require that we perform some of these analyses annually as part of our review of the sufficiency of our regulatory reserves. For several of our legal entities, we maintain 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 and any non-invested assets allocated to the segment are maintained, with any excess allocated to Corporate & Other. 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. We measure relative sensitivities of the value of our assets and liabilities to changes in key assumptions utilizing internal 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 loan 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 we intend 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 group products, we may support such liabilities with equity investments, derivatives or interest rate curve mismatch strategies.

Foreign Currency Exchange Rate Risk Management

We assume foreign currency exchange rate risk primarily in two ways: purchases of foreign currency denominated investments and the sale of certain insurance products.

- The Investments Department is responsible for managing the exposure to foreign currency denominated investments. Exposure limits to unhedged foreign currency investments are incorporated into the standing authorizations granted to management by the Investment Committee of the Board of Directors of Metropolitan Life Insurance Company and are reported to the Investment Committee on a periodic basis.
- Management of each of the Company's segments, with oversight from GRM's Foreign Exchange Committee, is responsible for establishing limits and managing any foreign currency exchange rate exposure caused by the sale or issuance of insurance products.

We use foreign currency swaps and forwards to mitigate the liability exposure, risk of loss and financial statement volatility associated with foreign currency denominated fixed income investments and the sale of certain insurance products.

Equity Market Risk Management

The issuance of variable annuities exposes us to market risk. This risk is managed by the ALM Unit in partnership with the Investments Department. Equity market risk is also assumed through our investment in equity securities and is managed by the Investments Department. We use derivatives to mitigate our equity exposure both in certain liability guarantees such as variable annuities with guaranteed minimum benefit and equity securities. These derivatives include exchange-traded equity futures, equity index options contracts, equity variance swaps, and total rate of return swaps ("TRRs"). We also employ reinsurance to manage these exposures.

Hedging Activities

We use derivative contracts primarily to hedge a wide range of risks including interest rate risk, foreign currency exchange rate risk, and equity market risk. Derivative hedges are designed to reduce risk on an economic basis while considering their impact on accounting results and GAAP and statutory capital. Our 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. Our use of derivatives by major hedge programs is as follows:

- Risks Related to Living Guarantee Benefits — We use a wide range of derivative contracts to mitigate the risk associated with variable annuity living guarantee benefits. These derivatives include equity and interest rate futures, interest rate swaps, currency futures/forwards, equity indexed options and interest rate option contracts, equity variance swaps and TRRs.
- Minimum Interest Rate Guarantees — For certain liability contracts, we provide the contractholder a guaranteed minimum interest rate. These contracts include certain fixed annuities and other insurance liabilities. We purchase 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. Hedges include interest rate swaps and swaptions.
- Foreign Currency Exchange Rate Risk — We use currency swaps, forwards and options to hedge foreign currency exchange rate risk. These hedges primarily swap foreign currency denominated bonds or equity market exposures to U.S. dollars.
- General ALM Hedging Strategies — In the ordinary course of managing our asset/liability risks, we use 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

We measure market risk related to our market sensitive assets and liabilities based on changes in interest rates, equity market 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. We believe 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, we used market rates at December 31, 2015. The sensitivity analysis separately calculates each of our market risk exposures (interest rate, equity market and foreign currency exchange rate) relating to our trading and non-trading assets and liabilities. We modeled the impact of changes in market rates and prices on the estimated fair values of our market sensitive assets and liabilities as follows:

- the net present values of our interest rate sensitive exposures resulting from a 10% change (increase or decrease) in interest rates;
- the U.S. dollar equivalent of estimated fair values of our foreign currency exposures due to a 10% change (increase or decrease) in foreign currency exchange rates; and
- the estimated fair value of our 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 our future financial performance. We cannot ensure that our 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 mortgage loans;
- 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 liabilities pursuant to insurance contracts and real estate holdings; and
- the model assumes that the composition of assets and liabilities remains unchanged throughout the period.

Accordingly, we use such models as tools and not as substitutes for the experience and judgment of our management. Based on our analysis of the impact of a 10% change (increase or decrease) in market rates and prices, we have 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 market exposures.

The table below illustrates the potential loss in estimated fair value for each market risk exposure of our market sensitive assets and liabilities at:

	December 31, 2015
	(In millions)
Non-trading:	
Interest rate risk	$ 3,099
Foreign currency exchange rate risk	$ 160
Equity market risk	$ 24
Trading:	
Interest rate risk	$ 2

Table of Contents

The table below provides additional detail regarding the potential loss in estimated fair value of our trading and non-trading interest sensitive financial instruments by type of asset or liability at:

	December 31, 2015		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Increase in the Yield Curve
		(In millions)	
Assets			
Fixed maturity securities		$ 175,686	$ (2,792)
Equity securities		$ 1,949	—
Trading and fair value option securities		$ 419	(5)
Mortgage loans		$ 54,969	(328)
Policy loans		$ 9,869	(125)
Short-term investments		$ 5,595	—
Other invested assets		$ 2,399	(12)
Cash and cash equivalents		$ 4,651	—
Accrued investment income		$ 2,250	—
Premiums, reinsurance and other receivables		$ 14,839	(859)
Net embedded derivatives within asset host contracts (2)		$ 712	(56)
Total assets			$ (4,177)
Liabilities (3)			
Policyholder account balances		$ 73,506	$ 318
Payables for collateral under securities loaned and other transactions		$ 21,937	—
Short-term debt		$ 100	—
Long-term debt		$ 1,912	31
Other liabilities:			
Trading liabilities		$ 153	3
Other		$ 20,205	1,165
Net embedded derivatives within liability host contracts (2)		$ 526	130
Total liabilities			$ 1,647
Derivative Instruments			
Interest rate swaps	$ 58,538	$ 4,008	$ (469)
Interest rate floors	$ 13,701	$ 242	(22)
Interest rate caps	$ 55,136	$ 65	23
Interest rate futures	$ 2,023	$ (2)	(2)
Interest rate options	$ 2,295	$ 223	(53)
Interest rate forwards	$ 70	$ 15	(5)
Synthetic GICs	$ 4,216	$ —	—
Foreign currency swaps	$ 28,971	$ 164	(32)
Foreign currency forwards	$ 3,014	$ 47	(2)
Credit default swaps	$ 7,396	$ 60	—
Equity futures	$ 1,452	$ 15	—
Equity index options	$ 7,364	$ (23)	(9)
Equity variance swaps	$ 5,676	$ (98)	—
Total rate of return swaps	$ 952	$ 2	—
Total derivative instruments			(571)
Net Change			$ (3,101)

(1) Separate account assets and liabilities, which are interest rate sensitive, are not included herein as any interest rate risk is borne by the contractholder. Trading and FVO securities and long-term debt exclude $12 million and $11 million, respectively, related to CSEs. See Note 8 of the Notes to the Consolidated Financial Statements for information regarding CSEs.

(2) Embedded derivatives are recognized in the consolidated balance sheet in the same caption as the host contract.

(3) Excludes $126.1 billion of liabilities, at carrying value, pursuant to insurance contracts reported within future policy benefits and other policy-related balances. These liabilities would economically offset a significant portion of the net change in fair value of our financial instruments resulting from a 10% increase in the yield curve.

Interest rate risk increased by $404 million, or 15%, to $3.1 billion at December 31, 2015 from $2.7 billion at December 31, 2014. This change was due to increases of (i) $269 million due to an increase in interest rates across the U.S. Treasury curves, (ii) $96 million due to the net impact of reinsurance and affiliated embedded derivatives and (iii) $39 million due to the use of derivatives by the Company.

The table below provides additional detail regarding the potential loss in estimated fair value of our portfolio due to a 10% change in foreign currency exchange rates by type of asset or liability at:

	December 31, 2015		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Decrease in the Foreign Exchange Rate
		(In millions)	
Assets			
Fixed maturity securities		$ 175,686	$ 1,242
Equity securities		$ 1,949	—
Trading and fair value option securities		$ 419	—
Mortgage loans		$ 54,969	473
Policy loans		$ 9,869	—
Short-term investments		$ 5,595	45
Other invested assets		$ 2,399	—
Cash and cash equivalents		$ 4,651	—
Accrued investment income		$ 2,250	—
Premiums, reinsurance and other receivables		$ 14,839	—
Net embedded derivatives within asset host contracts (2)		$ 712	—
Total assets			$ 1,760
Liabilities (3)			
Policyholder account balances		$ 73,506	$ (1,312)
Payables for collateral under securities loaned and other transactions		$ 21,937	—
Long-term debt		$ 1,912	—
Other liabilities		$ 20,358	—
Net embedded derivatives within liability host contracts (2)		$ 526	—
Total liabilities			$ (1,312)
Derivative Instruments			
Interest rate swaps	$ 58,538	$ 4,008	$ (1)
Interest rate floors	$ 13,701	$ 242	—
Interest rate caps	$ 55,136	$ 65	—
Interest rate futures	$ 2,023	$ (2)	—
Interest rate options	$ 2,295	$ 223	—
Interest rate forwards	$ 70	$ 15	—
Synthetic GICs	$ 4,216	$ —	—
Foreign currency swaps	$ 28,971	$ 164	(578)
Foreign currency forwards	$ 3,014	$ 47	(34)
Credit default swaps	$ 7,396	$ 60	1
Equity futures	$ 1,452	$ 15	—
Equity index options	$ 7,364	$ (23)	4
Equity variance swaps	$ 5,676	$ (98)	—
Total rate of return swaps	$ 952	$ 2	—
Total derivative instruments			(608)
Net Change			$ (160)

(1) Does not necessarily represent those financial instruments solely subject to foreign currency exchange rate risk. Separate account assets and liabilities, which are foreign currency exchange rate sensitive, are not included herein as any foreign currency exchange rate risk is borne by the contractholder. Trading and FVO securities and long-term debt exclude $12 million and $11 million, respectively, related to CSEs. See Note 8 of the Notes to the Consolidated Financial Statements for information regarding CSEs.

(2) Embedded derivatives are recognized in the consolidated balance sheet in the same caption as the host contract.

(3) Excludes $126.1 billion of liabilities, at carrying value, pursuant to insurance contracts reported within future policy benefits and other policy-related balances. These liabilities would economically offset a significant portion of the net change in fair value of our financial instruments resulting from a 10% decrease in foreign currency exchange rates.

Foreign currency exchange rate risk increased by $2 million to $160 million at December 31, 2015 from $158 million at December 31, 2014. This change was due to an $82 million increase in foreign currency exposure due to the use of derivatives, offset by an $80 million decrease in foreign currency exposure due to a higher foreign currency denominated base.

The table below provides additional detail regarding the potential loss in estimated fair value of our portfolio due to a 10% change in equity by type of asset or liability at:

	December 31, 2015		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Decrease in Equity Prices
		(In millions)	
Assets			
Equity securities		$ 1,949	$ (195)
Net embedded derivatives within asset host contracts (2)		$ 712	55
Total assets			(140)
Liabilities			
Policyholder account balances		$ 73,506	—
Net embedded derivatives within liability host contracts (2)		$ 526	(226)
Total liabilities			$ (226)
Derivative Instruments			
Interest rate swaps	$ 58,538	$ 4,008	$ —
Interest rate floors	$ 13,701	$ 242	—
Interest rate caps	$ 55,136	$ 65	—
Interest rate futures	$ 2,023	$ (2)	—
Interest rate options	$ 2,295	$ 223	—
Interest rate forwards	$ 70	$ 15	—
Synthetic GICs	$ 4,216	$ —	—
Foreign currency swaps	$ 28,971	$ 164	—
Foreign currency forwards	$ 3,014	$ 47	—
Credit default swaps	$ 7,396	$ 60	—
Equity futures	$ 1,452	$ 15	147
Equity index options	$ 7,364	$ (23)	95
Equity variance swaps	$ 5,676	$ (98)	5
Total rate of return swaps	$ 952	$ 2	95
Total derivative instruments			342
Net Change			$ (24)

(1) Does not necessarily represent those financial instruments solely subject to equity price risk. Additionally, separate account assets and liabilities, which are equity market sensitive, are not included herein as any equity market risk is borne by the contractholder.

(2) Embedded derivatives are recognized in the consolidated balance sheet in the same caption as the host contract.

Equity price risk decreased by $13 million to $24 million at December 31, 2015 from $37 million at December 31, 2014. This decrease was due to the decrease in our equity securities portfolio and the net impact of derivatives used by the Company.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements, Notes and Schedules

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Metropolitan Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Metropolitan Life Insurance Company and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index to Consolidated Financial Statements, Notes 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 Metropolitan Life Insurance Company and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, 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.

/s/ DELOITTE & TOUCHE LLP
New York, New York
March 24, 2016

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Balance Sheets
December 31, 2015 and 2014

(In millions, except share and per share data)

	2015	2014
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $168,361 and $173,604, respectively; includes $103 and $160, respectively, relating to variable interest entities)	$ 175,686	$ 188,911
Equity securities available-for-sale, at estimated fair value (cost: $1,985 and $1,926, respectively)	1,949	2,065
Trading and fair value option securities, at estimated fair value (includes $404 and $654, respectively, of actively traded securities; and $13 and $15, respectively, relating to variable interest entities)	431	705
Mortgage loans (net of valuation allowances of $257 and $258, respectively; includes $314 and $308, respectively, under the fair value option)	53,722	49,059
Policy loans	8,134	8,491
Real estate and real estate joint ventures (includes $0 and $8, respectively, relating to variable interest entities; includes $42 and $78, respectively, of real estate held-for-sale)	6,008	7,874
Other limited partnership interests (includes $27 and $34, respectively, relating to variable interest entities)	4,088	4,926
Short-term investments, principally at estimated fair value	5,595	4,474
Other invested assets (includes $43 and $56, respectively, relating to variable interest entities)	16,869	14,209
Total investments	272,482	280,714
Cash and cash equivalents, principally at estimated fair value (includes $1 and $2, respectively, relating to variable interest entities)	4,651	1,993
Accrued investment income (includes $1 and $3, respectively, relating to variable interest entities)	2,250	2,293
Premiums, reinsurance and other receivables (includes $2 and $2, respectively, relating to variable interest entities)	23,722	23,439
Deferred policy acquisition costs and value of business acquired	6,043	5,975
Current income tax recoverable	36	—
Other assets (includes $3 and $4, respectively, relating to variable interest entities)	4,397	4,469
Separate account assets	135,939	139,335
Total assets	$ 449,520	$ 458,218
Liabilities and Equity		
Liabilities		
Future policy benefits	$ 118,914	$ 117,402
Policyholder account balances	94,420	95,902
Other policy-related balances	7,201	5,840
Policyholder dividends payable	624	615
Policyholder dividend obligation	1,783	3,155
Payables for collateral under securities loaned and other transactions	21,937	24,167
Short-term debt	100	100
Long-term debt (includes $61 and $91, respectively, at estimated fair value, relating to variable interest entities)	1,715	2,027
Current income tax payable	—	44
Deferred income tax liability	2,888	3,835
Other liabilities (includes $2 and $17, respectively, relating to variable interest entities)	32,755	33,447
Separate account liabilities	135,939	139,335
Total liabilities	418,276	425,869
Contingencies, Commitments and Guarantees (Note 17)		
Equity		
Metropolitan Life Insurance Company stockholder's equity:		
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 494,466,664 shares issued and outstanding	5	5
Additional paid-in capital	14,444	14,448
Retained earnings	13,738	12,470
Accumulated other comprehensive income (loss)	2,685	5,034
Total Metropolitan Life Insurance Company stockholder's equity	30,872	31,957
Noncontrolling interests	372	392
Total equity	31,244	32,349
Total liabilities and equity	$ 449,520	$ 458,218

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Operations
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Revenues			
Premiums	$ 21,934	$ 21,384	$ 20,475
Universal life and investment-type product policy fees	2,584	2,466	2,363
Net investment income	11,577	11,893	11,785
Other revenues	1,536	1,808	1,699
Net investment gains (losses):			
Other-than-temporary impairments on fixed maturity securities	(49)	(16)	(81)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(5)	(10)	(47)
Other net investment gains (losses)	313	169	176
Total net investment gains (losses)	259	143	48
Net derivative gains (losses)	881	1,037	(1,070)
Total revenues	38,771	38,731	35,300
Expenses			
Policyholder benefits and claims	24,527	23,855	23,032
Interest credited to policyholder account balances	2,183	2,174	2,253
Policyholder dividends	1,264	1,240	1,205
Other expenses	6,258	6,071	5,988
Total expenses	34,232	33,340	32,478
Income (loss) from continuing operations before provision for income tax	4,539	5,391	2,822
Provision for income tax expense (benefit)	1,782	1,532	681
Income (loss) from continuing operations, net of income tax	2,757	3,859	2,141
Income (loss) from discontinued operations, net of income tax	—	(3)	1
Net income (loss)	2,757	3,856	2,142
Less: Net income (loss) attributable to noncontrolling interests	—	(5)	(7)
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 2,757	$ 3,861	$ 2,149

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Net income (loss)	$ 2,757	$ 3,856	$ 2,142
Other comprehensive income (loss):			
Unrealized investment gains (losses), net of related offsets	(4,434)	4,165	(3,337)
Unrealized gains (losses) on derivatives	559	1,288	(691)
Foreign currency translation adjustments	(101)	(44)	22
Defined benefit plans adjustment	342	(1,001)	1,191
Other comprehensive income (loss), before income tax	(3,634)	4,408	(2,815)
Income tax (expense) benefit related to items of other comprehensive income (loss)	1,285	(1,532)	965
Other comprehensive income (loss), net of income tax	(2,349)	2,876	(1,850)
Comprehensive income (loss)	408	6,732	292
Less: Comprehensive income (loss) attributable to noncontrolling interest, net of income tax	—	(5)	(7)
Comprehensive income (loss) attributable to Metropolitan Life Insurance Company	$ 408	$ 6,737	$ 299

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Equity
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Metropolitan Life Insurance Company Stockholder's Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2012	$ 5	$ 14,510	$ 8,631	$ 4,008	$ 27,154	$ 292	$ 27,446
Capital contributions from MetLife, Inc.		3			3		3
Excess tax benefits related to stock-based compensation		2			2		2
Dividends paid to MetLife, Inc.			(1,428)		(1,428)		(1,428)
Change in equity of noncontrolling interests					—	(35)	(35)
Net income (loss)			2,149		2,149	(7)	2,142
Other comprehensive income (loss), net of income tax				(1,850)	(1,850)		(1,850)
Balance at December 31, 2013	5	14,515	9,352	2,158	26,030	250	26,280
Capital contributions from MetLife, Inc.		4			4		4
Returns of capital		(76)			(76)		(76)
Excess tax benefits related to stock-based compensation		5			5		5
Dividends paid to MetLife, Inc.			(708)		(708)		(708)
Dividend of subsidiary (Note 3)			(35)		(35)		(35)
Change in equity of noncontrolling interests					—	147	147
Net income (loss)			3,861		3,861	(5)	3,856
Other comprehensive income (loss), net of income tax				2,876	2,876		2,876
Balance at December 31, 2014	5	14,448	12,470	5,034	31,957	392	32,349
Capital contributions from MetLife, Inc.		4			4		4
Returns of capital		(11)			(11)		(11)
Excess tax benefits related to stock-based compensation		3			3		3
Dividends paid to MetLife, Inc.			(1,489)		(1,489)		(1,489)
Change in equity of noncontrolling interests					—	(20)	(20)
Net income (loss)			2,757		2,757		2,757
Other comprehensive income (loss), net of income tax				(2,349)	(2,349)		(2,349)
Balance at December 31, 2015	$ 5	$ 14,444	$ 13,738	$ 2,685	$ 30,872	$ 372	$ 31,244

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Cash flows from operating activities			
Net income (loss)	$ 2,757	$ 3,856	$ 2,142
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expenses	474	460	429
Amortization of premiums and accretion of discounts associated with investments, net	(848)	(664)	(738)
(Gains) losses on investments and from sales of businesses, net	(259)	(138)	(49)
(Gains) losses on derivatives, net	(426)	(902)	1,059
(Income) loss from equity method investments, net of dividends or distributions	320	374	195
Interest credited to policyholder account balances	2,183	2,174	2,253
Universal life and investment-type product policy fees	(2,584)	(2,466)	(2,363)
Change in trading and fair value option securities	278	2	25
Change in accrued investment income	113	242	108
Change in premiums, reinsurance and other receivables	(135)	711	(368)
Change in deferred policy acquisition costs and value of business acquired, net	260	271	(82)
Change in income tax	257	229	334
Change in other assets	763	465	471
Change in insurance-related liabilities and policy-related balances	2,628	2,672	3,032
Change in other liabilities	(499)	(1,086)	(381)
Other, net	(16)	1	(7)
Net cash provided by (used in) operating activities	5,266	6,201	6,060
Cash flows from investing activities			
Sales, maturities and repayments of:			
Fixed maturity securities	82,744	63,068	71,396
Equity securities	651	186	206
Mortgage loans	11,189	11,605	10,655
Real estate and real estate joint ventures	2,734	976	87
Other limited partnership interests	1,185	375	449
Purchases of:			
Fixed maturity securities	(76,594)	(69,256)	(70,760)
Equity securities	(694)	(173)	(461)
Mortgage loans	(16,268)	(14,769)	(12,032)
Real estate and real estate joint ventures	(823)	(1,876)	(1,427)
Other limited partnership interests	(668)	(773)	(675)
Cash received in connection with freestanding derivatives	1,039	740	560
Cash paid in connection with freestanding derivatives	(1,012)	(1,050)	(1,171)
Dividend of subsidiary	—	(49)	—
Receipts on loans to affiliates	—	75	—
Issuances of loans to affiliates	—	(100)	—
Purchases of loans to affiliates	—	(437)	—
Net change in policy loans	357	(70)	(57)
Net change in short-term investments	(1,117)	1,472	900
Net change in other invested assets	(603)	(254)	(460)
Net change in property, equipment and leasehold improvements	23	(140)	(76)
Other, net	—	17	—
Net cash provided by (used in) investing activities	$ 2,143	$ (10,433)	$ (2,866)

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.) — (continued)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Cash flows from financing activities			
Policyholder account balances:			
Deposits	$ 60,216	$ 54,902	$ 50,018
Withdrawals	(61,248)	(51,210)	(52,020)
Net change in payables for collateral under securities loaned and other transactions	(2,230)	3,071	(1,365)
Net change in short-term debt	—	(320)	75
Long-term debt issued	907	4	481
Long-term debt repaid	(673)	(390)	(27)
Cash received in connection with redeemable noncontrolling interests	—	—	774
Cash paid in connection with noncontrolling interests	(159)	—	—
Dividends paid to MetLife, Inc.	(1,489)	(708)	(1,428)
Returns of capital	(11)	—	—
Other, net	(64)	(222)	(5)
Net cash provided by (used in) financing activities	(4,751)	5,127	(3,497)
Change in cash and cash equivalents	2,658	895	(303)
Cash and cash equivalents, beginning of year	1,993	1,098	1,401
Cash and cash equivalents, end of year	$ 4,651	$ 1,993	$ 1,098
Supplemental disclosures of cash flow information			
Net cash paid (received) for:			
Interest	$ 123	$ 150	$ 152
Income tax	$ 1,217	$ 1,304	$ 822
Non-cash transactions:			
Capital contributions from MetLife, Inc.	$ 4	$ 4	$ 3
Fixed maturity securities received in connection with pension risk transfer transactions	$ 903	$ —	$ —
Deconsolidation of real estate investment vehicles (1):			
Reduction of redeemable noncontrolling interests	$ —	$ 774	$ —
Reduction of long-term debt	$ 543	$ 413	$ —
Reduction of real estate and real estate joint ventures	$ 389	$ 1,132	$ —
Increase in noncontrolling interests	$ 153	$ —	$ —
Issuance of short-term debt	$ —	$ 245	$ —
Returns of capital	$ —	$ 76	$ —
Disposal of subsidiary:			
Assets disposed	$ —	$ 69	$ —
Liabilities disposed	—	(34)	—
Net assets disposed	—	35	—
Cash disposed	—	(49)	—
Dividend of interests in subsidiary	—	14	—
Loss on dividend of interests in subsidiary	$ —	$ —	$ —

____

(1) For the year ended December 31, 2015, amounts represent the impact of the consolidation of a real estate investment vehicle, offset by the subsequent deconsolidation of such real estate investment vehicle. See Note 8 for information on the 2014 amounts.

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(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

Metropolitan Life Insurance Company and its subsidiaries (collectively, "MLIC" or the "Company") is a provider of life insurance, annuities, employee benefits and asset management and is organized into three segments: Retail; Group, Voluntary & Worksite Benefits; and Corporate Benefit Funding. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "MetLife").

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 on the consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions 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 estimates.

Consolidation

The accompanying consolidated financial statements include the accounts of Metropolitan Life Insurance Company and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

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.

Discontinued Operations

The results of operations of a component of the Company that has either been disposed of or is classified as held-for-sale are reported in discontinued operations if certain criteria are met. Effective January 1, 2014, the Company adopted new guidance regarding reporting of discontinued operations for disposals or classifications as held-for-sale that have not been previously reported on the consolidated financial statements. A disposal of a component is reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results.

Separate Accounts

Separate accounts are established in conformity with insurance laws. Generally, the assets of the separate accounts cannot be used to settle the 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. The Company reports separately, as assets and liabilities, investments held in separate accounts and liabilities of the separate accounts if:

- such separate accounts are legally recognized;
- assets supporting the contract liabilities are legally insulated from the Company's general account liabilities;
- investments are directed by the contractholder; and
- all investment performance, net of contract fees and assessments, is passed through to the contractholder.

The Company reports separate account assets at their fair value, which is based on the estimated fair values of the underlying assets comprising the individual separate account portfolios. 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 on the 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.

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 on the statements of operations.

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

Reclassifications

Certain amounts in the prior years' consolidated financial statements and related footnotes thereto have been reclassified to conform with the current year presentation as discussed throughout the Notes to the Consolidated Financial Statements.

Summary of Significant Accounting Policies

The following are the Company's significant accounting policies with references to notes providing additional information on such policies and critical accounting estimates relating to such policies.

Accounting Policy	Note
Insurance	4
Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles	5
Reinsurance	6
Investments	8
Derivatives	9
Fair Value	10
Employee Benefit Plans	15
Income Tax	16
Litigation Contingencies	17

Insurance

Future Policy Benefit Liabilities and Policyholder Account Balances

The Company establishes liabilities for amounts payable under insurance policies. 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, 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. 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 the establishment of premium deficiency reserves. Such reserves are determined based on the then current assumptions and do not include a provision for adverse deviation.

Premium deficiency reserves may also be established for short duration contracts to provide for expected future losses. These reserves are based on actuarial estimates of the amount of loss inherent in that period, including losses incurred for which claims have not been reported. The provisions for unreported claims are calculated using studies that measure the historical length of time between the incurred date of a claim and its eventual reporting to the Company. Anticipated investment income is considered in the calculation of premium deficiency losses for short duration contracts.

Liabilities for universal and variable life secondary guarantees and paid-up 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 and paid-up guarantee liabilities are consistent with those used for amortizing deferred policy acquisition costs ("DAC"), and are thus subject to the same variability and risk as further discussed herein. The assumptions of investment performance and volatility for variable products are consistent with historical experience of appropriate underlying equity indices, such as the Standard & Poor's Ratings Services ("S&P") 500 Index. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

The Company regularly reviews its estimates of liabilities for future policy benefits and compares them with its actual experience. Differences result in changes to the liability balances with related charges or credits to benefit expenses in the period in which the changes occur.

Policyholder account balances relate to contracts or contract features where the Company has no significant insurance risk.

The Company issues directly and assumes through 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. 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 split and accounted for under both models.

Guarantees accounted for as insurance liabilities in future policy benefits include guaranteed minimum death benefits (“GMDBs”), the portion of guaranteed minimum income benefits (“GMIBs”) that require annuitization, and the life-contingent portion of guaranteed minimum withdrawal benefits (“GMWBs”).

Guarantees accounted for as embedded derivatives in policyholder account balances include the non life-contingent portion of GMWBs, guaranteed minimum accumulation benefits (“GMABs”) and the portion of GMIBs that do not require annuitization. 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.

Other Policy-Related Balances

Other policy-related balances include policy and contract claims, unearned revenue liabilities, premiums received in advance, policyholder dividends due and unpaid, policyholder dividends left on deposit and obligations assumed under structured settlement assignments.

The liability for policy and contract claims generally relates to incurred but not reported death, disability, long-term care and dental 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 analyses of historical patterns of claims by business line. 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 and margins, similar to DAC as discussed further herein. Such amortization is recorded in universal life and investment-type product policy fees.

The Company accounts for the prepayment of premiums on its individual life, group life and health contracts as premiums received in advance and applies the cash received to premiums when due.

See Note 4 for additional information on obligations assumed under structured settlement assignments.

Recognition of Insurance Revenues and Deposits

Premiums related to traditional life and annuity contracts with life contingencies are recognized as revenues when due from policyholders. Policyholder benefits and expenses are provided to recognize profits over the estimated lives of the insurance 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 earnings in a constant relationship to insurance in-force or, for annuities, the amount of expected future policy benefit payments.

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

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 policyholder account balances. Revenues from such contracts consist of fees 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 earnings include interest credited and benefit claims incurred in excess of related policyholder account balances.

Premiums, policy fees, policyholder benefits and expenses are presented net of reinsurance.

Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

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 capitalized as DAC. Such costs include:

- incremental direct costs of contract acquisition, such as commissions;
- 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; and
- other essential direct costs that would not have been incurred had a policy not been acquired or renewed.

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 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.

DAC and VOBA are amortized as follows:

Products:	In proportion to the following over estimated lives of the contracts:
• Nonparticipating and non-dividend-paying traditional contracts: • Term insurance • Nonparticipating whole life insurance • Traditional group life insurance • Non-medical health insurance	Actual and expected future gross premiums.
• Participating, dividend-paying traditional contracts	Actual and expected future gross margins.
• Fixed and variable universal life contracts • Fixed and variable deferred annuity contracts	Actual and expected future gross profits.

See Note 5 for additional information on DAC and VOBA amortization. Amortization of DAC and VOBA is included in other expenses.

The recovery of DAC and VOBA is dependent upon the future profitability of the related business. DAC and VOBA are aggregated in the financial statements for reporting purposes.

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

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 potential recoverability issue exists, the Company reviews deferred sales inducements ("DSI") to determine the recoverability of the asset.

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 business combinations 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 possible impairment exists, the Company reviews VODA and VOCRA to determine whether the asset is impaired.

Reinsurance

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. Cessions under reinsurance agreements do not discharge the Company's obligations as the primary insurer. The Company reviews all contractual features, including 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 when there is a gain at inception on the ceding entity and to other liabilities when there is a loss at inception. The net cost of reinsurance is recognized as a component of other expenses when there is a gain at inception and as policyholder benefits and claims when there is a loss and is subsequently amortized on a basis consistent with the methodology used for amortizing DAC related to the underlying reinsured contracts. 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) premiums, reinsurance and other receivables (future policy benefits) are established.

For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts paid (received) are recorded as ceded (assumed) premiums and ceded (assumed) unearned premiums. Unearned premiums are reflected as a component of premiums, reinsurance and other receivables (future policy benefits). Such amounts are amortized through earned premiums over the remaining contract period in proportion to the amount of insurance protection provided. For retroactive reinsurance of short-duration contracts that meet the criteria of reinsurance accounting, amounts paid (received) in excess of the related insurance liabilities ceded (assumed) are recognized immediately as a loss and are reported in the appropriate line item within the statement of operations. Any gain on such retroactive agreement is deferred and is amortized as part of DAC, primarily using the recovery method.

Amounts currently recoverable under reinsurance agreements are included in premiums, reinsurance and other receivables and amounts currently payable are included in other liabilities. 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 recoverable balances could become uncollectible. In such instances, reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance.

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

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. With respect to GMIBs, a portion of the directly written GMIBs are accounted for as insurance liabilities, but the associated reinsurance agreements contain embedded derivatives. These embedded derivatives are included in premiums, reinsurance and other receivables with changes in estimated fair value reported in net derivative gains (losses).

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. Certain assumed GMWB, GMAB and GMIB are also accounted for as embedded derivatives with changes in estimated fair value reported in net derivative gains (losses).

Investments

Net Investment Income and Net Investment Gains (Losses)

Income from investments is reported within net investment income, unless otherwise stated herein. Gains and losses on sales of investments, impairment losses and changes in valuation allowances are reported within net investment gains (losses), unless otherwise stated herein.

Fixed Maturity and Equity Securities

The majority of the Company's fixed maturity and equity securities are classified as available-for-sale ("AFS") 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) ("OCI"), net of policy-related amounts and deferred income taxes. All security transactions are recorded on a trade date basis. Investment gains and losses on sales are determined on a specific identification basis.

Interest income and prepayment fees are recognized when earned. Interest income is recognized using an effective yield method giving effect to amortization of premiums and accretion of discounts. Dividends on equity securities are recognized when declared.

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, as well as an analysis of the gross unrealized losses by severity and/or age as described in Note 8 "— Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities."

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. When either: (i) the Company has the intent to sell the security; or (ii) it is more likely than not that the Company will be required to sell the security before recovery, the OTTI recognized in earnings is the entire difference between the security's amortized cost and estimated fair value. If neither of these conditions exists, the difference between the amortized cost of the 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 OCI.

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

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 recovery to an amount at least equal to cost prior to the sale is not expected, the security will be deemed to be other-than-temporarily impaired in the period that the sale decision was made and an OTTI loss will be recorded in earnings. The OTTI loss recognized is the entire difference between the security's cost and its estimated fair value.

Trading and Fair Value Option Securities

Trading and fair value option ("FVO") securities are stated at estimated fair value and include investments that are actively purchased and sold ("Actively traded securities") and investments for which the FVO has been elected ("FVO securities").

Changes in estimated fair value of these securities are included in net investment income, except for certain securities included in FVO securities where changes are included in net investment gains (losses).

Mortgage Loans

The Company disaggregates its mortgage loan investments into three portfolio segments: commercial, agricultural and residential. The accounting policies that are applicable to all portfolio segments are presented below and the accounting policies related to each of the portfolio segments are included in Note 8.

Mortgage loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, deferred fees or expenses, and are net of valuation allowances. Interest income and prepayment fees are recognized when earned. Interest income is recognized using an effective yield method giving effect to amortization of premiums and accretion of discounts.

Also included in mortgage loans are residential mortgage loans for which the FVO was elected. These mortgage loans are stated at estimated fair value. Changes in estimated fair value are recognized in net investment income.

Policy Loans

Policy loans are stated at unpaid principal balances. Interest income is recorded as earned using the contractual interest rate. Generally, accrued interest is capitalized on the policy's anniversary date. Valuation allowances are not established for policy loans, as they are fully collateralized by the cash surrender value of the underlying insurance policies. Any unpaid principal and accrued interest is deducted from the cash surrender value or the death benefit prior to settlement of the insurance policy.

Real Estate

Real estate held-for-investment is stated at cost less accumulated depreciation. Depreciation is recorded 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 periodically reviews its real estate held-for-investment for impairment and tests for recoverability whenever events or changes in circumstances indicate the carrying value may not be recoverable and exceeds its estimated fair value. Properties whose carrying values are greater than their undiscounted cash flows are written down to their estimated fair value, which is generally computed using the present value of expected future cash flows discounted at a rate commensurate with the underlying risks.

Real estate for which the Company commits to a plan to sell within one year and actively markets in its current condition for a reasonable price in comparison to its estimated fair value is classified as held-for-sale. Real estate held-for-sale is stated at the lower of depreciated cost or estimated fair value less expected disposition costs and is not depreciated.

Real Estate Joint Ventures and Other Limited Partnership Interests

The Company uses the equity method of accounting for equity securities when it has significant influence or at least 20% interest and for real estate joint ventures and other limited partnership interests ("investees") when it has more than a minor ownership interest or more than a minor influence over the investee's operations, but does not have a controlling financial interest. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period.

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

The Company uses the cost method of accounting for investments in which it has virtually no influence over the investee's operations. The Company recognizes distributions on cost method investments as earned or received. Because of the nature and structure of these cost method investments, they do not meet the characteristics of an equity security in accordance with applicable accounting standards.

The Company routinely evaluates its equity method and cost method investments for impairment. 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. The Company considers its cost method investments for impairment when the carrying value of such investments exceeds the net asset value ("NAV"). The Company takes into consideration the severity and duration of this excess when determining whether the cost method investment is impaired.

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 the following:

- Freestanding derivatives with positive estimated fair values which are described in "— Derivatives" below.
- Tax credit and renewable energy partnerships which derive a significant source of investment return in the form of income tax credits or other tax incentives. Where tax credits are guaranteed by a creditworthy third party, the investment is accounted for under the effective yield method. Otherwise, the investment is accounted for under the equity method.
- Loans to affiliates which are stated at unpaid principal balance and adjusted for any unamortized premium or discount.
- Leveraged leases which are recorded net of non-recourse debt. Income is recognized by applying the leveraged lease's estimated rate of return to the net investment in the lease. The Company regularly reviews residual values for impairment.
- Annuities funding structured settlement claims represent annuities funding claims assumed by the Company in its capacity as a structured settlements assignment company. The annuities are stated at their contract value, which represents the present value of the future periodic claim payments to be provided. The net investment income recognized reflects the amortization of discount of the annuity at its implied effective interest rate. See Note 4.
- Direct financing leases gross investment is equal to the minimum lease payments plus the unguaranteed residual value. Income is recorded by applying the pre-tax internal rate of return to the investment balance. The Company regularly reviews lease receivables for impairment.
- Funds withheld represent a receivable for amounts contractually withheld by ceding companies in accordance with reinsurance agreements. The Company recognizes interest on funds withheld at rates defined by the terms of the agreement which may be contractually specified or directly related to the underlying investments.
- Investment in an operating joint venture that engages in insurance underwriting activities accounted for under the equity method.

Securities Lending Program

Securities lending transactions, whereby blocks of securities are loaned to third parties, primarily brokerage firms and commercial banks, are treated as financing arrangements and the associated liability is recorded at the amount of cash received. The Company obtains collateral at the inception of the loan, 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. Securities loaned under such transactions may be sold or re-pledged by the transferee. The Company is liable to return to the counterparties the cash collateral received. Security collateral on deposit from counterparties in connection with securities lending transactions may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the Company's financial statements. The Company monitors the estimated fair value of the securities loaned on a daily basis and additional collateral is obtained as necessary throughout the duration of the loan. Income and expenses associated with securities lending transactions are reported as investment income and investment expense, respectively, within net investment income.

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

Derivatives

Freestanding Derivatives

Freestanding derivatives are carried on the Company's balance sheet either as assets within other invested assets or as liabilities within other liabilities at estimated fair value. The Company does not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

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

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 reported in net derivative gains (losses) except as follows:

Statement of Operations Presentation:	Derivative:
Policyholder benefits and claims	• Economic hedges of variable annuity guarantees included in future policy benefits
Net investment income	• Economic hedges of equity method investments in joint ventures • All derivatives held in relation to trading portfolios

Hedge Accounting

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. Hedge designation and financial statement presentation of changes in estimated fair value of the hedging derivatives are as follows:

- Fair value hedge (a hedge of the estimated fair value of a recognized asset or liability) - in net derivative gains (losses), consistent with the change in estimated fair value of the hedged item attributable to the designated risk being hedged.
- Cash flow hedge (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) - effectiveness in OCI (deferred gains or losses on the derivative are reclassified into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item); ineffectiveness in net derivative gains (losses).

The changes in estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported on the statement of operations within interest income or interest expense to match the location of the hedged item.

In its hedge 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 that 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 at least quarterly 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 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 on the balance sheet at its estimated fair value, with changes in estimated fair value recognized 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 OCI related to discontinued cash flow hedges are released into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried on the balance sheet 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 OCI 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 on the balance sheet, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

Embedded Derivatives

The Company sells variable annuities and issues certain insurance products and investment contracts and is a party to certain reinsurance agreements that have embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in earnings;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the balance sheet 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. 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.

Fair Value

Fair value is defined 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 determinable, unobservable inputs and/or adjustments to observable inputs requiring management judgment are used to determine the estimated fair value of assets and liabilities.

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

Employee Benefit Plans

The Company sponsors and administers various qualified and nonqualified defined benefit pension plans and other postretirement employee benefit plans covering eligible employees and sales representatives who meet specified eligibility requirements of the sponsor and its participating affiliates. A December 31 measurement date is used for all of the Company's defined benefit pension and other postretirement benefit plans.

The Company recognizes the funded status of each of its defined pension and postretirement benefit plans, measured as the difference between the fair value of plan assets and the benefit obligation, which is the projected benefit obligation ("PBO") for pension benefits and the accumulated postretirement benefit obligation ("APBO") for other postretirement benefits in other assets or other liabilities.

Actuarial gains and losses result from differences between the actual experience and the assumed experience on plan assets or PBO during a particular period and are recorded in accumulated OCI ("AOCI"). To the extent such gains and losses exceed 10% of the greater of the PBO or the estimated fair value of plan assets, the excess is amortized into net periodic benefit costs over the average projected future service years of the active employees. In addition, prior service costs (credit) are recognized in AOCI at the time of the amendment and then amortized to net periodic benefit costs over the average projected future service years of the active employees affected by the change.

Net periodic benefit costs are determined using management estimates and actuarial assumptions and are comprised of service cost, interest cost, settlement and curtailment costs, expected return on plan assets, amortization of net actuarial (gains) losses, and amortization of prior service costs (credit). Fair value is used to determine the expected return on plan assets.

The Company also sponsors defined contribution plans for substantially all U.S. employees under which a portion of participant contributions is matched. Applicable matching contributions are made each payroll period. Accordingly, the Company recognizes compensation cost for current matching contributions. As all contributions are transferred currently as earned to the defined contribution plans, no liability for matching contributions is recognized on the balance sheets.

Income Tax

Metropolitan Life Insurance Company and its includable subsidiaries join with MetLife, Inc. and its includable subsidiaries in filing a consolidated U.S. life and non-life federal income tax return in accordance with the provisions of the Internal Revenue Code of 1986, as amended. Current taxes (and the benefits of tax attributes such as losses) are allocated to Metropolitan Life Insurance Company and its subsidiaries under the consolidated tax return regulations and a tax sharing agreement. Under the consolidated tax return regulations, MetLife, Inc. has elected the "percentage method" (and 100% under such method) of reimbursing companies for tax attributes, e.g., net operating losses. As a result, 100% of tax attributes are reimbursed by MetLife, Inc. to the extent that consolidated federal income tax of the consolidated federal tax return group is reduced in a year by tax attributes. On an annual basis, each of the profitable subsidiaries pays to MetLife, Inc. the federal income tax which it would have paid based upon that year's taxable income. If Metropolitan Life Insurance Company or its includable subsidiaries has current or prior deductions and credits (including but not limited to losses) which reduce the consolidated tax liability of the consolidated federal tax return group, the deductions and credits are characterized as realized (or realizable) by Metropolitan Life Insurance Company and its includable subsidiaries when those tax attributes are realized (or realizable) by the consolidated federal tax return group, even if Metropolitan Life Insurance Company or its includable subsidiaries would not have realized the attributes on a stand-alone basis under a "wait and see" method.

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.

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

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. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. When making such determination the Company considers many factors, including:

- the nature, frequency, and amount of cumulative financial reporting income and losses in recent years;
- the jurisdiction in which the deferred tax asset was generated;
- the length of time that carryforward can be utilized in the various taxing jurisdiction;
- future taxable income exclusive of reversing temporary differences and carryforwards;
- future reversals of existing taxable temporary differences;
- taxable income in prior carryback years; and
- tax planning strategies.

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, the effect of changes in tax laws, tax regulations, or interpretations of such laws or regulations, is recognized in net income tax expense (benefit) in the period of change.

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 expense.

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. Except as otherwise disclosed in Note 17, legal costs are recognized 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 on the Company's financial statements.

Other Accounting Policies

Stock-Based Compensation

Stock-based compensation recognized on the Company's consolidated results of operations is allocated from MetLife, Inc. The accounting policies described below represent those that MetLife, Inc. applies in determining such allocated expenses.

MetLife, Inc. grants certain employees and directors stock-based compensation awards under various plans that are subject to specific vesting conditions. With the exception of performance shares granted in 2015, 2014 and 2013 which are re-measured quarterly, the cost of all stock-based transactions is measured at fair value at grant date and recognized over the period during which a grantee is required to provide services in exchange for the award. Although the terms of MetLife, Inc.'s stock-based plans do not accelerate vesting upon retirement, or the attainment of retirement eligibility, the requisite service period subsequent to attaining such eligibility is considered non-substantive. Accordingly, MetLife, Inc. recognizes compensation expense related to stock-based awards over the shorter of the requisite service period or the period to attainment of retirement eligibility. An estimation of future forfeitures of stock-based awards is incorporated into the determination of compensation expense when recognizing expense over the requisite service period.

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

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. The estimated life is generally 40 years for company occupied real estate property, from one to 25 years for leasehold improvements, and from three to seven years for all other property and equipment. The cost basis of the property, equipment and leasehold improvements was $1.2 billion and $1.3 billion at December 31, 2015 and 2014, respectively. Accumulated depreciation and amortization of property, equipment and leasehold improvements was $720 million and $721 million at December 31, 2015 and 2014, respectively. Related depreciation and amortization expense was $159 million, $123 million and $115 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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 $1.4 billion and $1.2 billion at December 31, 2015 and 2014, respectively. Accumulated amortization of capitalized software was $1.0 billion and $882 million at December 31, 2015 and 2014, respectively. Related amortization expense was $150 million, $145 million and $144 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Other Revenues

Other revenues include, in addition to items described elsewhere herein, advisory fees, broker-dealer commissions and fees, administrative service fees, and changes in account value relating to corporate-owned life insurance (“COLI”). Such fees and commissions are recognized in the period in which services are performed. Under certain COLI contracts, if the Company reports certain unlikely adverse results in its financial statements, withdrawals would not be immediately available and would be subject to market value adjustment, which could result in a reduction of the account value.

Policyholder Dividends

Policyholder dividends are approved annually by Metropolitan Life Insurance Company and its insurance subsidiaries’ boards of directors. The aggregate amount of policyholder dividends is related to actual interest, mortality, morbidity and expense experience for the year, as well as management’s judgment as to the appropriate level of statutory surplus to be retained by Metropolitan Life Insurance Company and its insurance subsidiaries.

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 revenues and expenses are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to OCI, 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.

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

Goodwill

Goodwill, which is included in other assets, represents the future economic benefits arising from net assets acquired in a business combination that are not individually identified and recognized. Goodwill is calculated as the excess of cost over the estimated fair value of such net assets acquired, is not amortized, and is tested for impairment based on a fair value approach at least annually or more frequently if events or circumstances 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.

The impairment test is performed at the reporting unit level, which 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, if the carrying value of a reporting unit exceeds its estimated fair value, there may 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 combination. 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.

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 an impact on the estimated fair value of these reporting units and could result in future impairments of goodwill.

Adoption of New Accounting Pronouncements

Effective November 18, 2014, the Company adopted new guidance on when, if ever, the cost of acquiring an entity should be used to establish a new accounting basis ("pushdown") in the acquired entity's separate financial statements. The guidance provides an acquired entity and its subsidiaries with an irrevocable option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. If a reporting entity elects to apply pushdown accounting, its stand-alone financial statements would reflect the acquirer's new basis in the acquired entity's assets and liabilities. The election to apply pushdown accounting should be determined by an acquired entity for each individual change-in-control event in which an acquirer obtains control of the acquired entity; however, an entity that does not elect to apply pushdown accounting in the period of a change-in-control can later elect to retrospectively apply pushdown accounting to the most recent change-in-control transaction as a change in accounting principle. The new guidance did not have a material impact on the consolidated financial statements upon adoption.

Effective January 1, 2014, the Company adopted new guidance regarding the presentation of an unrecognized tax benefit. The new guidance requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, when the carryforwards are not available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position or the applicable tax law does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit will be presented in the financial statements as a liability and will not be combined with the related deferred tax asset. The adoption was prospectively applied and resulted in a reduction to other liabilities and a corresponding increase to deferred income tax liability in the amount of $190 million.

Effective January 1, 2014, the Company adopted new guidance on other expenses. The objective of this standard is to address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. The amendments in this standard specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. In accordance with the adoption of the new accounting pronouncement, on January 1, 2014, the Company recorded $55 million in other liabilities, and a corresponding deferred cost, in other assets.

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

Effective July 17, 2013, the Company adopted guidance regarding derivatives that permits the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) to be used as a U.S. benchmark interest rate for hedge accounting purposes, in addition to the United States Treasury and London Interbank Offered Rate ("LIBOR"). Also, this new guidance removes the restriction on using different benchmark rates for similar hedges. The new guidance did not have a material impact on the consolidated financial statements upon adoption.

Effective January 1, 2013, the Company adopted guidance regarding comprehensive income that requires an entity to provide information about the amounts reclassified out of AOCI by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The adoption was prospectively applied and resulted in additional disclosures in Note 13.

Effective January 1, 2013, the Company adopted guidance regarding balance sheet offsetting disclosures which requires an entity to disclose information about offsetting and related arrangements for derivatives, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions, 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 adoption was retrospectively applied and resulted in additional disclosures related to derivatives in Note 9.

Future Adoption of New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance on leasing transactions (Accounting Standards Update ("ASU") 2016-02, *Leases - Topic 842*). The new guidance is effective for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and requires a modified retrospective transition approach which includes a number of optional practical expedients. Early adoption is permitted. The new guidance requires a lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current guidance, leases would be classified as finance or operating leases. However, unlike current guidance, the new guidance will require both types of leases to be recognized on the balance sheet. Lessor accounting will remain largely unchanged from current guidance except for certain targeted changes. The new guidance will also require new qualitative and quantitative disclosures. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In January 2016, the FASB issued new guidance (ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities)* on the recognition and measurement of financial instruments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the instrument-specific credit risk provision. The new guidance changes the current accounting guidance related to (i) the classification and measurement of certain equity investments, (ii) the presentation of changes in the fair value of financial liabilities measured under the FVO that are due to instrument-specific credit risk, and (iii) certain disclosures associated with the fair value of financial instruments. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2015, the FASB issued new guidance on short-duration insurance contracts (ASU 2015-09, *Financial Services - Insurance (Topic 944): Disclosures about Short-Duration Contracts)*. The amendments in this new guidance are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. The new guidance should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. The new guidance requires insurance entities to provide users of financial statements with more transparent information about initial claim estimates and subsequent adjustments to these estimates, including information on: (i) reconciling from the claim development table to the balance sheet liability, (ii) methodologies and judgments in estimating claims, and (iii) the timing, and frequency of claims. The adoption will not have an impact on the Company's consolidated financial statements other than expanded disclosures in Note 4.

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

In May 2015, the FASB issued new guidance on fair value measurement (ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent))*, effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years and which should be applied retrospectively to all periods presented. Earlier application is permitted. The amendments in this ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using NAV per share (or its equivalent) practical expedient. In addition, the amendments remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. The adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on accounting for fees paid in a cloud computing arrangement (ASU 2015-05, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement)*, effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the new guidance is permitted and an entity can elect to adopt the guidance either: (1) prospectively to all arrangements entered into or materially modified after the effective date; or (2) retrospectively. The new guidance provides that all software licenses included in cloud computing arrangements be accounted for consistent with other licenses of intangible assets. However, if a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract, the accounting for which did not change. The adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued certain amendments to the consolidation analysis to improve consolidation guidance for legal entities (ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis)*, effective for fiscal years beginning after December 15, 2015 and interim periods within those years and early adoption is permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in this ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current GAAP by reducing the number of consolidation models. The adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued a comprehensive new revenue recognition standard (ASU 2014-09, *Revenue from Contracts with Customers (Topic 606))*, effective for fiscal years beginning after December 15, 2016 and interim periods within those years and should be applied retrospectively. In August 2015, the FASB amended the guidance to defer the effective date by one year, effective for the fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The new guidance will supersede nearly all existing revenue recognition guidance under GAAP; however, it will not impact the accounting for insurance contracts, leases, financial instruments and guarantees. For those contracts that are impacted by the new guidance, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Segment Information

The Company is organized into three segments: Retail; Group, Voluntary & Worksite Benefits; and Corporate Benefit Funding. In addition, the Company reports certain of its results of operations in Corporate & Other.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the separation of a substantial portion of its Retail segment, which is organized into two U.S. businesses, Life & Other and Annuities, as well as certain portions of its Corporate Benefit Funding segment and Corporate & Other (the "Separation"). See Note 20.

In the first quarter of 2015, the Company implemented certain segment reporting changes related to the measurement of segment operating earnings, which included revising the Company's capital allocation methodology. These changes were applied retrospectively and did not have an impact on total consolidated operating earnings or net income.

Retail

The Retail segment offers a broad range of protection products and services and a variety of annuities to individuals and employees of corporations and other institutions, and is organized into two U.S. businesses: Life & Other and Annuities. Life & Other insurance products and services include variable life, universal life, term life and whole life products. Additionally, through broker-dealer affiliates, the Company offers a full range of mutual funds and other securities products. Life & Other products and services also include individual disability income products. Annuities includes a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs.

Group, Voluntary & Worksite Benefits

The Group, Voluntary & Worksite Benefits segment offers a broad range of protection products and services to individuals and corporations, as well as other institutions and their respective employees. Group, Voluntary & Worksite Benefits insurance products and services include life, dental, group short- and long-term disability and accidental death and dismemberment coverages. In addition, the Group, Voluntary & Worksite Benefits segment offers long-term care, critical illness, vision and accident & health coverages, as well as prepaid legal plans.

Corporate Benefit Funding

The Corporate Benefit Funding segment offers a broad range of annuity and investment products, including guaranteed interest contracts 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 structured settlements and certain products to fund postretirement benefits and company-, bank- or trust-owned life insurance used to finance nonqualified benefit programs for executives.

Corporate & Other

Corporate & Other contains the excess capital, as well as enterprise-wide strategic initiative restructuring charges, not allocated to the segments, various start-up businesses (including the investment management business through which the Company offers fee-based investment management services to institutional clients), certain run-off businesses, the Company's ancillary international operations and interest expense related to the majority of the Company's outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes ancillary U.S. direct business, comprised of group and individual products sold through sponsoring organizations, affinity groups and direct to consumer. Additionally, Corporate & Other includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.

Financial Measures and Segment Accounting Policies

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 income (loss) from continuing operations, net of income tax. 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).

2. Segment Information (continued)

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 investment hedge adjustments which represent earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method and (iv) 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 and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs") and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment;
- 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 noncontrolling interests and goodwill impairments.

In the first quarter of 2015, the Company implemented certain segment reporting changes related to the measurement of segment operating earnings, which included revising the Company's capital allocation methodology. Consequently, prior period results for the years ended December 31, 2014 and 2013 were impacted as follows:

- Retail's operating earnings increased (decreased) by $145 million and $74 million, net of ($49) million and ($49) million of income tax expense (benefit), respectively;
- Group, Voluntary & Worksite Benefits' operating earnings increased (decreased) by ($19) million and ($38) million, net of ($13) million and ($21) million of income tax expense (benefit), respectively;
- Corporate Benefit Funding's operating earnings increased (decreased) by ($60) million and ($57) million, net of ($41) million and ($25) million of income tax expense (benefit), respectively; and
- Corporate & Other's operating earnings increased (decreased) by ($66) million and $21 million, net of $103 million and $95 million of income tax expense (benefit), 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, 2015, 2014 and 2013 and at December 31, 2015 and 2014. 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 and the Company's business.

2. Segment Information (continued)

MetLife's economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon while applying an industry standard method for the inclusion of diversification benefits among risk types. MetLife's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

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 income (loss) from continuing operations, net of income tax.

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios 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 Results						
Year Ended December 31, 2015	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
				(In millions)			
Revenues							
Premiums	$ 4,115	$ 14,699	$ 3,004	$ 116	$ 21,934	$ —	$ 21,934
Universal life and investment-type product policy fees	1,543	740	201	—	2,484	100	2,584
Net investment income	5,269	1,825	4,901	38	12,033	(456)	11,577
Other revenues	156	441	287	652	1,536	—	1,536
Net investment gains (losses)	—	—	—	—	—	259	259
Net derivative gains (losses)	—	—	—	—	—	881	881
Total revenues	11,083	17,705	8,393	806	37,987	784	38,771
Expenses							
Policyholder benefits and claims and policyholder dividends	6,547	13,974	5,126	80	25,727	64	25,791
Interest credited to policyholder account balances	955	151	1,073	—	2,179	4	2,183
Capitalization of DAC	(449)	(12)	(19)	(2)	(482)	—	(482)
Amortization of DAC and VOBA	579	32	20	(1)	630	112	742
Interest expense on debt	3	—	4	115	122	—	122
Other expenses	1,873	2,246	474	1,280	5,873	3	5,876
Total expenses	9,508	16,391	6,678	1,472	34,049	183	34,232
Provision for income tax expense (benefit)	479	488	596	10	1,573	209	1,782
Operating earnings	$ 1,096	$ 826	$ 1,119	$ (676)	2,365		
Adjustments to:							
Total revenues					784		
Total expenses					(183)		
Provision for income tax (expense) benefit					(209)		
Income (loss) from continuing operations, net of income tax					$ 2,757		$ 2,757

At December 31, 2015	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Total assets	$ 176,776	$ 43,770	$ 201,251	$ 27,723	$ 449,520
Separate account assets	$ 56,377	$ 638	$ 78,924	$ —	$ 135,939
Separate account liabilities	$ 56,377	$ 638	$ 78,924	$ —	$ 135,939

Table of Contents

2. Segment Information (continued)

	Operating Results						
Year Ended December 31, 2014	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
				(In millions)			
Revenues							
Premiums	$ 4,081	$ 14,381	$ 2,794	$ 128	$ 21,384	$ —	$ 21,384
Universal life and investment-type product policy fees	1,505	716	191	—	2,412	54	2,466
Net investment income	5,451	1,785	4,777	352	12,365	(472)	11,893
Other revenues	430	415	287	676	1,808	—	1,808
Net investment gains (losses)	—	—	—	—	—	143	143
Net derivative gains (losses)	—	—	—	—	—	1,037	1,037
Total revenues	11,467	17,297	8,049	1,156	37,969	762	38,731
Expenses							
Policyholder benefits and claims and policyholder dividends	6,379	13,823	4,771	77	25,050	45	25,095
Interest credited to policyholder account balances	988	155	1,020	—	2,163	11	2,174
Capitalization of DAC	(376)	(17)	(30)	(1)	(424)	—	(424)
Amortization of DAC and VOBA	536	26	17	—	579	116	695
Interest expense on debt	6	2	10	132	150	1	151
Other expenses	1,750	2,169	478	1,258	5,655	(6)	5,649
Total expenses	9,283	16,158	6,266	1,466	33,173	167	33,340
Provision for income tax expense (benefit)	684	417	618	(397)	1,322	210	1,532
Operating earnings	$ 1,500	$ 722	$ 1,165	$ 87	3,474		
Adjustments to:							
Total revenues					762		
Total expenses					(167)		
Provision for income tax (expense) benefit					(210)		
Income (loss) from continuing operations, net of income tax					$ 3,859		$ 3,859

At December 31, 2014	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Total assets	$ 181,207	$ 43,718	$ 203,281	$ 30,012	$ 458,218
Separate account assets	$ 59,710	$ 669	$ 78,956	$ —	$ 139,335
Separate account liabilities	$ 59,710	$ 669	$ 78,956	$ —	$ 139,335

2. Segment Information (continued)

	Operating Results						
Year Ended December 31, 2013	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total	Adjustments	Total Consolidated
				(In millions)			
Revenues							
Premiums	$ 3,992	$ 13,732	$ 2,675	$ 76	$ 20,475	$ —	$ 20,475
Universal life and investment-type product policy fees	1,397	688	211	—	2,296	67	2,363
Net investment income	5,395	1,766	4,516	540	12,217	(432)	11,785
Other revenues	328	404	273	694	1,699	—	1,699
Net investment gains (losses)	—	—	—	—	—	48	48
Net derivative gains (losses)	—	—	—	—	—	(1,070)	(1,070)
Total revenues	11,112	16,590	7,675	1,310	36,687	(1,387)	35,300
Expenses							
Policyholder benefits and claims and policyholder dividends	6,246	13,191	4,723	67	24,227	10	24,237
Interest credited to policyholder account balances	988	156	1,092	—	2,236	17	2,253
Capitalization of DAC	(517)	(20)	(25)	—	(562)	—	(562)
Amortization of DAC and VOBA	447	25	19	—	491	(230)	261
Interest expense on debt	5	1	10	134	150	3	153
Other expenses	2,265	2,023	476	1,341	6,105	31	6,136
Total expenses	9,434	15,376	6,295	1,542	32,647	(169)	32,478
Provision for income tax expense (benefit)	530	425	487	(326)	1,116	(435)	681
Operating earnings	$ 1,148	$ 789	$ 893	$ 94	2,924		
Adjustments to:							
Total revenues					(1,387)		
Total expenses					169		
Provision for income tax (expense) benefit					435		
Income (loss) from continuing operations, net of income tax					$ 2,141		$ 2,141

The following table presents total premiums, universal life and investment-type product policy fees and other revenues by major product groups of the Company's segments, as well as Corporate & Other:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Life insurance	$ 13,811	$ 13,865	$ 13,482
Accident & health insurance	7,475	7,247	6,873
Annuities	4,548	4,352	4,007
Non-insurance	220	194	175
Total	$ 26,054	$ 25,658	$ 24,537

Substantially all of the Company's consolidated premiums, universal life and investment-type product policy fees and other revenues originated in the U.S.

Revenues derived from one Group, Voluntary & Worksite Benefits customer were $2.7 billion, $2.8 billion and $2.5 billion for the years ended December 31, 2015, 2014 and 2013, respectively, which represented 10%, 11% and 10%, respectively, of consolidated premiums, universal life and investment-type product policy fees and other revenues. Revenues derived from any other customer did not exceed 10% of consolidated premiums, universal life and investment-type product policy fees and other revenues for the years ended December 31, 2015, 2014 and 2013.

3. Dispositions

In December 2014, Metropolitan Life Insurance Company distributed to MetLife, Inc., as a dividend, all of the issued and outstanding shares of common stock of its wholly-owned, broker-dealer subsidiary, New England Securities Corporation (“NES”). The net book value of NES at the time of the dividend was $35 million, which was recorded as a dividend of retained earnings of $35 million. As of the date of the dividend payment, the Company no longer consolidates the assets, liabilities and operations of NES.

4. Insurance

Insurance Liabilities

Insurance liabilities, including affiliated insurance liabilities on reinsurance assumed and ceded, are comprised of future policy benefits, policyholder account balances and other policy-related balances. Information regarding insurance liabilities by segment, as well as Corporate & Other, was as follows at:

	December 31,	
	2015	2014
	(In millions)	
Retail	$ 92,618	$ 91,868
Group, Voluntary & Worksite Benefits	29,670	28,805
Corporate Benefit Funding	97,719	97,953
Corporate & Other	528	518
Total	$ 220,535	$ 219,144

See Note 6 for discussion of affiliated reinsurance liabilities included in the table above.

Future policy benefits are measured as follows:

Product Type:	Measurement Assumptions:
Participating life	Aggregate of (i) net level premium reserves for death and endowment policy benefits (calculated based upon the non-forfeiture interest rate, ranging from 3% to 7%, and mortality rates guaranteed in calculating the cash surrender values described in such contracts); and (ii) the liability for terminal dividends.
Nonparticipating life	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 11%.
Individual and group traditional fixed annuities after annuitization	Present value of expected future payments. Interest rate assumptions used in establishing such liabilities range from 2% to 11%.
Non-medical health insurance	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%.
Disabled lives	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 2% to 8%.

Participating business represented 5% of the Company’s life insurance in-force at both December 31, 2015 and 2014. Participating policies represented 27%, 27% and 28% of gross traditional life insurance premiums for the years ended December 31, 2015, 2014 and 2013, respectively.

Policyholder account balances are equal to: (i) policy account values, which consist of an accumulation of gross premium payments; and (ii) credited interest, ranging from less than 1% to 13%, less expenses, mortality charges and withdrawals.

4. Insurance (continued)

Guarantees

The Company issues variable annuity products with guaranteed minimum benefits. GMABs, the non-life-contingent portion of GMWBs and the portion of certain GMIBs that does not require annuitization are accounted for as embedded derivatives in policyholder account balances and are further discussed in Note 9. Guarantees accounted for as insurance liabilities include:

Guarantee:		Measurement Assumptions:
GMDBs	• A return of purchase payment upon death even if the account value is reduced to zero. • An enhanced death benefit may be available for an additional fee.	• Present value of expected death benefits in excess of the projected account balance recognizing the excess ratably over the accumulation period based on the present value of total expected assessments. • Assumptions are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. • Investment performance and volatility assumptions are consistent with the historical experience of the appropriate underlying equity index, such as the S&P 500 Index. • Benefit assumptions are based on the average benefits payable over a range of scenarios.
GMIBs	• After a specified period of time determined at the time of issuance of the variable annuity contract, a minimum accumulation of 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 contracts also provide for a guaranteed lump sum return of purchase premium in lieu of the annuitization benefit.	• Present value of expected 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 present value of total expected assessments. • Assumptions are consistent with those used for estimating GMDB liabilities. • Calculation incorporates an assumption for the percentage of the potential annuitizations that may be elected by the contractholder.
GMWBs	• A return of purchase payment via partial withdrawals, even if the account value is reduced to zero, provided that cumulative withdrawals in a contract year do not exceed a certain limit. • Certain contracts include guaranteed withdrawals that are life contingent.	• Expected value of the life contingent payments and expected assessments using assumptions consistent with those used for estimating the GMDB liabilities.

The Company also issues other annuity contracts that apply a lower rate on funds deposited if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize. These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Certain other annuity contracts contain guaranteed annuitization benefits that may be above what would be provided by the current account value of the contract. Additionally, the Company issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee or a guaranteed paid-up benefit.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Information regarding the liabilities for guarantees (excluding base policy liabilities and embedded derivatives) relating to annuity and universal and variable life contracts was as follows:

	Annuity Contracts		Universal and Variable Life Contracts		
	GMDBs	GMIBs	Secondary Guarantees	Paid-Up Guarantees	Total
			(In millions)		
Direct					
Balance at January 1, 2013	$ 109	$ 332	$ 340	$ 68	$ 849
Incurred guaranteed benefits	44	58	77	6	185
Paid guaranteed benefits	(5)	—	—	—	(5)
Balance at December 31, 2013	148	390	417	74	1,029
Incurred guaranteed benefits	51	68	124	8	251
Paid guaranteed benefits	(3)	—	—	—	(3)
Balance at December 31, 2014	196	458	541	82	1,277
Incurred guaranteed benefits	37	80	86	9	212
Paid guaranteed benefits	(1)	—	—	—	(1)
Balance at December 31, 2015	$ 232	$ 538	$ 627	$ 91	$ 1,488
Ceded					
Balance at January 1, 2013	$ 86	$ 110	$ 265	$ 47	$ 508
Incurred guaranteed benefits	39	14	49	4	106
Paid guaranteed benefits	(5)	—	—	—	(5)
Balance at December 31, 2013	120	124	314	51	609
Incurred guaranteed benefits (1)	(80)	(100)	(9)	6	(183)
Paid guaranteed benefits	(3)	—	—	—	(3)
Balance at December 31, 2014	37	24	305	57	423
Incurred guaranteed benefits	14	2	49	6	71
Paid guaranteed benefits	(1)	—	—	—	(1)
Balance at December 31, 2015	$ 50	$ 26	$ 354	$ 63	$ 493
Net					
Balance at January 1, 2013	$ 23	$ 222	$ 75	$ 21	$ 341
Incurred guaranteed benefits	5	44	28	2	79
Paid guaranteed benefits	—	—	—	—	—
Balance at December 31, 2013	28	266	103	23	420
Incurred guaranteed benefits	131	168	133	2	434
Paid guaranteed benefits	—	—	—	—	—
Balance at December 31, 2014	159	434	236	25	854
Incurred guaranteed benefits	23	78	37	3	141
Paid guaranteed benefits	—	—	—	—	—
Balance at December 31, 2015	$ 182	$ 512	$ 273	$ 28	$ 995

(1) See Note 6.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Information regarding the Company's guarantee exposure, which includes direct business, but excludes offsets from hedging or reinsurance, if any, was as follows at:

	December 31,			
	2015		2014	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
Annuity Contracts (1)				
Variable Annuity Guarantees				
Total account value (2)	$ 59,858	$ 27,648	$ 62,810	$ 29,474
Separate account value	$ 48,216	$ 26,530	$ 51,077	$ 28,347
Net amount at risk	$ 1,698 (3)	$ 379 (4)	$ 702 (3)	$ 244 (4)
Average attained age of contractholders	65 years	63 years	65 years	63 years
Other Annuity Guarantees				
Total account value (2)	N/A	$ 406	N/A	$ 456
Net amount at risk	N/A	$ 144 (5)	N/A	$ 153 (5)
Average attained age of contractholders	N/A	56 years	N/A	55 years

	December 31,			
	2015		2014	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(In millions)			
Universal and Variable Life Contracts (1)				
Total account value (2)	$ 8,166	$ 1,052	$ 8,213	$ 1,091
Net amount at risk (6)	$ 75,994	$ 7,658	$ 78,758	$ 8,164
Average attained age of policyholders	55 years	61 years	54 years	60 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) Includes the contractholder's investments in the general account and separate account, if applicable.

(3) Defined as the death benefit less the total 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 and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

(4) Defined as the amount (if any) that would be required to be added to the total 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 allow annuitization of the guaranteed amount only after the 10th anniversary of the contract, which not all contractholders have achieved.

(5) Defined as either the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date or the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. These amounts represent the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date.

(6) 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.

4. Insurance (continued)

Account balances of contracts with guarantees were invested in separate account asset classes as follows at:

	December 31, 2015	December 31, 2014
	(In millions)	
Fund Groupings:		
Equity	$ 23,701	$ 24,995
Balanced	21,082	22,759
Bond	4,454	4,561
Money Market	132	150
Total	$ 49,369	$ 52,465

Obligations Assumed Under Structured Settlement Assignments

The Company assumes structured settlement claim obligations as an assignment company. These liabilities are measured at the present value of the periodic claims to be provided and reported as other policy-related balances. The Company receives a fee for assuming these claim obligations and, as the assignee of the claim, is legally obligated to ensure periodic payments are made to the claimant. The Company purchases annuities from affiliates to fund these periodic payment claim obligations and designates payments to be made directly to the claimant by the affiliated annuity writer. These annuities funding structured settlement claims are recorded as an investment. See Note 1.

See Note 8 for additional information on obligations assumed under structured settlement assignments.

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, 2015, 2014 and 2013, the Company issued $35.1 billion, $36.7 billion and $26.8 billion, respectively, and repaid $35.5 billion, $31.7 billion and $25.1 billion, respectively, of such funding agreements. At December 31, 2015 and 2014, liabilities for funding agreements outstanding, which are included in policyholder account balances, were $29.5 billion and $30.3 billion, respectively.

Metropolitan Life Insurance Company and General American Life Insurance Company ("GALIC"), a subsidiary, are members of regional banks in the Federal Home Loan Bank ("FHLB") system ("FHLBanks"). Holdings of common stock of FHLBanks, included in equity securities, were as follows at:

	December 31, 2015	December 31, 2014
	(In millions)	
FHLB of NY	$ 666	$ 661
FHLB of Des Moines	$ 40	$ 50

4. Insurance (continued)

The Company has also entered into funding agreements with FHLBanks and the Federal Agricultural Mortgage Corporation, a federally chartered instrumentality of the U.S. (“Farmer Mac”). The liability for such funding agreements is included in policyholder account balances. Information related to such funding agreements was as follows at:

	Liability		Collateral	
	December 31,			
	2015	2014	2015	2014
	(In millions)			
FHLB of NY (1)	$ 12,570	$ 12,570	$ 14,085 (2)	$ 15,255 (2)
Farmer Mac (3)	$ 2,550	$ 2,550	$ 2,643	$ 2,932
FHLB of Des Moines (1)	$ 750	$ 1,000	$ 851 (2)	$ 1,141 (2)

(1) Represents funding agreements issued to the applicable FHLBank in exchange for cash and for which such FHLBank has been granted a lien on certain assets, some of which are in the custody of such FHLBank, including residential mortgage-backed securities (“RMBS”), to collateralize obligations under advances evidenced by funding agreements. The Company is permitted to withdraw any portion of the collateral in the custody of such FHLBank 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, such FHLBank’s recovery on the collateral is limited to the amount of the Company’s liability to such FHLBank.

(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 Farmer Mac. The obligations under these funding agreements are secured by a pledge of certain eligible agricultural real estate mortgage loans and may, under certain circumstances, be secured by other qualified collateral. 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,		
	2015	2014	2013
	(In millions)		
Balance at January 1,	$ 7,310	$ 7,022	$ 6,826
Less: Reinsurance recoverables	286	290	301
Net balance at January 1,	7,024	6,732	6,525
Incurred related to:			
Current year	5,316	5,099	4,762
Prior years	13	—	(12)
Total incurred	5,329	5,099	4,750
Paid related to:			
Current year	(3,415)	(3,228)	(3,035)
Prior years	(1,684)	(1,579)	(1,508)
Total paid	(5,099)	(4,807)	(4,543)
Net balance at December 31,	7,254	7,024	6,732
Add: Reinsurance recoverables	273	286	290
Balance at December 31,	$ 7,527	$ 7,310	$ 7,022

4. Insurance (continued)

Separate Accounts

Separate account assets and liabilities include two categories of account types: pass-through separate accounts totaling $79.7 billion and $83.8 billion at December 31, 2015 and 2014, respectively, for which the policyholder assumes all investment risk, and separate accounts for which the Company contractually guarantees either a minimum return or account value to the policyholder which totaled $56.2 billion and $55.5 billion at December 31, 2015 and 2014, respectively. The latter category consisted primarily of guaranteed interest contracts. The average interest rate credited on these contracts was 2.40% and 2.25% at December 31, 2015 and 2014, respectively.

For the years ended December 31, 2015, 2014 and 2013, there were no investment gains (losses) on transfers of assets from the general account to the separate accounts.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

See Note 1 for a description of capitalized acquisition costs.

Nonparticipating and Non-Dividend-Paying Traditional Contracts

The Company amortizes DAC and VOBA related to these contracts (term insurance, nonparticipating whole life insurance, traditional group life insurance, and non-medical health insurance) over the appropriate premium paying period in proportion to the actual and expected future gross premiums that were set at contract issue. The expected premiums are 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), include provisions for adverse deviation, and 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.

Participating, Dividend-Paying Traditional Contracts

The Company amortizes DAC and VOBA related to these 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 or acquisition 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. For participating contracts within the closed block (dividend-paying traditional contracts) future gross margins are also dependent upon changes in the policyholder dividend obligation. See Note 7. 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 and VOBA 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 and VOBA 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 and VOBA 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 and VOBA 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 and VOBA balances.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Fixed and Variable Universal Life Contracts and Fixed and Variable Deferred Annuity Contracts

The Company amortizes DAC and VOBA related to these 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.

Factors Impacting Amortization

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 assumptions primarily relate to 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.

Amortization of DAC and VOBA is attributed to net investment gains (losses) and net derivative gains (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.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Information regarding DAC and VOBA was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
DAC			
Balance at January 1,	$ 5,905	$ 6,338	$ 5,752
Capitalizations	482	424	562
Amortization related to:			
Net investment gains (losses) and net derivative gains (losses)	(111)	(104)	227
Other expenses	(624)	(583)	(478)
Total amortization	(735)	(687)	(251)
Unrealized investment gains (losses)	325	(170)	495
Other (1)	—	—	(220)
Balance at December 31,	5,977	5,905	6,338
VOBA			
Balance at January 1,	70	78	80
Amortization related to:			
Other expenses	(7)	(8)	(10)
Total amortization	(7)	(8)	(10)
Unrealized investment gains (losses)	3	—	8
Balance at December 31,	66	70	78
Total DAC and VOBA			
Balance at December 31,	$ 6,043	$ 5,975	$ 6,416

(1) The year ended December 31, 2013 includes ($220) million that was reclassified to DAC from other liabilities. The amounts reclassified related to affiliated reinsurance agreements accounted for using the deposit method of accounting and represented the DAC amortization on the expense allowances assumed on the agreements from inception. These amounts were previously included in the calculated value of the deposit payable on these agreements and were recorded within other liabilities.

Information regarding total DAC and VOBA by segment, as well as Corporate & Other, was as follows at:

	December 31,	
	2015	2014
	(In millions)	
Retail	$ 5,630	$ 5,544
Group, Voluntary & Worksite Benefits	303	324
Corporate Benefit Funding	105	106
Corporate & Other	5	1
Total	$ 6,043	$ 5,975

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Information regarding other intangibles was as follows:

	Years Ended December 31, 2015	2014	2013
	(In millions)		
DSI			
Balance at January 1,	$ 122	$ 175	$ 180
Capitalization	8	10	15
Amortization	(21)	(28)	(20)
Unrealized investment gains (losses)	21	(35)	—
Balance at December 31,	$ 130	$ 122	$ 175
VODA and VOCRA			
Balance at January 1,	$ 295	$ 325	$ 353
Amortization	(30)	(30)	(28)
Balance at December 31,	$ 265	$ 295	$ 325
Accumulated amortization	$ 192	$ 162	$ 132

The estimated future amortization expense to be reported in other expenses for the next five years is as follows:

	VOBA	VODA and VOCRA
	(In millions)	
2016	$ 4	$ 30
2017	$ 6	$ 28
2018	$ 5	$ 26
2019	$ 5	$ 24
2020	$ 5	$ 21

6. Reinsurance

The Company enters into reinsurance agreements primarily as a purchaser of reinsurance for its various insurance products and also as a provider of reinsurance for some insurance products issued by affiliated and unaffiliated companies. The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks and provide additional capacity for future growth.

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 in Note 8.

Retail

For its Retail Life & Other insurance products, the Company has historically reinsured the mortality risk primarily on an excess of retention basis or on a quota share basis. The Company currently reinsures 90% of the mortality risk in excess of $2 million for most 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 $20 million per life 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.

6. Reinsurance (continued)

The Company's Retail Annuities business reinsures 100% of the living and death benefit guarantees issued in connection with certain variable annuities issued since 2004 to an affiliate and portions of the living and death benefit guarantees issued in connection with its variable annuities issued prior to 2004 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 value of the embedded derivatives on the ceded risk is determined using a methodology consistent with the guarantees directly written by the Company with the exception of the input for nonperformance risk that reflects the credit of the reinsurer. The Company also assumes 90% of the fixed annuities issued by certain affiliates and 100% of certain variable annuity risks issued by an affiliate.

Group, Voluntary & Worksite Benefits

For certain policies within the Group, Voluntary & Worksite Benefits segment, the Company generally retains most of the risk and only cedes particular risks on certain client arrangements. The majority of the Company's reinsurance activity within this segment relates to client agreements for employer sponsored captive programs, risk-sharing agreements and multinational pooling.

Corporate Benefit Funding

The Company's Corporate Benefit Funding segment has periodically engaged in reinsurance activities, on an opportunistic basis. The impact of these activities on the financial results of this segment has not been significant and there were no significant transactions during the periods presented.

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 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, 2015 and 2014, were not significant.

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 $2.4 billion and $2.3 billion of unsecured unaffiliated reinsurance recoverable balances at December 31, 2015 and 2014, respectively.

At December 31, 2015, the Company had $5.4 billion of net unaffiliated ceded reinsurance recoverables. Of this total, $4.2 billion, or 78%, were with the Company's five largest unaffiliated ceded reinsurers, including $1.6 billion of net unaffiliated ceded reinsurance recoverables which were unsecured. At December 31, 2014, the Company had $5.4 billion of net unaffiliated ceded reinsurance recoverables. Of this total, $4.4 billion, or 82%, were with the Company's five largest unaffiliated ceded reinsurers, including $1.8 billion of net unaffiliated ceded reinsurance recoverables which were unsecured.

The Company has reinsured with an unaffiliated third-party reinsurer, 59.25% of the closed block through a modified coinsurance agreement. The Company accounts for this agreement under the deposit method of accounting. The Company, having the right of offset, has offset the modified coinsurance deposit with the deposit recoverable.

6. Reinsurance (continued)

The amounts on the consolidated statements of operations include the impact of reinsurance. Information regarding the significant effects of reinsurance was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Premiums			
Direct premiums	$ 21,497	$ 20,963	$ 20,290
Reinsurance assumed	1,679	1,673	1,469
Reinsurance ceded	(1,242)	(1,252)	(1,284)
Net premiums	$ 21,934	$ 21,384	$ 20,475
Universal life and investment-type product policy fees			
Direct universal life and investment-type product policy fees	$ 3,050	$ 3,029	$ 2,913
Reinsurance assumed	58	48	41
Reinsurance ceded	(524)	(611)	(591)
Net universal life and investment-type product policy fees	$ 2,584	$ 2,466	$ 2,363
Other revenues			
Direct other revenues	$ 875	$ 1,040	$ 970
Reinsurance assumed	5	2	(2)
Reinsurance ceded	656	766	731
Net other revenues	$ 1,536	$ 1,808	$ 1,699
Policyholder benefits and claims			
Direct policyholder benefits and claims	$ 24,541	$ 23,978	$ 23,305
Reinsurance assumed	1,454	1,416	1,225
Reinsurance ceded	(1,468)	(1,539)	(1,498)
Net policyholder benefits and claims	$ 24,527	$ 23,855	$ 23,032
Interest credited to policyholder account balances			
Direct interest credited to policyholder account balances	$ 2,240	$ 2,227	$ 2,322
Reinsurance assumed	33	35	35
Reinsurance ceded	(90)	(88)	(104)
Net interest credited to policyholder account balances	$ 2,183	$ 2,174	$ 2,253
Other expenses			
Direct other expenses	$ 5,448	$ 5,132	$ 5,028
Reinsurance assumed	340	399	427
Reinsurance ceded	470	540	533
Net other expenses	$ 6,258	$ 6,071	$ 5,988

6. Reinsurance (continued)

The amounts on the consolidated balance sheets include the impact of reinsurance. Information regarding the significant effects of reinsurance was as follows at:

	December 31,							
	2015				2014			
	Direct	Assumed	Ceded	Total Balance Sheet	Direct	Assumed	Ceded	Total Balance Sheet
	(In millions)							
Assets								
Premiums, reinsurance and other receivables	$ 1,957	$ 667	$ 21,098	$ 23,722	$ 1,711	$ 649	$ 21,079	$ 23,439
Deferred policy acquisition costs and value of business acquired	5,973	458	(388)	6,043	6,002	391	(418)	5,975
Total assets	$ 7,930	$ 1,125	$ 20,710	$ 29,765	$ 7,713	$ 1,040	$ 20,661	$ 29,414
Liabilities								
Future policy benefits	$116,389	$ 2,530	$ (5)	$118,914	$115,143	$ 2,259	$ —	$117,402
Policyholder account balances	94,080	340	—	94,420	95,601	301	—	95,902
Other policy-related balances	6,766	392	43	7,201	5,353	455	32	5,840
Other liabilities	10,384	6,843	15,528	32,755	10,350	7,020	16,077	33,447
Total liabilities	$227,619	$ 10,105	$ 15,566	$253,290	$226,447	$ 10,035	$ 16,109	$252,591

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 $13.6 billion and $13.8 billion at December 31, 2015 and 2014, respectively. The deposit liabilities on reinsurance were $6.5 billion and $6.8 billion at December 31, 2015 and 2014, respectively.

Related Party Reinsurance Transactions

The Company has reinsurance agreements with certain MetLife, Inc. subsidiaries, including MetLife Insurance Company USA (“MetLife USA”), First MetLife Investors Insurance Company (“First MetLife”), MetLife Reinsurance Company of Charleston (“MRC”), MetLife Reinsurance Company of Vermont and Metropolitan Tower Life Insurance Company, all of which are related parties.

6. Reinsurance (continued)

Information regarding the significant effects of affiliated reinsurance included on the consolidated statements of operations was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Premiums			
Reinsurance assumed	$ 701	$ 681	$ 451
Reinsurance ceded	(40)	(36)	(45)
Net premiums	$ 661	$ 645	$ 406
Universal life and investment-type product policy fees			
Reinsurance assumed	$ 58	$ 48	$ 40
Reinsurance ceded	(141)	(240)	(221)
Net universal life and investment-type product policy fees	$ (83)	$ (192)	$ (181)
Other revenues			
Reinsurance assumed	$ 5	$ 2	$ (2)
Reinsurance ceded	607	713	675
Net other revenues	$ 612	$ 715	$ 673
Policyholder benefits and claims			
Reinsurance assumed	$ 652	$ 623	$ 402
Reinsurance ceded	(106)	(197)	(144)
Net policyholder benefits and claims	$ 546	$ 426	$ 258
Interest credited to policyholder account balances			
Reinsurance assumed	$ 32	$ 33	$ 31
Reinsurance ceded	(90)	(88)	(102)
Net interest credited to policyholder account balances	$ (58)	$ (55)	$ (71)
Other expenses			
Reinsurance assumed	$ 245	$ 298	$ 326
Reinsurance ceded	578	680	653
Net other expenses	$ 823	$ 978	$ 979

Information regarding the significant effects of affiliated reinsurance included on the consolidated balance sheets was as follows at:

	December 31,			
	2015		2014	
	Assumed	Ceded	Assumed	Ceded
		(In millions)		
Assets				
Premiums, reinsurance and other receivables	$ 280	$ 15,466	$ 257	$ 15,453
Deferred policy acquisition costs and value of business acquired	439	(193)	370	(231)
Total assets	$ 719	$ 15,273	$ 627	$ 15,222
Liabilities				
Future policy benefits	$ 1,436	$ (5)	$ 1,146	$ —
Policyholder account balances	326	—	288	—
Other policy-related balances	187	43	264	32
Other liabilities	6,463	13,000	6,610	13,545
Total liabilities	$ 8,412	$ 13,038	$ 8,308	$ 13,577

6. Reinsurance (continued)

The Company ceded two blocks of business to two affiliates on a 75% coinsurance with funds withheld basis. Certain contractual features of these agreements qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheets. The embedded derivatives related to the funds withheld associated with these reinsurance agreements are included within other liabilities and increased the funds withheld balance by $8 million and $20 million at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with these embedded derivatives were $12 million, ($39) million and $40 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company ceded risks to an affiliate related to guaranteed minimum benefit guarantees written directly by the Company. These ceded reinsurance agreements contain embedded derivatives and changes in their estimated 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 $712 million and $657 million at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with the embedded derivatives were $47 million, $497 million and ($1.7) billion for the years ended December 31, 2015, 2014 and 2013, respectively.

Certain contractual features of the closed block reinsurance agreement with MRC create an embedded derivative, which is 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 was included within other liabilities and increased the funds withheld balance by $694 million and $1.1 billion at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with the embedded derivative were $404 million, ($389) million and $664 million for the years ended December 31, 2015, 2014 and 2013, respectively.

In November 2014, MetLife Insurance Company of Connecticut ("MICC"), a wholly-owned subsidiary of MetLife, Inc., re-domesticated from Connecticut to Delaware, changed its name to MetLife Insurance Company USA and merged with its subsidiary, MetLife Investors USA Insurance Company, and its affiliate, MetLife Investors Insurance Company, each a U.S. insurance company that issued variable annuity products in addition to other products, and Exeter Reassurance Company, Ltd. ("Exeter"), a former offshore, captive reinsurance subsidiary of MetLife, Inc. and affiliate of MICC that mainly reinsured guarantees associated with variable annuity products (the "Mergers"). The surviving entity of the Mergers was MetLife USA. Effective January 1, 2014, following receipt of New York State Department of Financial Services approval, MICC withdrew its license to issue insurance policies and annuity contracts in New York.

Prior to the Mergers, certain related party transactions were consummated as summarized below. See Notes 8 and 9 for information regarding additional related party transactions.

- In January 2014, the Company entered into an agreement with MICC which reinsured all existing New York insurance policies and annuity contracts that include a separate account feature. As a result of this reinsurance agreement, the significant effects to the Company were increases in other invested assets of $192 million, in other liabilities of $572 million and in future policy benefits of $128 million at December 31, 2014. The Company received a one-time payment of cash and cash equivalents and total investments of $494 million from MICC. 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 this agreement is included within policyholder account balances and was $4 million at both December 31, 2015 and 2014. Net derivative gains (losses) associated with the embedded derivative were less than ($1) million and ($4) million for the years ended December 31, 2015 and 2014, respectively.

- In October 2014, the Company recaptured a block of universal life secondary guarantee business ceded to Exeter on a 75% coinsurance with funds withheld basis. As a result of this recapture, the significant effects to the Company were decreases in premiums, reinsurance and other receivables of $492 million, and in other liabilities of $432 million, as well as increases in DAC of $30 million and in other policy-related balances of $9 million.

6. Reinsurance (continued)

- In November 2014, the Company partially recaptured risks related to guaranteed minimum benefit guarantees on certain variable annuities previously ceded to Exeter. As a result of this recapture, the significant effects to the Company were decreases in premiums, reinsurance and other receivables of $719 million, and in other liabilities of $447 million, as well as increases in DAC of $7 million and in cash and cash equivalents of $324 million. There was also an increase in net income of $54 million which was reflected in other income.
- In November 2014, the Company entered into an agreement to assume 100% of certain variable annuities including guaranteed minimum benefit guarantees on a modified coinsurance basis from First MetLife. As a result of this reinsurance agreement, the significant effects to the Company were decreases in other liabilities of $269 million at December 31, 2014. The Company made a one-time payment of cash and cash equivalents to First MetLife of $218 million at December 31, 2014. 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 this agreement is included within policyholder account balances and was $122 million and $68 million at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with the embedded derivative were ($54) million and ($38) million for the years ended December 31, 2015 and 2014, respectively.

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 $2.2 billion and $2.1 billion of unsecured affiliated reinsurance recoverable balances at December 31, 2015 and 2014, 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 $11.7 billion at both December 31, 2015 and 2014. The deposit liabilities on affiliated reinsurance were $6.5 billion and $6.7 billion at December 31, 2015 and 2014, respectively.

7. Closed Block

On April 7, 2000 (the “Demutualization Date”), Metropolitan Life Insurance Company converted from a mutual life insurance company to a stock life insurance company and became a wholly-owned subsidiary of MetLife, Inc. The conversion was pursuant to an order by the New York Superintendent of Insurance approving Metropolitan Life Insurance Company’s plan of reorganization, as amended (the “Plan of Reorganization”). On the Demutualization Date, Metropolitan Life Insurance Company established a closed block for the benefit of holders of certain individual life insurance policies of Metropolitan Life Insurance Company. Assets have been allocated to the closed block in an amount that has been determined to produce cash flows which, together with anticipated revenues from the policies included in the closed block, are reasonably expected to be sufficient to support obligations and liabilities relating to these policies, including, but not limited to, provisions for the payment of claims and certain expenses and taxes, and to provide for the continuation of policyholder dividend scales in effect for 1999, if the experience underlying such dividend scales continues, and for appropriate adjustments in such scales if the experience changes. At least annually, the Company compares actual and projected experience against the experience assumed in the then-current dividend scales. Dividend scales are adjusted periodically to give effect to changes in experience.

7. Closed Block (continued)

The closed block assets, the cash flows generated by the closed block assets and the anticipated revenues from the policies in the closed block will benefit only the holders of the policies in the closed block. To the extent that, over time, cash flows from the assets allocated to the closed block and claims and other experience related to the closed block are, in the aggregate, more or less favorable than what was assumed when the closed block was established, total dividends paid to closed block policyholders in the future may be greater than or less than the total dividends that would have been paid to these policyholders if the policyholder dividend scales in effect for 1999 had been continued. Any cash flows in excess of amounts assumed will be available for distribution over time to closed block policyholders and will not be available to stockholders. If the closed block has insufficient funds to make guaranteed policy benefit payments, such payments will be made from assets outside of the closed block. The closed block will continue in effect as long as any policy in the closed block remains in-force. The expected life of the closed block is over 100 years.

The Company uses the same accounting principles to account for the participating policies included in the closed block as it used prior to the Demutualization Date. However, the Company establishes a policyholder dividend obligation for earnings that will be paid to policyholders as additional dividends as described below. The excess of closed block liabilities over closed block assets at the Demutualization Date (adjusted to eliminate the impact of related amounts in AOCI) represents the estimated maximum future earnings from the closed block expected to result from operations attributed to the closed block after income taxes. Earnings of the closed block are recognized in income over the period the policies and contracts in the closed block remain in-force. Management believes that over time the actual cumulative earnings of the closed block will approximately equal the expected cumulative earnings due to the effect of dividend changes. If, over the period the closed block remains in existence, the actual cumulative earnings of the closed block are greater than the expected cumulative earnings of the closed block, the Company will pay the excess of the actual cumulative earnings of the closed block over the expected cumulative earnings to closed block policyholders as additional policyholder dividends unless offset by future unfavorable experience of the closed block and, accordingly, will recognize only the expected cumulative earnings in income with the excess recorded as a policyholder dividend obligation. If over such period, the actual cumulative earnings of the closed block are less than the expected cumulative earnings of the closed block, the Company will recognize only the actual earnings in income. However, the Company may change policyholder dividend scales in the future, which would be intended to increase future actual earnings until the actual cumulative earnings equal the expected cumulative earnings.

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

7. Closed Block (continued)

Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item.

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

	December 31,	
	2015	2014
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$ 41,278	$ 41,667
Other policy-related balances	249	265
Policyholder dividends payable	468	461
Policyholder dividend obligation	1,783	3,155
Current income tax payable	—	1
Other liabilities	380	646
Total closed block liabilities	44,158	46,195
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	27,556	29,199
Equity securities available-for-sale, at estimated fair value	111	91
Mortgage loans	6,022	6,076
Policy loans	4,642	4,646
Real estate and real estate joint ventures	462	666
Other invested assets	1,066	1,065
Total investments	39,859	41,743
Cash and cash equivalents	236	227
Accrued investment income	474	477
Premiums, reinsurance and other receivables	56	67
Current income tax recoverable	11	—
Deferred income tax assets	234	289
Total assets designated to the closed block	40,870	42,803
Excess of closed block liabilities over assets designated to the closed block	3,288	3,392
Amounts included in AOCI:		
Unrealized investment gains (losses), net of income tax	1,382	2,291
Unrealized gains (losses) on derivatives, net of income tax	76	28
Allocated to policyholder dividend obligation, net of income tax	(1,159)	(2,051)
Total amounts included in AOCI	299	268
Maximum future earnings to be recognized from closed block assets and liabilities	$ 3,587	$ 3,660

Information regarding the closed block policyholder dividend obligation was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Balance at January 1,	$ 3,155	$ 1,771	$ 3,828
Change in unrealized investment and derivative gains (losses)	(1,372)	1,384	(2,057)
Balance at December 31,	$ 1,783	$ 3,155	$ 1,771

7. Closed Block (continued)

Information regarding the closed block revenues and expenses was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Revenues			
Premiums	$ 1,850	$ 1,918	$ 1,987
Net investment income	1,982	2,093	2,130
Net investment gains (losses)	(23)	7	25
Net derivative gains (losses)	27	20	(6)
Total revenues	3,836	4,038	4,136
Expenses			
Policyholder benefits and claims	2,564	2,598	2,702
Policyholder dividends	1,015	988	979
Other expenses	143	155	165
Total expenses	3,722	3,741	3,846
Revenues, net of expenses before provision for income tax expense (benefit)	114	297	290
Provision for income tax expense (benefit)	41	104	101
Revenues, net of expenses and provision for income tax expense (benefit)	$ 73	$ 193	$ 189

Metropolitan Life Insurance Company charges the closed block with federal income taxes, state and local premium taxes and other state or local taxes, as well as investment management expenses relating to the closed block as provided in the Plan of Reorganization. Metropolitan Life Insurance Company also charges the closed block for expenses of maintaining the policies included in the closed block.

8. Investments

See Note 10 for information about the fair value hierarchy for investments and the related valuation methodologies.

Investment Risks and Uncertainties

Investments are exposed to the following primary sources of risk: credit, interest rate, liquidity, market valuation, currency and real estate risk. 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.

The determination of valuation allowances and impairments is highly subjective and is based upon periodic evaluations and assessments 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 securities, asset-backed securities (“ABS”), certain structured investment transactions and trading and FVO securities) is dependent upon certain factors such as prepayments and defaults, and changes in such factors could result in changes in amounts to be earned.

8. Investments (continued)

Fixed Maturity and Equity Securities AFS

Fixed Maturity and Equity Securities AFS by Sector

The following table presents the fixed maturity and equity securities AFS by sector. Redeemable preferred stock is reported within U.S. corporate and foreign corporate fixed maturity securities and non-redeemable preferred stock is reported within equity securities. Included within fixed maturity securities are structured securities including RMBS, commercial mortgage-backed securities ("CMBS") and ABS.

	December 31, 2015					December 31, 2014				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value
	(In millions)									
Fixed maturity securities										
U.S. corporate	$ 59,305	$ 3,763	$ 1,511	$ —	$ 61,557	$ 59,532	$ 6,246	$ 421	$ —	$ 65,357
U.S. Treasury and agency	36,183	3,638	128	—	39,693	34,391	4,698	19	—	39,070
Foreign corporate	27,218	1,005	1,427	1	26,795	28,395	1,934	511	—	29,818
RMBS	23,195	1,008	252	36	23,915	26,893	1,493	157	66	28,163
State and political subdivision	6,070	935	29	2	6,974	5,329	1,197	6	—	6,520
CMBS	6,547	114	82	—	6,579	7,705	241	33	—	7,913
ABS	6,665	40	138	—	6,567	8,206	102	82	—	8,226
Foreign government	3,178	536	108	—	3,606	3,153	761	70	—	3,844
Total fixed maturity securities	$ 168,361	$ 11,039	$ 3,675	$ 39	$ 175,686	$ 173,604	$16,672	$ 1,299	$ 66	$ 188,911
Equity securities										
Common stock	$ 1,298	$ 46	$ 101	$ —	$ 1,243	$ 1,236	$ 142	$ 26	$ —	$ 1,352
Non-redeemable preferred stock	687	59	40	—	706	690	53	30	—	713
Total equity securities	$ 1,985	$ 105	$ 141	$ —	$ 1,949	$ 1,926	$ 195	$ 56	$ —	$ 2,065

The Company held non-income producing fixed maturity securities with an estimated fair value of $3 million and $6 million with unrealized gains (losses) of less than $1 million and $5 million at December 31, 2015 and 2014, respectively.

Methodology for Amortization of Premium and Accretion of Discount on Structured Securities

Amortization of premium and accretion of discount on structured securities 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 using inputs obtained from third-party specialists 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.

8. Investments (continued)

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date, were as follows at December 31, 2015:

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities	Total Fixed Maturity Securities
	(In millions)					
Amortized cost	$ 6,323	$ 38,390	$ 34,613	$ 52,628	$ 36,407	$ 168,361
Estimated fair value	$ 6,252	$ 39,432	$ 35,000	$ 57,941	$ 37,061	$ 175,686

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 presented in the year of final contractual maturity. Structured securities (RMBS, CMBS and ABS) are shown separately, as they are not due at a single maturity.

Continuous Gross Unrealized Losses for Fixed Maturity and Equity Securities AFS by Sector

The following table presents the estimated fair value and gross unrealized losses of fixed maturity and equity securities AFS in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position.

	December 31, 2015				December 31, 2014			
	Less than 12 Months		Equal to or Greater than 12 Months		Less than 12 Months		Equal to or Greater than 12 Months	
	Estimated Fair Value	Gross Unrealized Losses	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	$ 17,480	$ 1,078	$ 2,469	$ 433	$ 8,950	$ 260	$ 2,251	$ 161
U.S. Treasury and agency	11,683	125	248	3	3,933	6	982	13
Foreign corporate	8,823	669	4,049	759	7,052	397	1,165	114
RMBS	6,065	158	1,769	130	3,141	63	1,900	160
State and political subdivision	767	26	15	5	26	—	76	6
CMBS	2,266	42	509	40	772	20	461	13
ABS	3,211	54	1,817	84	3,147	45	732	37
Foreign government	961	91	87	17	327	32	265	38
Total fixed maturity securities	$ 51,256	$ 2,243	$ 10,963	$ 1,471	$ 27,348	$ 823	$ 7,832	$ 542
Equity securities								
Common stock	$ 182	$ 99	$ 19	$ 2	$ 98	$ 26	$ 1	$ —
Non-redeemable preferred stock	56	2	132	38	32	—	139	30
Total equity securities	$ 238	$ 101	$ 151	$ 40	$ 130	$ 26	$ 140	$ 30
Total number of securities in an unrealized loss position	4,167		807		1,997		642	

Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities

Evaluation and Measurement Methodologies

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 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 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 where the issuer, series of issuers or industry has suffered a catastrophic 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; (viii) the potential for impairments due to weakening of foreign currencies on non-functional currency denominated fixed maturity securities that are near maturity; and (ix) other subjective factors, including concentrations and information obtained from regulators and rating agencies.

The methodology and significant inputs used to determine the amount of credit loss on fixed maturity securities are as follows:

- The Company calculates the recovery value by performing a discounted cash flow analysis based on the present value of future cash flows. The discount rate is generally the effective interest rate of the security prior to impairment.
- When determining collectability and the period over which value is expected to recover, the Company applies 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: payment terms of the security; the likelihood that the issuer can service the 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.
- Additional considerations are made when assessing the unique features that apply to certain structured securities including, but not limited to: the quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying loans or assets backing a particular security, and the payment priority within the tranche structure of the security.
- When determining the amount of the credit loss for U.S. and foreign corporate securities, foreign government securities and state and political subdivision securities, the estimated fair value is considered 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 above, as well as any private and public sector programs to restructure such securities.

With respect to securities that have attributes of debt and equity (perpetual hybrid securities), consideration is given in the OTTI analysis as to whether there has been any deterioration in the credit of the issuer and the likelihood of recovery in value of the securities that are in a severe and extended unrealized loss position. Consideration is also given as to 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 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.

8. Investments (continued)

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 over the remaining term of the fixed maturity security in a prospective manner based on the amount and timing of estimated future cash flows.

Current Period Evaluation

Based on the Company's current evaluation of its AFS 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 concluded that these securities were not other-than-temporarily impaired at December 31, 2015. Future OTTI 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, collateral valuation, interest rates and credit spreads. If economic fundamentals deteriorate or if there are adverse changes in the above factors, OTTI may be incurred in upcoming periods.

Gross unrealized losses on fixed maturity securities increased $2.3 billion during the year ended December 31, 2015 to $3.7 billion. The increase in gross unrealized losses for the year ended December 31, 2015 was primarily attributable to widening credit spreads, an increase in interest rates and, to a lesser extent, the impact of weakening foreign currencies on non-functional currency denominated fixed maturity securities.

At December 31, 2015, $271 million of the total $3.7 billion of gross unrealized losses were from 50 fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater.

Investment Grade Fixed Maturity Securities

Of the $271 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $187 million, or 69%, were related to gross unrealized losses on 27 investment grade fixed maturity securities. Unrealized losses on investment grade fixed maturity securities are principally related to widening credit spreads and, with respect to fixed-rate fixed maturity securities, rising interest rates since purchase.

Below Investment Grade Fixed Maturity Securities

Of the $271 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $84 million, or 31%, were related to gross unrealized losses on 23 below investment grade fixed maturity securities. Unrealized losses on below investment grade fixed maturity securities are principally related to U.S. and foreign corporate securities (primarily utility and industrial securities) and non-agency RMBS (primarily alternative residential mortgage loans) and are the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over lower oil prices in the energy sector and valuations of residential real estate supporting non-agency RMBS. Management evaluates 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 issuers 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.

Equity Securities

Gross unrealized losses on equity securities increased $85 million during the year ended December 31, 2015 to $141 million. Of the $141 million, $31 million were from eight securities with gross unrealized losses of 20% or more of cost for 12 months or greater. Of the $31 million, 68% were rated A or better, and all were from financial services industry investment grade non-redeemable preferred stock.

8. Investments (continued)

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

	December 31, 2015 Carrying Value (In millions)	2015 % of Total	December 31, 2014 Carrying Value (In millions)	2014 % of Total
Mortgage loans				
Commercial	$ 33,440	62.3%	$ 32,482	66.2%
Agricultural	11,663	21.7	11,033	22.5
Residential	8,562	15.9	5,494	11.2
Subtotal	53,665	99.9	49,009	99.9
Valuation allowances	(257)	(0.5)	(258)	(0.5)
Subtotal mortgage loans, net	53,408	99.4	48,751	99.4
Residential — FVO	314	0.6	308	0.6
Total mortgage loans, net	$ 53,722	100.0%	$ 49,059	100.0%

The Company originates and acquires unaffiliated mortgage loans and simultaneously sells a portion to affiliates under master participation agreements. The aggregate amount of unaffiliated mortgage loan participation interests sold by the Company to affiliates during the years ended December 31, 2015, 2014 and 2013 were $3.0 billion, $1.9 billion and $2.3 billion, respectively. In connection with the mortgage loan participations, the Company collected mortgage loan principal and interest payments from unaffiliated borrowers on behalf of affiliates and remitted such receipts to the affiliates in the amount of $1.8 billion, $1.3 billion and $1.8 billion during the years ended December 31, 2015, 2014 and 2013, respectively.

Purchases of mortgage loans from third parties were $3.9 billion and $4.7 billion for the years ended December 31, 2015 and 2014, respectively.

Information on commercial, agricultural and residential mortgage loans is presented in the tables below. Information on residential — FVO is presented in Note 10. The Company elects the FVO for certain residential mortgage loans that are managed on a total return basis.

Mortgage Loans, Valuation Allowance and Impaired Loans by Portfolio Segment

Mortgage loans by portfolio segment, by method of evaluation of credit loss, impaired mortgage loans including those modified in a troubled debt restructuring, and the related valuation allowances, were as follows at and for the years ended:

	Evaluated Individually for Credit Losses					Evaluated Collectively for Credit Losses		Impaired Loans	
	Impaired Loans with a Valuation Allowance			Impaired Loans without a Valuation Allowance					
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Unpaid Principal Balance	Recorded Investment	Recorded Investment	Valuation Allowances	Carrying Value	Average Recorded Investment
	(In millions)								
December 31, 2015									
Commercial	$ —	$ —	$ —	$ 57	$ 57	$ 33,383	$ 165	$ 57	$ 120
Agricultural	45	43	3	22	21	11,599	34	61	60
Residential	—	—	—	141	131	8,431	55	131	84
Total	$ 45	$ 43	$ 3	$ 220	$ 209	$ 53,413	$ 254	$ 249	$ 264
December 31, 2014									
Commercial	$ 75	$ 75	$ 24	$ 84	$ 84	$ 32,323	$ 158	$ 135	$ 298
Agricultural	47	45	2	14	13	10,975	33	56	76
Residential	—	—	—	40	37	5,457	41	37	17
Total	$ 122	$ 120	$ 26	$ 138	$ 134	$ 48,755	$ 232	$ 228	$ 391

8. Investments (continued)

The average recorded investment for impaired commercial, agricultural and residential mortgage loans was $430 million, $151 million and $2 million, respectively, for the year ended December 31, 2013.

Valuation Allowance Rollforward by Portfolio Segment

The changes in the valuation allowance, by portfolio segment, were as follows:

	Commercial	Agricultural	Residential	Total
		(In millions)		
Balance at January 1, 2013	$ 256	$ 48	$ —	$ 304
Provision (release)	(43)	3	19	(21)
Charge-offs, net of recoveries	—	(11)	—	(11)
Balance at December 31, 2013	213	40	19	272
Provision (release)	(8)	(4)	27	15
Charge-offs, net of recoveries	(23)	(1)	(5)	(29)
Balance at December 31, 2014	182	35	41	258
Provision (release)	2	2	30	34
Charge-offs, net of recoveries	(19)	—	(16)	(35)
Balance at December 31, 2015	$ 165	$ 37	$ 55	$ 257

Valuation Allowance Methodology

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 loan agreement. Specific valuation allowances are established using the same methodology for all three 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.

Commercial and Agricultural Mortgage Loan Portfolio Segments

The Company typically uses several years of historical experience in establishing non-specific valuation allowances 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 evaluations of agricultural mortgage 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. 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 commercial and agricultural mortgage loans.

8. Investments (continued)

All commercial mortgage 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. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher loan-to-value ratios and lower debt service coverage ratios. All agricultural mortgage loans are monitored on an ongoing basis. The monitoring process for agricultural mortgage loans is generally similar to the commercial mortgage loan monitoring process, with a focus on higher risk loans, including reviews on a geographic and property-type basis. Higher risk loans are reviewed individually on an ongoing basis for potential credit loss and specific valuation allowances are established using the methodology described above. 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 mortgage loans, the 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 mortgage loan portfolio. Loan-to-value ratios compare the unpaid principal balance of the loan to the estimated fair value of the underlying collateral. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt service coverage ratio and the values utilized in calculating the ratio are updated annually on a rolling basis, with a portion of the portfolio updated each quarter. In addition, the loan-to-value ratio is routinely updated for all but the lowest risk loans as part of the Company's ongoing review of its commercial mortgage loan portfolio.

For agricultural mortgage 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 mortgage loan portfolio and are routinely updated.

Residential Mortgage Loan Portfolio Segment

The Company's residential mortgage loan portfolio is comprised primarily of closed end, amortizing residential mortgage loans. For evaluations of residential mortgage loans, the key inputs of expected frequency and expected loss reflect current market conditions, with expected frequency adjusted, when appropriate, for differences from market conditions and the Company's historical experience. In contrast to the commercial and agricultural mortgage loan portfolios, residential mortgage loans are smaller-balance homogeneous loans that are collectively evaluated for impairment. Non-specific valuation allowances are established using the evaluation framework described above for pools of loans with similar risk characteristics from inputs that are unique to the residential segment of the loan portfolio. Loan specific valuation allowances are only established on residential mortgage loans when they have been restructured and are established using the methodology described above for all loan portfolio segments.

For residential mortgage loans, the Company's primary credit quality indicator is whether the loan is performing or nonperforming. The Company generally defines nonperforming residential mortgage loans as those that are 60 or more days past due and/or in non-accrual status which is assessed monthly. Generally, nonperforming residential mortgage loans have a higher risk of experiencing a credit loss.

8. Investments (continued)

Credit Quality of Commercial Mortgage Loans

The credit quality of commercial mortgage loans was as follows at:

	Recorded Investment						
	Debt Service Coverage Ratios					Estimated Fair Value	
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total		% of Total
		(In millions)				(In millions)	
December 31, 2015							
Loan-to-value ratios							
Less than 65%	$ 28,828	$ 909	$ 408	$ 30,145	90.2%	$ 30,996	90.5%
65% to 75%	2,550	138	61	2,749	8.2	2,730	8.0
76% to 80%	—	—	—	—	—	—	—
Greater than 80%	208	115	223	546	1.6	519	1.5
Total	$ 31,586	$ 1,162	$ 692	$ 33,440	100.0%	$ 34,245	100.0%
December 31, 2014							
Loan-to-value ratios							
Less than 65%	$ 26,810	$ 746	$ 761	$ 28,317	87.2%	$ 29,860	87.7%
65% to 75%	2,783	391	86	3,260	10.0	3,322	9.8
76% to 80%	109	—	8	117	0.4	121	0.3
Greater than 80%	384	256	148	788	2.4	736	2.2
Total	$ 30,086	$ 1,393	$ 1,003	$ 32,482	100.0%	$ 34,039	100.0%

Credit Quality of Agricultural Mortgage Loans

The credit quality of agricultural mortgage loans was as follows at:

	December 31,			
	2015		2014	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(In millions)		(In millions)	
Loan-to-value ratios				
Less than 65%	$ 10,975	94.1%	$ 10,462	94.8%
65% to 75%	609	5.2	469	4.2
76% to 80%	21	0.2	17	0.2
Greater than 80%	58	0.5	85	0.8
Total	$ 11,663	100.0%	$ 11,033	100.0%

The estimated fair value of agricultural mortgage loans was $11.9 billion and $11.4 billion at December 31, 2015 and 2014, respectively.

8. Investments (continued)

Credit Quality of Residential Mortgage Loans

The credit quality of residential mortgage loans was as follows at:

	December 31,					
	2015			2014		
	Recorded Investment		% of Total	Recorded Investment		% of Total
	(In millions)			(In millions)		
Performance indicators						
Performing	$	8,261	96.5%	$	5,345	97.3%
Nonperforming		301	3.5		149	2.7
Total	$	8,562	100.0%	$	5,494	100.0%

The estimated fair value of residential mortgage loans was $8.8 billion and $5.6 billion at December 31, 2015 and 2014, respectively.

Past Due and Interest Accrual Status of Mortgage Loans

The Company has a high quality, well performing mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both December 31, 2015 and 2014. The Company defines delinquency consistent with industry practice, when mortgage loans are past due as follows: commercial and residential mortgage loans — 60 days and agricultural mortgage loans — 90 days. The past due and accrual status of mortgage loans at recorded investment, prior to valuation allowances, by portfolio segment, were as follows at:

	Past Due				Nonaccrual Status			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
	(In millions)							
Commercial	$	—	$	—	$	—	$	75
Agricultural		103		1		46		41
Residential		301		149		301		149
Total	$	404	$	150	$	347	$	265

Mortgage Loans Modified in a Troubled Debt Restructuring

For a small portion of the mortgage loan portfolio, classified as troubled debt restructurings, concessions are granted related to borrowers experiencing 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. During the years ended December 31, 2015 and 2014, the Company did not have a significant amount of mortgage loans modified in a troubled debt restructuring.

Other Invested Assets

Other invested assets is comprised primarily of freestanding derivatives with positive estimated fair values (see Note 9) tax credit and renewable energy partnerships, loans to affiliates, leveraged leases, annuities funding structured settlement claims and direct financing leases. See "— Related Party Investment Transactions" for information regarding loans to affiliates and annuities funding structured settlement claims.

Tax Credit Partnerships

The carrying value of tax credit partnerships was $1.6 billion at both December 31, 2015 and 2014. Losses from tax credit partnerships included within net investment income were $163 million, $152 million, and $137 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Investments (continued)

Leveraged and Direct Financing Leases

Investment in leveraged and direct financing leases consisted of the following at:

	December 31,			
	2015		2014	
	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases
	(In millions)			
Rental receivables, net	$ 1,238	$ 376	$ 1,320	$ 406
Estimated residual values	755	57	827	57
Subtotal	1,993	433	2,147	463
Unearned income	(615)	(159)	(686)	(178)
Investment in leases, net of non-recourse debt	$ 1,378	$ 274	$ 1,461	$ 285

Rental receivables are generally due in periodic installments. The payment periods for leveraged leases generally range from one to 15 years but in certain circumstances can be over 30 years, while the payment periods for direct financing leases range from one to 21 years. For rental receivables, the primary credit quality indicator is whether the rental receivable is performing or nonperforming, which is assessed monthly. The Company generally defines nonperforming rental receivables as those that are 90 days or more past due. At December 31, 2015 and 2014, all leveraged lease receivables and direct financing rental receivables were performing.

The deferred income tax liability related to leveraged leases was $1.3 billion at both December 31, 2015 and 2014.

The components of income from investments in leveraged and direct financing leases, excluding net investment gains (losses), were as follows:

	Years Ended December 31,					
	2015		2014		2013	
	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases
	(In millions)					
Income from investment in leases	$ 48	$ 20	$ 51	$ 19	$ 60	$ 17
Less: Income tax expense on leases	17	7	18	7	21	6
Investment income after income tax	$ 31	$ 13	$ 33	$ 12	$ 39	$ 11

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 $3.9 billion and $1.0 billion at December 31, 2015 and 2014, respectively.

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity and equity securities AFS and the effect on DAC, VOBA, DSI, future policy benefits and the policyholder dividend obligation, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in AOCI.

8. Investments (continued)

The components of net unrealized investment gains (losses), included in AOCI, were as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Fixed maturity securities	$ 7,331	$ 15,374	$ 8,521
Fixed maturity securities with noncredit OTTI losses in AOCI	(39)	(66)	(149)
Total fixed maturity securities	7,292	15,308	8,372
Equity securities	27	173	83
Derivatives	2,208	1,649	361
Other	137	87	5
Subtotal	9,664	17,217	8,821
Amounts allocated from:			
Future policy benefits	(7)	(1,964)	(610)
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	—	(3)	5
DAC, VOBA and DSI	(572)	(918)	(721)
Policyholder dividend obligation	(1,783)	(3,155)	(1,771)
Subtotal	(2,362)	(6,040)	(3,097)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	14	25	51
Deferred income tax benefit (expense)	(2,542)	(3,928)	(2,070)
Net unrealized investment gains (losses)	4,774	7,274	3,705
Net unrealized investment gains (losses) attributable to noncontrolling interests	(1)	(1)	(1)
Net unrealized investment gains (losses) attributable to Metropolitan Life Insurance Company	$ 4,773	$ 7,273	$ 3,704

The changes in fixed maturity securities with noncredit OTTI losses included in AOCI were as follows:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Balance at January 1,	$ (66)	$ (149)
Noncredit OTTI losses and subsequent changes recognized	5	10
Securities sold with previous noncredit OTTI loss	105	41
Subsequent changes in estimated fair value	(83)	32
Balance at December 31,	$ (39)	$ (66)

Table of Contents

8. Investments (continued)

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

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Balance at January 1,	$ 7,273	$ 3,704	$ 6,339
Fixed maturity securities on which noncredit OTTI losses have been recognized	27	83	107
Unrealized investment gains (losses) during the year	(7,580)	8,313	(11,205)
Unrealized investment gains (losses) relating to:			
Future policy benefits	1,957	(1,354)	4,510
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	3	(8)	(7)
DAC, VOBA and DSI	346	(197)	510
Policyholder dividend obligation	1,372	(1,384)	2,057
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	(11)	(26)	(35)
Deferred income tax benefit (expense)	1,386	(1,858)	1,428
Net unrealized investment gains (losses)	4,773	7,273	3,704
Net unrealized investment gains (losses) attributable to noncontrolling interests	—	—	—
Balance at December 31,	$ 4,773	$ 7,273	$ 3,704
Change in net unrealized investment gains (losses)	$ (2,500)	$ 3,569	$ (2,635)
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	—	—	—
Change in net unrealized investment gains (losses) attributable to Metropolitan Life Insurance Company	$ (2,500)	$ 3,569	$ (2,635)

Concentrations of Credit Risk

There were no investments in any counterparty that were greater than 10% of the Company’s equity, other than the U.S. government and its agencies, at both December 31, 2015 and 2014.

Securities Lending

Elements of the securities lending program are presented below at:

	December 31,	
	2015	2014
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 16,257	$ 19,099
Estimated fair value	$ 17,700	$ 21,185
Cash collateral on deposit from counterparties (2)	$ 18,053	$ 21,635
Security collateral on deposit from counterparties (3)	$ 22	$ 19
Reinvestment portfolio — estimated fair value	$ 18,138	$ 22,046

____

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

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

(3) Security collateral on deposit from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the consolidated financial statements.

8. Investments (continued)

The cash collateral liability by loaned security type and remaining tenor of the agreements were as follows at:

	December 31, 2015				
	Remaining Tenor of Securities Lending Agreements				
	Open (1)	1 Month or Less	1 to 6 Months	Total	% of Total
	(In millions)				
Cash collateral liability by loaned security type					
U.S. Treasury and agency	$ 6,260	$ 7,421	$ 4,303	$ 17,984	99.6%
U.S. corporate	1	41	—	42	0.3
Agency RMBS	—	6	21	27	0.1
Foreign corporate	—	—	—	—	—
Foreign government	—	—	—	—	—
Total	$ 6,261	$ 7,468	$ 4,324	$ 18,053	100.0%

	December 31, 2014				
	Remaining Tenor of Securities Lending Agreements				
	Open (1)	1 Month or Less	1 to 6 Months	Total	% of Total
	(In millions)				
Cash collateral liability by loaned security type					
U.S. Treasury and agency	$ 7,346	$ 7,401	$ 3,912	$ 18,659	86.2%
U.S. corporate	109	148	—	257	1.2
Agency RMBS	—	387	2,015	2,402	11.1
Foreign corporate	152	89	—	241	1.1
Foreign government	22	54	—	76	0.4
Total	$ 7,629	$ 8,079	$ 5,927	$ 21,635	100.0%

____

(1) The related loaned security could be returned to the Company on the next business day which would require the Company to immediately return the cash collateral.

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it 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 what otherwise would have been realized under normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at December 31, 2015 was $6.1 billion, over 99% of which were U.S. Treasury and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including U.S. Treasury and agency, agency RMBS, ABS, U.S. and foreign corporate securities) with 66% invested in U.S. Treasury and agency securities, agency RMBS, cash equivalents, short-term investments or held in cash. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

8. Investments (continued)

Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented below at estimated fair value for all asset classes, except mortgage loans, which are presented at carrying value at:

	December 31,	
	2015	2014
	(In millions)	
Invested assets on deposit (regulatory deposits)	$ 1,245	$ 1,421
Invested assets pledged as collateral (1)	19,011	20,712
Total invested assets on deposit and pledged as collateral	$ 20,256	$ 22,133

(1) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 4), and derivative transactions (see Note 9).

See "— Securities Lending" for information regarding securities on loan and Note 7 for information regarding investments designated to the closed block.

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 ("PCI") 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.

8. Investments (continued)

The Company's PCI fixed maturity securities were as follows at:

	December 31, 2015	December 31, 2014
	(In millions)	
Outstanding principal and interest balance (1)	$ 5,139	$ 4,614
Carrying value (2)	$ 3,937	$ 3,651

(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 PCI fixed maturity securities acquired during the periods indicated:

	Years Ended December 31, 2015	Years Ended December 31, 2014
	(In millions)	
Contractually required payments (including interest)	$ 1,401	$ 820
Cash flows expected to be collected (1)	$ 1,222	$ 644
Fair value of investments acquired	$ 905	$ 433

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

The following table presents activity for the accretable yield on PCI fixed maturity securities for:

	Years Ended December 31, 2015	Years Ended December 31, 2014
	(In millions)	
Accretable yield, January 1,	$ 1,883	$ 2,431
Investments purchased	317	211
Accretion recognized in earnings	(276)	(217)
Disposals	(48)	(47)
Reclassification (to) from nonaccretable difference	(92)	(495)
Accretable yield, December 31,	$ 1,784	$ 1,883

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 $10.2 billion at December 31, 2015. 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 $3.4 billion at December 31, 2015. 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 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. Aggregate net investment income from these equity method investments exceeded 10% of the Company's consolidated pre-tax income (loss) from continuing operations for only one of the three most recent annual periods: 2013. The Company is providing the following aggregated summarized financial data for such equity method investments, for the most recent annual periods, in order to provide comparative information. This aggregated summarized financial data does not represent the Company's proportionate share of the assets, liabilities, or earnings of such entities.

8. Investments (continued)

The aggregated summarized financial data presented below reflects the latest available financial information and is as of, and for, the years ended December 31, 2015, 2014 and 2013. Aggregate total assets of these entities totaled $397.9 billion and $351.0 billion at December 31, 2015 and 2014, respectively. Aggregate total liabilities of these entities totaled $64.1 billion and $32.1 billion at December 31, 2015 and 2014, respectively. Aggregate net income (loss) of these entities totaled $23.4 billion, $33.7 billion and $25.0 billion for the years ended December 31, 2015, 2014 and 2013, respectively. Aggregate net income (loss) from the underlying entities in which the Company invests is primarily comprised of investment income, including recurring investment income and realized and unrealized investment gains (losses).

Variable Interest Entities

The Company has invested in certain structured transactions (including consolidated securitization entities ("CSEs")) 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 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. 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.

Consolidated VIEs

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.

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, 2015 and 2014.

	December 31,			
	2015		2014	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Fixed maturity securities (1)	$ 104	$ 50	$ 163	$ 78
Other investments (2)	89	13	121	30
Total	$ 193	$ 63	$ 284	$ 108

(1) The Company consolidates certain fixed maturity securities purchased in an investment structure which was partially funded with affiliated long-term debt. The long-term debt bears interest primarily at variable rates, payable on a bi-annual basis. Interest expense related to these obligations, included in other expenses, was $2 million for each of the years ended December 31, 2015, 2014 and 2013.

(2) Other investments is comprised of other invested assets, other limited partnership interests, CSEs reported within FVO securities and real estate joint ventures. The Company consolidates CSEs which are entities that are structured as collateralized debt obligations. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company's exposure was limited to that of its remaining investment in these entities of less than $1 million at estimated fair value at both December 31, 2015 and 2014. The long-term debt bears interest primarily at variable rates, payable on a bi-annual basis. Interest expense related to these obligations, included in other expenses, was less than $1 million, $1 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Investments (continued)

Effective March 31, 2014, as a result of a quarterly reassessment in the first quarter of 2014, the Company deconsolidated an open ended core real estate fund, based on the terms of a revised partnership agreement. At December 31, 2013, the Company had consolidated this real estate fund. Assets of the real estate fund are a real estate investment trust which holds primarily traditional core income-producing real estate which has associated liabilities that are primarily non-recourse debt secured by certain real estate assets of the fund. As a result of the deconsolidation in 2014, supplemental disclosures of cash flow information on the consolidated statements of cash flows for the year ended December 31, 2014 includes reductions in redeemable noncontrolling interests, long-term debt and real estate and real estate joint ventures.

Unconsolidated VIEs

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows at:

	December 31,			
	2015		2014	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities AFS:				
Structured securities (RMBS, CMBS and ABS) (2)	$ 37,061	$ 37,061	$ 44,302	$ 44,302
U.S. and foreign corporate	1,593	1,593	1,919	1,919
Other limited partnership interests	2,874	3,672	3,722	4,833
Other invested assets	1,564	2,116	1,683	2,003
Real estate joint ventures	31	44	52	74
Total	$ 43,123	$ 44,486	$ 51,678	$ 53,131

(1) The maximum exposure to loss relating to fixed maturity securities AFS is equal to their carrying amounts or the carrying amounts of retained interests. The maximum exposure to loss relating to other limited partnership interests and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments. For certain of its investments in other invested assets, the Company's return is in the form of income tax credits which are guaranteed by creditworthy third parties. For such investments, the maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by income tax credits guaranteed by third parties of $179 million and $212 million at December 31, 2015 and 2014, respectively. 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 in mortgage-backed or asset-backed securities issued by trusts that do not have substantial equity.

As described in Note 17, 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, 2015, 2014 and 2013.

8. Investments (continued)

Net Investment Income

The components of net investment income were as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Investment income:			
Fixed maturity securities	$ 7,930	$ 8,260	$ 8,279
Equity securities	91	86	78
Trading and FVO securities — Actively traded and FVO general account securities (1)	(15)	23	43
Mortgage loans	2,514	2,378	2,405
Policy loans	435	448	440
Real estate and real estate joint ventures	743	725	699
Other limited partnership interests	519	721	633
Cash, cash equivalents and short-term investments	25	26	32
Operating joint venture	9	2	(4)
Other	202	61	21
Subtotal	12,453	12,730	12,626
Less: Investment expenses	876	838	844
Subtotal, net	11,577	11,892	11,782
FVO CSEs — interest income:			
Securities	—	1	3
Subtotal	—	1	3
Net investment income	$ 11,577	$ 11,893	$ 11,785

(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 ($18) million, ($14) million and $4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

See "— Variable Interest Entities" for discussion of CSEs.

See "— Related Party Investment Transactions" for discussion of affiliated net investment income and investment expenses.

The Company has a trading securities portfolio, principally invested in fixed maturity securities, to support investment strategies that involve the active and frequent purchase and sale of actively traded securities and the execution of short sale agreements. FVO securities include certain fixed maturity and equity securities held-for-investment by the general account to support asset/liability management strategies for certain insurance products and securities held by CSEs.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

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

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Total gains (losses) on fixed maturity securities:			
Total OTTI losses recognized — by sector and industry:			
U.S. and foreign corporate securities — by industry:			
Consumer	$ (21)	$ (6)	$ (12)
Utility	(15)	—	(48)
Finance	—	—	(4)
Communications	—	—	(2)
Total U.S. and foreign corporate securities	(36)	(6)	(66)
RMBS	(17)	(20)	(62)
State and political subdivision	(1)	—	—
OTTI losses on fixed maturity securities recognized in earnings	(54)	(26)	(128)
Fixed maturity securities — net gains (losses) on sales and disposals	(114)	(99)	177
Total gains (losses) on fixed maturity securities	(168)	(125)	49
Total gains (losses) on equity securities:			
Total OTTI losses recognized — by sector:			
Common stock	(37)	(5)	(2)
Non-redeemable preferred stock	—	(16)	(17)
OTTI losses on equity securities recognized in earnings	(37)	(21)	(19)
Equity securities — net gains (losses) on sales and disposals	—	42	6
Total gains (losses) on equity securities	(37)	21	(13)
Trading and FVO securities — FVO general account securities	—	1	11
Mortgage loans	(90)	(36)	31
Real estate and real estate joint ventures	430	252	(15)
Other limited partnership interests	(66)	(69)	(41)
Other	(18)	(108)	5
Subtotal	51	(64)	27
FVO CSEs:			
Securities	—	—	2
Long-term debt — related to securities	—	(1)	(2)
Non-investment portfolio gains (losses)	208	208	21
Subtotal	208	207	21
Total net investment gains (losses)	$ 259	$ 143	$ 48

See "— Variable Interest Entities" for discussion of CSEs.

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 $125 million, $132 million and less than $1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Investments (continued)

Sales or Disposals and Impairments of Fixed Maturity and Equity Securities

Investment gains and losses on sales of securities are determined on a specific identification basis. 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.

	Years Ended December 31,					
	2015	2014	2013	2015	2014	2013
	Fixed Maturity Securities			Equity Securities		
	(In millions)					
Proceeds	$ 60,957	$ 44,906	$ 45,538	$ 105	$ 128	$ 144
Gross investment gains	$ 584	$ 260	$ 556	$ 28	$ 46	$ 25
Gross investment losses	(698)	(359)	(379)	(28)	(4)	(19)
OTTI losses	(54)	(26)	(128)	(37)	(21)	(19)
Net investment gains (losses)	$ (168)	$ (125)	$ 49	$ (37)	$ 21	$ (13)

Credit Loss Rollforward

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 OCI:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Balance at January 1,	$ 263	$ 277
Additions:		
Initial impairments — credit loss OTTI on securities not previously impaired	14	1
Additional impairments — credit loss OTTI on securities previously impaired	15	15
Reductions:		
Sales (maturities, pay downs or prepayments) of securities previously impaired as credit loss OTTI	(102)	(30)
Increase in cash flows — accretion of previous credit loss OTTI	(2)	—
Balance at December 31,	$ 188	$ 263

Related Party Investment Transactions

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,		
	2015	2014	2013
	(In millions)		
Estimated fair value of invested assets transferred to affiliates	$ 1,003	$ 97	$ 781
Amortized cost of invested assets transferred to affiliates	$ 941	$ 89	$ 688
Net investment gains (losses) recognized on transfers	$ 62	$ 8	$ 93
Estimated fair value of invested assets transferred from affiliates	$ 237	$ 882	$ 882

In 2013, prior to the Mergers, the Company transferred invested assets to and from MICC of $751 million and $739 million, respectively, related to the establishment of a custodial account to secure certain policyholder liabilities, which is included in the table above. See Note 6 for additional information on the Mergers.

8. Investments (continued)

In July 2014, prior to the Mergers, the Company purchased from certain affiliates MetLife, Inc. affiliated loans with an unpaid principal balance of $400 million and estimated fair value of $437 million, which are included in the table above. The unpaid principal balance of MetLife, Inc. affiliated loans held by the Company totals $1.9 billion, bear interest at the following fixed rates, payable semiannually, and are due as follows: $250 million at 7.44% due on September 30, 2016, $500 million at 3.54% due on June 30, 2019, $250 million at 3.57% due on October 1, 2019, $445 million at 5.64% due on July 15, 2021 and $480 million at 5.86% due on December 16, 2021. The carrying value of these MetLife, Inc. affiliated loans totaled $2.0 billion at both December 31, 2015 and 2014 which are included in other invested assets. Net investment income from these affiliated loans was $95 million, $92 million and $90 million for the years ended December 31, 2015, 2014 and 2013, respectively.

As a structured settlements assignment company, the Company purchases annuities from affiliates to fund the periodic structured settlement claim payment obligations it assumes. Each annuity purchased is contractually designated to the assumed claim obligation it funds. The aggregate annuity contract values recorded, for which the Company has also recorded an unpaid claim obligation of equal amounts, were $1.3 billion at December 31, 2015. The related net investment income and corresponding policyholder benefits and claims recognized were $63 million for the year ended December 31, 2015.

The Company had a surplus note outstanding from American Life Insurance Company, an affiliate, which was included in other invested assets, totaling $100 million at both December 31, 2015 and 2014. The loan, which bears interest at a fixed rate of 3.17%, payable semiannually, is due on June 30, 2020. Net investment income from this surplus note was $3 million and less than $1 million for the years ended December 31, 2015 and 2014, respectively.

The Company provides investment administrative services to certain affiliates. The related investment administrative service charges to these affiliates were $157 million, $179 million and $172 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company also earned additional affiliated net investment income of $4 million for each of the years ended December 31, 2015, 2014 and 2013.

See "— Mortgage Loans — Mortgage Loans by Portfolio Segment" for discussion of mortgage loan participation agreements with affiliates.

9. Derivatives

Accounting for Derivatives

See Note 1 for a description of the Company's accounting policies for derivatives and Note 10 for information about the fair value hierarchy for derivatives.

Derivative Strategies

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. The Company uses a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values 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. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC-cleared"), while others are bilateral contracts between two counterparties ("OTC-bilateral"). The types of derivatives the Company uses include swaps, forwards, futures and option contracts. To a lesser extent, the Company uses credit default swaps and structured interest rate swaps to synthetically replicate investment risks and returns which are not readily available in the cash market.

Interest Rate Derivatives

The Company uses a variety of interest rate derivatives to reduce its exposure to changes in interest rates, including interest rate swaps, caps, floors, swaptions, futures and forwards.

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 amount. The Company utilizes interest rate swaps in fair value, cash flow and nonqualifying hedging relationships.

9. Derivatives (continued)

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

The Company purchases interest rate caps and floors primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities, 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 nonqualifying hedging relationships.

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

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 hedging relationships.

To a lesser extent, the Company uses exchange-traded interest rate futures in nonqualifying hedging relationships.

Foreign Currency Exchange Rate Derivatives

The Company uses foreign currency exchange rate derivatives, including foreign currency swaps and foreign currency forwards, 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 notional amount. The notional 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 nonqualifying 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 at the specified future date. The Company utilizes foreign currency forwards in nonqualifying hedging relationships.

Credit Derivatives

The Company enters into purchased credit default swaps to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party to pay, at specified intervals, a premium to hedge credit risk. If a credit event occurs, as defined by the contract, 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 amount in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. Credit events vary by type of issuer but typically include bankruptcy, failure to pay debt obligations, repudiation, moratorium, involuntary restructuring or governmental intervention. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association, Inc. ("ISDA") deems that a credit event has occurred. The Company utilizes credit default swaps in nonqualifying hedging relationships.

The Company enters into written credit default swaps 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 also enters into certain purchased and written credit default swaps held in relation to trading portfolios for the purpose of generating profits on short-term differences in price. These credit default swaps are not designated as hedging instruments.

9. Derivatives (continued)

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 transactions as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

Equity Derivatives

The Company uses a variety of equity derivatives to reduce its exposure to equity market risk, including equity index options, equity variance swaps, exchange-traded equity futures and total rate of return swaps ("TRRs").

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

9. Derivatives (continued)

Primary Risks Managed by Derivatives

The following table presents the gross notional amount, estimated fair value and primary underlying risk exposure of the Company's derivatives, excluding embedded derivatives, held at:

		December 31,					
		2015			2014		
			Estimated Fair Value			Estimated Fair Value	
	Primary Underlying Risk Exposure	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
		(In millions)					
Derivatives Designated as Hedging Instruments							
Fair value hedges:							
Interest rate swaps	Interest rate	$ 5,089	$ 2,177	$ 11	$ 5,632	$ 2,031	$ 18
Foreign currency swaps	Foreign currency exchange rate	2,133	61	159	2,709	65	101
Subtotal		7,222	2,238	170	8,341	2,096	119
Cash flow hedges:							
Interest rate swaps	Interest rate	1,960	426	—	2,191	447	—
Interest rate forwards	Interest rate	70	15	—	70	18	—
Foreign currency swaps	Foreign currency exchange rate	18,743	1,132	1,376	14,895	501	614
Subtotal		20,773	1,573	1,376	17,156	966	614
Total qualifying hedges		27,995	3,811	1,546	25,497	3,062	733
Derivatives Not Designated or Not Qualifying as Hedging Instruments							
Interest rate swaps	Interest rate	51,489	2,613	1,197	56,394	2,213	1,072
Interest rate floors	Interest rate	13,701	252	10	36,141	319	108
Interest rate caps	Interest rate	55,136	67	2	41,227	134	1
Interest rate futures	Interest rate	2,023	—	2	70	—	—
Interest rate options	Interest rate	2,295	227	4	6,399	379	15
Synthetic GICs	Interest rate	4,216	—	—	4,298	—	—
Foreign currency swaps	Foreign currency exchange rate	8,095	600	94	8,774	359	176
Foreign currency forwards	Foreign currency exchange rate	3,014	83	36	3,985	92	80
Credit default swaps — purchased	Credit	819	28	8	857	8	11
Credit default swaps — written	Credit	6,577	51	11	7,419	130	5
Equity futures	Equity market	1,452	15	—	954	10	—
Equity index options	Equity market	7,364	326	349	7,698	328	352
Equity variance swaps	Equity market	5,676	62	160	5,678	60	146
TRRs	Equity market	952	11	9	911	10	33
Total non-designated or nonqualifying derivatives		162,809	4,335	1,882	180,805	4,042	1,999
Total		$ 190,804	$ 8,146	$ 3,428	$ 206,302	$ 7,104	$ 2,732

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both December 31, 2015 and 2014. The Company's use of derivatives includes (i) derivatives that serve as macro hedges of the Company's exposure to various risks and that generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities that contain mortality or morbidity risk and that generally do not qualify for hedge accounting because the lack of these risks in the derivatives cannot support an expectation of a highly effective hedging relationship; (iii) derivatives that economically hedge embedded derivatives that do not qualify for hedge accounting because the changes in estimated fair value of the embedded derivatives are already recorded in net income; and (iv) written credit default swaps that are used to synthetically create credit investments and that do not qualify for hedge accounting because they do not involve a hedging relationship. For these nonqualified derivatives, changes in market factors can lead to the recognition of fair value changes on the statement of operations without an offsetting gain or loss recognized in earnings for the item being hedged.

9. Derivatives (continued)

Net Derivative Gains (Losses)

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

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Freestanding derivatives and hedging gains (losses) (1)	$ 463	$ 1,207	$ (1,205)
Embedded derivatives gains (losses)	418	(170)	135
Total net derivative gains (losses)	$ 881	$ 1,037	$ (1,070)

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

The following table presents earned income on derivatives:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Qualifying hedges:			
Net investment income	$ 227	$ 162	$ 129
Interest credited to policyholder account balances	28	106	148
Nonqualifying hedges:			
Net investment income	(5)	(4)	(6)
Net derivative gains (losses)	518	484	450
Policyholder benefits and claims	2	8	—
Total	$ 770	$ 756	$ 721

9. Derivatives (continued)

Nonqualifying Derivatives and Derivatives for Purposes Other Than Hedging

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)	
Year Ended December 31, 2015			
Interest rate derivatives	$ (243)	$ —	$ —
Foreign currency exchange rate derivatives	678	—	—
Credit derivatives — purchased	17	(3)	—
Credit derivatives — written	(57)	—	—
Equity derivatives	(152)	(11)	—
Total	$ 243	$ (14)	$ —
Year Ended December 31, 2014			
Interest rate derivatives	$ 314	$ —	$ —
Foreign currency exchange rate derivatives	554	—	—
Credit derivatives — purchased	(2)	—	—
Credit derivatives — written	(1)	—	—
Equity derivatives	11	(10)	(10)
Total	$ 876	$ (10)	$ (10)
Year Ended December 31, 2013			
Interest rate derivatives	$ (1,753)	$ —	$ —
Foreign currency exchange rate derivatives	(69)	—	—
Credit derivatives — purchased	(6)	(14)	—
Credit derivatives — written	100	1	—
Equity derivatives	—	(22)	—
Total	$ (1,728)	$ (35)	$ —

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

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

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 assets and liabilities to floating rate assets and liabilities; and (ii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated assets and liabilities.

9. Derivatives (continued)

The Company recognizes gains and losses on derivatives and the related hedged items in fair value hedges within net derivative gains (losses). The following table 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)	
Year Ended December 31, 2015				
Interest rate swaps:	Fixed maturity securities	$ 4	$ —	$ 4
	Policyholder liabilities (1)	(4)	(6)	(10)
Foreign currency swaps:	Foreign-denominated fixed maturity securities	14	(5)	9
	Foreign-denominated policyholder account balances (2)	(240)	231	(9)
Total		$ (226)	$ 220	$ (6)
Year Ended December 31, 2014				
Interest rate swaps:	Fixed maturity securities	$ 4	$ (1)	$ 3
	Policyholder liabilities (1)	649	(635)	14
Foreign currency swaps:	Foreign-denominated fixed maturity securities	13	(11)	2
	Foreign-denominated policyholder account balances (2)	(283)	270	(13)
Total		$ 383	$ (377)	$ 6
Year Ended December 31, 2013				
Interest rate swaps:	Fixed maturity securities	$ 34	$ (33)	$ 1
	Policyholder liabilities (1)	(800)	807	7
Foreign currency swaps:	Foreign-denominated fixed maturity securities	13	(12)	1
	Foreign-denominated policyholder account balances (2)	(98)	112	14
Total		$ (851)	$ 874	$ 23

(1) Fixed rate liabilities reported in policyholder account balances or future policy benefits.

(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 assets and liabilities to fixed rate assets and liabilities; (ii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated assets and liabilities; (iii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (iv) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments; and (v) interest rate forwards to hedge forecasted fixed-rate borrowings.

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions were no longer probable of occurring. Because certain of the forecasted transactions also were not probable of occurring within two months of the anticipated date, the Company reclassified amounts from AOCI into net derivative gains (losses). These amounts were $14 million and ($14) million for the years ended December 31, 2015 and 2014, respectively, and were not significant for the year ended December 31, 2013.

At December 31, 2015 and 2014, 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.

9. Derivatives (continued)

At December 31, 2015 and 2014, the balance in AOCI associated with cash flow hedges was $2.2 billion and $1.6 billion, respectively.

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

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses)Deferred in AOCI on Derivatives	Amount and Location of Gains (Losses) Reclassified from AOCI into Income (Loss)		Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)		(Ineffective Portion)
		Net Derivative Gains (Losses)	Net Investment Income	Net Derivative Gains (Losses)
		(In millions)		
Year Ended December 31, 2015				
Interest rate swaps	$ 76	$ 83	$ 11	$ 2
Interest rate forwards	(3)	4	2	—
Foreign currency swaps	(92)	(679)	(1)	7
Credit forwards	—	1	1	—
Total	$ (19)	$ (591)	$ 13	$ 9
Year Ended December 31, 2014				
Interest rate swaps	$ 587	$ 41	$ 9	$ 3
Interest rate forwards	34	(8)	2	—
Foreign currency swaps	(15)	(725)	(2)	2
Credit forwards	—	—	1	—
Total	$ 606	$ (692)	$ 10	$ 5
Year Ended December 31, 2013				
Interest rate swaps	$ (511)	$ 20	$ 8	$ (3)
Interest rate forwards	(43)	1	2	—
Foreign currency swaps	(120)	(15)	(3)	2
Credit forwards	(3)	—	1	—
Total	$ (677)	$ 6	$ 8	$ (1)

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

At December 31, 2015, $93 million of deferred net gains (losses) on derivatives in AOCI was expected to be reclassified to earnings within the next 12 months.

Credit Derivatives

In connection with synthetically created credit investment transactions and credit default swaps held in relation to the trading portfolio, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the nonqualifying 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 $6.6 billion and $7.4 billion at December 31, 2015 and 2014, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current estimated fair value of the credit default swaps. At December 31, 2015 and 2014, the Company would have received $40 million and $125 million, respectively, to terminate all of these contracts.

9. Derivatives (continued)

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,					
	2015			2014		
Rating Agency Designation of Referenced Credit Obligations (1)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)
	(In millions)			(In millions)		
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 2	$ 245	2.5	$ 5	$ 415	2.2
Credit default swaps referencing indices	5	1,366	3.3	10	1,566	2.7
Subtotal	7	1,611	3.2	15	1,981	2.6
Baa						
Single name credit default swaps (corporate)	5	752	2.6	15	1,002	2.8
Credit default swaps referencing indices	21	3,452	4.8	59	3,687	4.5
Subtotal	26	4,204	4.4	74	4,689	4.1
Ba						
Single name credit default swaps (corporate)	(2)	60	2.2	—	60	3.0
Credit default swaps referencing indices	(1)	100	1.0	(1)	100	2.0
Subtotal	(3)	160	1.4	(1)	160	2.4
B						
Single name credit default swaps (corporate)	—	—	—	—	—	—
Credit default swaps referencing indices	10	602	4.9	37	589	4.9
Subtotal	10	602	4.9	37	589	4.9
Total	$ 40	$ 6,577	4.1	$ 125	$ 7,419	3.8

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

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

The Company has also entered into credit default swaps to purchase credit protection on certain of the referenced credit obligations in the table above. As a result, the maximum amounts of potential future recoveries available to offset the $6.6 billion and $7.4 billion from the table above were $70 million and $60 million at December 31, 2015 and 2014, respectively.

Written credit default swaps held in relation to the trading portfolio amounted to $20 million and $15 million in gross notional amount and ($2) million and $1 million in estimated fair value at December 31, 2015 and 2014, respectively.

9. Derivatives (continued)

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Company's derivatives is limited to the net positive estimated fair value of derivatives at the reporting date after taking into consideration the existence of master netting or similar agreements and any collateral received pursuant to such agreements.

The Company manages its credit risk related to derivatives by entering into transactions with creditworthy counterparties and establishing and monitoring exposure limits. The Company's OTC-bilateral derivative transactions are generally governed by ISDA Master Agreements which provide for legally enforceable set-off and close-out netting of exposures to specific counterparties in the event of early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from the counterparty against payables to the same counterparty arising out of all included transactions. Substantially all of the Company's ISDA Master Agreements also include Credit Support Annex provisions which require both the pledging and accepting of collateral in connection with its OTC-bilateral derivatives.

The Company's OTC-cleared derivatives are effected through central clearing counterparties and its exchange-traded derivatives are effected through regulated exchanges. Such positions are marked to market and margined on a daily basis (both initial margin and variation margin), and the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivatives.

See Note 10 for a description of the impact of credit risk on the valuation of derivatives.

The estimated fair values of the Company's net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

	December 31,			
	2015		2014	
Derivatives Subject to a Master Netting Arrangement or a Similar Arrangement	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	(In millions)			
Gross estimated fair value of derivatives:				
OTC-bilateral (1)	$ 7,368	$ 2,667	$ 6,497	$ 2,092
OTC-cleared (1)	909	783	740	682
Exchange-traded	15	2	10	—
Total gross estimated fair value of derivatives (1)	8,292	3,452	7,247	2,774
Amounts offset on the consolidated balance sheets	—	—	—	—
Estimated fair value of derivatives presented on the consolidated balance sheets (1)	8,292	3,452	7,247	2,774
Gross amounts not offset on the consolidated balance sheets:				
Gross estimated fair value of derivatives: (2)				
OTC-bilateral	(2,117)	(2,117)	(1,742)	(1,742)
OTC-cleared	(776)	(776)	(638)	(638)
Exchange-traded	—	—	—	—
Cash collateral: (3), (4)				
OTC-bilateral	(3,705)	(3)	(2,470)	(2)
OTC-cleared	(119)	—	(97)	(40)
Exchange-traded	—	—	—	—
Securities collateral: (5)				
OTC-bilateral	(1,345)	(541)	(2,161)	(333)
OTC-cleared	—	—	—	(3)
Exchange-traded	—	—	—	—
Net amount after application of master netting agreements and collateral	$ 230	$ 15	$ 139	$ 16

____

9. Derivatives (continued)

(1) At December 31, 2015 and 2014, derivative assets included income or expense accruals reported in accrued investment income or in other liabilities of $146 million and $143 million, respectively, and derivative liabilities included income or expense accruals reported in accrued investment income or in other liabilities of $24 million and $42 million, respectively.

(2) Estimated fair value of derivatives is limited to the amount that is subject to set-off and includes income or expense accruals.

(3) Cash collateral received by the Company for OTC-bilateral and OTC-cleared derivatives is included in cash and cash equivalents, short-term investments or in fixed maturity securities, and the obligation to return it is included in payables for collateral under securities loaned and other transactions on the balance sheet. In certain instances, cash collateral pledged to the Company as initial margin for OTC-bilateral derivatives is held in separate custodial accounts and is not recorded on the Company's balance sheet because the account title is in the name of the counterparty (but segregated for the benefit of the Company). The amount of this off-balance sheet collateral was $0 and $138 million at December 31, 2015 and 2014, respectively.

(4) The receivable for the return of cash collateral provided by the Company is inclusive of initial margin on exchange-traded and OTC-cleared derivatives and is included in premiums, reinsurance and other receivables on the balance sheet. The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements. At December 31, 2015 and 2014, the Company received excess cash collateral of $17 million and $0, respectively, and provided excess cash collateral of $58 million and $31 million, respectively, which is not included in the table above due to the foregoing limitation.

(5) Securities collateral received by the Company is held in separate custodial accounts and is not recorded on the balance sheet. Subject to certain constraints, the Company is permitted by contract to sell or re-pledge this collateral, but at December 31, 2015 none of the collateral had been sold or re-pledged. Securities collateral pledged by the Company is reported in fixed maturity securities on the balance sheet. Subject to certain constraints, the counterparties are permitted by contract to sell or re-pledge this collateral. The amount of securities collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements and cash collateral. At December 31, 2015 and 2014, the Company received excess securities collateral with an estimated fair value of $71 million and $243 million, respectively, for its OTC-bilateral derivatives, which are not included in the table above due to the foregoing limitation. At December 31, 2015 and 2014, the Company provided excess securities collateral with an estimated fair value of $81 million and $57 million, respectively, for its OTC-bilateral derivatives, and $239 million and $155 million, respectively, for its OTC-cleared derivatives, and $15 million and $17 million, respectively, for its exchange-traded derivatives, which are not included in the table above due to the foregoing limitation.

The Company's collateral arrangements for its OTC-bilateral derivatives generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the estimated fair value of that counterparty's derivatives reaches a pre-determined threshold. Certain of these arrangements also include financial strength-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 financial strength ratings of Metropolitan Life Insurance Company, or its subsidiaries, as applicable, and/or the credit ratings of the counterparty. In addition, certain of the Company's netting agreements for derivatives contain provisions that require both Metropolitan Life Insurance Company, or its subsidiaries, as applicable, and the counterparty to maintain a specific investment grade financial strength or credit rating from each of Moody's and S&P. If a party's financial strength or credit ratings were to fall below that specific investment grade financial strength or credit rating, that party would be in violation of these provisions, and the other party to the derivatives could terminate the transactions and demand immediate settlement and payment based on such party's reasonable valuation of the derivatives.

9. Derivatives (continued)

The following table presents the estimated fair value of the Company's OTC-bilateral 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 Metropolitan Life Insurance Company, or its subsidiaries, as applicable, would be required to provide if there was a one-notch downgrade in such companies' financial strength rating at the reporting date or if such companies' financial strength rating sustained a downgrade to a level that triggered full overnight collateralization or termination of the derivative position at the reporting date. OTC-bilateral derivatives that are not subject to collateral agreements are excluded from this table.

	December 31,					
	2015			2014		
	Derivatives Subject to Financial Strength-Contingent Provisions	Derivatives Not Subject to Financial Strength-Contingent Provisions	Total	Derivatives Subject to Financial Strength-Contingent Provisions	Derivatives Not Subject to Financial Strength-Contingent Provisions	Total
	(In millions)					
Estimated fair value of derivatives in a net liability position (1)	$ 547	$ 3	$ 550	$ 334	$ 4	$ 338
Estimated Fair Value of Collateral Provided						
Fixed maturity securities	$ 622	$ —	$ 622	$ 390	$ —	$ 390
Cash	$ —	$ 4	$ 4	$ —	$ 2	$ 2
Fair Value of Incremental Collateral Provided Upon						
One-notch downgrade in financial strength rating	$ —	$ —	$ —	$ —	$ —	$ —
Downgrade in financial strength rating to a level that triggers full overnight collateralization or termination of the derivative position	$ —	$ —	$ —	$ —	$ —	$ —

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

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, GMABs, and certain GMIBs; funds withheld on ceded reinsurance and affiliated funds withheld on ceded reinsurance; funding agreements with equity or bond indexed crediting rates; and certain debt and equity securities.

9. Derivatives (continued)

The following table presents the estimated fair value and balance sheet location of the Company's embedded derivatives that have been separated from their host contracts at:

	Balance Sheet Location	December 31, 2015	December 31, 2014
		(In millions)	
Net embedded derivatives within asset host contracts:			
Ceded guaranteed minimum benefits	Premiums, reinsurance and other receivables	$ 712	$ 657
Options embedded in debt or equity securities	Investments	(142)	(150)
Net embedded derivatives within asset host contracts		$ 570	$ 507
Net embedded derivatives within liability host contracts:			
Direct guaranteed minimum benefits	Policyholder account balances	$ (284)	$ (548)
Assumed guaranteed minimum benefits	Policyholder account balances	126	72
Funds withheld on ceded reinsurance	Other liabilities	687	1,200
Other	Policyholder account balances	(3)	7
Net embedded derivatives within liability host contracts		$ 526	$ 731

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

	Years Ended December 31, 2015	2014	2013
		(In millions)	
Net derivative gains (losses) (1), (2)	$ 418	$ (170)	$ 135

(1) The valuation of direct and assumed guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were $29 million, $14 million and ($42) million for the years ended December 31, 2015, 2014 and 2013, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were ($4) million, ($9) million and $125 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(2) See Note 6 for discussion of affiliated net derivative gains (losses).

Related Party Freestanding Derivative Transactions

In November 2014, as part of the settlement of related party reinsurance transactions, the Company acquired derivatives from an affiliate. The estimated fair value of freestanding derivative assets and liabilities acquired were $740 million and $754 million, respectively. See Note 6 for additional information regarding related party reinsurance transactions in connection with the Mergers.

10. Fair Value

When developing estimated fair values, 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 determination of 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.

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.

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.

10. Fair Value (continued)

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy, including those items for which the Company has elected the FVO, are presented below.

	December 31, 2015			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 56,848	$ 4,709	$ 61,557
U.S. Treasury and agency	23,015	16,678	—	39,693
Foreign corporate	—	23,222	3,573	26,795
RMBS	—	20,585	3,330	23,915
State and political subdivision	—	6,941	33	6,974
CMBS	—	6,361	218	6,579
ABS	—	5,699	868	6,567
Foreign government	—	3,331	275	3,606
Total fixed maturity securities	23,015	139,665	13,006	175,686
Equity securities	424	1,197	328	1,949
Trading and FVO securities:				
Actively traded securities	—	400	4	404
FVO general account securities	—	—	15	15
FVO securities held by CSEs	—	2	10	12
Total trading and FVO securities	—	402	29	431
Short-term investments	1,513	3,882	200	5,595
Residential mortgage loans — FVO	—	—	314	314
Derivative assets: (1)				
Interest rate	—	5,762	15	5,777
Foreign currency exchange rate	—	1,876	—	1,876
Credit	—	72	7	79
Equity market	15	282	117	414
Total derivative assets	15	7,992	139	8,146
Net embedded derivatives within asset host contracts (2)	—	—	712	712
Separate account assets (3)	23,498	110,921	1,520	135,939
Total assets	$ 48,465	$ 264,059	$ 16,248	$ 328,772
Liabilities				
Derivative liabilities: (1)				
Interest rate	$ 2	$ 1,224	$ —	$ 1,226
Foreign currency exchange rate	—	1,665	—	1,665
Credit	—	17	2	19
Equity market	—	358	160	518
Total derivative liabilities	2	3,264	162	3,428
Net embedded derivatives within liability host contracts (2)	—	—	526	526
Long-term debt	—	50	36	86
Long-term debt of CSEs — FVO	—	—	11	11
Trading liabilities (4)	103	50	—	153
Total liabilities	$ 105	$ 3,364	$ 735	$ 4,204

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

	December 31, 2014			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 60,420	$ 4,937	$ 65,357
U.S. Treasury and agency	21,625	17,445	—	39,070
Foreign corporate	—	26,227	3,591	29,818
RMBS	—	24,534	3,629	28,163
State and political subdivision	—	6,520	—	6,520
CMBS	—	7,464	449	7,913
ABS	—	6,734	1,492	8,226
Foreign government	—	3,642	202	3,844
Total fixed maturity securities	21,625	152,986	14,300	188,911
Equity securities	584	1,266	215	2,065
Trading and FVO securities:				
Actively traded securities	22	627	5	654
FVO general account securities	—	22	14	36
FVO securities held by CSEs	—	3	12	15
Total trading and FVO securities	22	652	31	705
Short-term investments (5)	860	3,091	230	4,181
Residential mortgage loans — FVO	—	—	308	308
Derivative assets: (1)				
Interest rate	—	5,524	17	5,541
Foreign currency exchange rate	—	1,010	7	1,017
Credit	—	125	13	138
Equity market	10	279	119	408
Total derivative assets	10	6,938	156	7,104
Net embedded derivatives within asset host contracts (2)	—	—	657	657
Separate account assets (3)	26,119	111,601	1,615	139,335
Total assets	$ 49,220	$ 276,534	$ 17,512	$ 343,266
Liabilities				
Derivative liabilities: (1)				
Interest rate	$ —	$ 1,214	$ —	$ 1,214
Foreign currency exchange rate	—	971	—	971
Credit	—	15	1	16
Equity market	—	382	149	531
Total derivative liabilities	—	2,582	150	2,732
Net embedded derivatives within liability host contracts (2)	—	7	724	731
Long-term debt	—	82	35	117
Long-term debt of CSEs — FVO	—	—	13	13
Trading liabilities (4)	215	24	—	239
Total liabilities	$ 215	$ 2,695	$ 922	$ 3,832

(1) Derivative assets are presented within other invested assets on the consolidated balance sheets and derivative liabilities are presented within other liabilities on the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation on 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.

10. Fair Value (continued)

(2) Net embedded derivatives within asset host contracts are presented primarily within premiums, reinsurance and other receivables on the consolidated balance sheets. Net embedded derivatives within liability host contracts are presented within policyholder account balances and other liabilities on the consolidated balance sheets. At December 31, 2015 and 2014, debt and equity securities also included embedded derivatives of ($142) million and ($150) million, respectively.

(3) 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.

(4) Trading liabilities are presented within other liabilities on the consolidated balance sheets.

(5) Short-term investments as presented in the tables above differ from the amounts presented on the consolidated balance sheets because certain short-term investments are not measured at estimated fair value on a recurring basis.

The following describes the valuation methodologies used to measure assets and liabilities at fair value. The description includes the valuation techniques and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy.

Investments

Valuation Controls and Procedures

On behalf of the Company and MetLife, Inc.'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 quarterly 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, and determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time. This committee also 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 of the Board of Directors of each of MetLife, Inc. and Metropolitan Life Insurance Company regarding 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 considering such pricing relative to 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 1% of the total estimated fair value of fixed maturity securities and 5% of the total estimated fair value of Level 3 fixed maturity securities at December 31, 2015.

10. Fair Value (continued)

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 were not 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, Long-term Debt, Long-term Debt of CSEs — FVO and Trading Liabilities

When available, the estimated fair value of these financial instruments is 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 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 FVO securities held by CSEs, long-term debt, long-term debt of CSEs — FVO and trading liabilities is determined on a basis consistent with the methodologies described herein for securities.

10. Fair Value (continued)

The valuation of most instruments listed below is determined using independent pricing sources, matrix pricing, discounted cash flow methodologies or other similar techniques that use either observable market inputs or unobservable inputs.

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Fixed Maturity Securities		
U.S. corporate and Foreign corporate securities		

	Valuation Techniques: Principally the market and income approaches.
	Key Inputs:
	• quoted prices in markets that are not active
	• benchmark yields; spreads off benchmark yields; new issuances; issuer rating
	• trades of identical or comparable securities; duration
	• Privately-placed securities are valued using the additional key inputs:
	  • market yield curve; call provisions
	  • observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer
	  • delta spread adjustments to reflect specific credit-related issues
		Valuation Techniques: Principally the market approach.
		Key Inputs:
		• illiquidity premium
		• delta spread adjustments to reflect specific credit-related issues
		• credit spreads
		• quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2
		• independent non-binding broker quotations

U.S. Treasury and agency, State and political subdivision and Foreign government securities		
	Valuation Techniques: Principally the market approach. Key Inputs: • quoted prices in markets that are not active • benchmark U.S. Treasury yield or other yields • the spread off the U.S. Treasury yield curve for the identical security • issuer ratings and issuer spreads; broker-dealer quotes • comparable securities that are actively traded	Valuation Techniques: Principally the market approach. Key Inputs: • independent non-binding broker quotations • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • credit spreads
Structured securities comprised of RMBS, CMBS and ABS		

	Valuation Techniques: Principally the market and income approaches.
	Key Inputs:
	• quoted prices in markets that are not active
	• spreads for actively traded securities; spreads off benchmark yields
	• expected prepayment speeds and volumes
	• current and forecasted loss severity; ratings; geographic region
	• weighted average coupon and weighted average maturity
	• average delinquency rates; debt-service coverage ratios
	• issuance-specific information, including, but not limited to:
	  • collateral type; structure of the security; vintage of the loans
	  • payment terms of the underlying assets
	  • payment priority within the tranche; deal performance
		Valuation Techniques: Principally the market and income approaches.
		Key Inputs:
		• credit spreads
		• quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2
		• independent non-binding broker quotations

10. Fair Value (continued)

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Equity Securities		
	Valuation Techniques: Principally the market approach. Key Input: • quoted prices in markets that are not considered active	Valuation Techniques: Principally the market and income approaches. Key Inputs: • credit ratings; issuance structures • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations
Trading and FVO securities and Short-term investments		
	• Trading and FVO securities and short-term investments are of a similar nature and class to the fixed maturity and equity securities described above; accordingly, the valuation techniques and observable inputs used in their valuation are also similar to those described above.	• Trading and FVO securities and short-term investments are of a similar nature and class to the fixed maturity and equity securities described above; accordingly, the valuation techniques and unobservable inputs used in their valuation are also similar to those described above.
Mortgage Loans — FVO		
Residential mortgage loans — FVO		
	• N/A	Valuation Techniques: Principally the market approach, including matrix pricing or other similar techniques. Key Inputs: Inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data
Separate Account Assets (1)		
Mutual funds and hedge funds without readily determinable fair values as prices are not published publicly		
	Key Input: • quoted prices or reported NAV provided by the fund managers	• N/A
Other limited partnership interests		
	• N/A	Valuation Techniques: Valued giving consideration to the underlying holdings of the partnerships and by applying a premium or discount, if appropriate. Key Inputs: • liquidity; bid/ask spreads; performance record of the fund manager • other relevant variables that may impact the exit value of the particular partnership interest

(1) Estimated fair value equals carrying value, based on the value of the underlying assets, including: mutual fund interests, fixed maturity securities, equity securities, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents. Fixed maturity securities, equity securities, derivatives, short-term investments and cash and cash equivalents are similar in nature to the instruments described under "— Securities, Short-term Investments, Other Investments, Long-term Debt of CSEs — FVO and Trading Liabilities" and "— Derivatives — Freestanding Derivatives Valuation Techniques and Key Inputs."

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-bilateral and OTC-cleared 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 controls and procedures for derivatives are described in "— Investments."

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared 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. 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.

10. Fair Value (continued)

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made 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.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared 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 OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, 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.

Freestanding Derivatives Valuation Techniques and Key Inputs

Level 2

This level includes all types of derivatives utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivatives with unobservable inputs as described in Level 3.

Level 3

These valuation methodologies generally use the same inputs as described in the corresponding sections 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.

Freestanding 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. Key inputs are as follows:

Instrument	Interest Rate	Foreign Currency Exchange Rate	Credit	Equity Market
Inputs common to Level 2 and Level 3 by instrument type	• swap yield curve • basis curves • interest rate volatility (1)	• swap yield curve • basis curves • currency spot rates • cross currency basis curves	• swap yield curve • credit curves • recovery rates	• swap yield curve • spot equity index levels • dividend yield curves • equity volatility (1)
Level 3	• swap yield curve (2) • basis curves (2)	• swap yield curve (2) • basis curves (2) • cross currency basis curves (2) • currency correlation	• swap yield curve (2) • credit curves (2) • credit spreads • repurchase rates • independent non-binding broker quotations	• dividend yield curves (2) • equity volatility (1), (2) • correlation between model inputs (1)

(1) Option-based only.

(2) Extrapolation beyond the observable limits of the curve(s).

10. Fair Value (continued)

Embedded Derivatives

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees, certain affiliated ceded reinsurance agreements related to such variable annuity guarantees, equity or bond indexed crediting rates within certain funding agreements and those related to funds withheld on ceded reinsurance agreements. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

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

The Company's actuarial department calculates the fair value of these embedded derivatives, which are 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. 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 nonperformance risk adjustments and adjustments 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, Inc.'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, Inc.

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 ceded the risk associated with certain of the GMIBs, GMABs and GMWBs previously described. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also ceded 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 on the consolidated balance sheets 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.

10. Fair Value (continued)

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 "— Investments — Securities, Short-term Investments, Long-term Debt of CSEs — FVO and Trading Liabilities." The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities on the consolidated balance sheets with changes in estimated fair value recorded in net derivative gains (losses). Changes in the credit spreads on the underlying assets, interest rates and market volatility may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

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

Embedded Derivatives Within Asset and Liability Host Contracts

Level 3 Valuation Techniques and Key Inputs:

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.

Embedded derivatives within funds withheld related to certain ceded reinsurance

These embedded derivatives are principally valued using the income approach. The 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.

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:

For assets and liabilities measured at estimated fair value and still held at December 31, 2015, transfers between Levels 1 and 2 were not significant. For assets and liabilities measured at estimated fair value and still held at December 31, 2014, there were no transfers between Levels 1 and 2.

10. Fair Value (continued)

Transfers into or out of Level 3:

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.

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, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at:

			December 31, 2015		December 31, 2014		
	Valuation Techniques	Significant Unobservable Inputs	Range	Weighted Average (1)	Range	Weighted Average (1)	Impact of Increase in Input on Estimated Fair Value (2)
Fixed maturity securities (3)							
U.S. corporate and foreign corporate	• Matrix pricing	• Delta spread adjustments (4)	(65) - 240	37	(40) - 240	39	Decrease
		• Offered quotes (5)	39 - 96	60	64 - 130	96	Increase
	• Market pricing	• Quoted prices (5)	— - 385	125	— - 590	126	Increase
	• Consensus pricing	• Offered quotes (5)	100 - 119	103	98 - 126	101	Increase
RMBS	• Market pricing	• Quoted prices (5)	19 - 121	92	22 - 120	97	Increase (6)
ABS	• Market pricing	• Quoted prices (5)	16 - 103	100	15 - 110	100	Increase (6)
	• Consensus pricing	• Offered quotes (5)	97 - 105	99	56 - 106	98	Increase (6)
Derivatives							
Interest rate	• Present value techniques	• Swap yield (7)	307 - 307		290 - 290		Increase (11)
Foreign currency exchange rate	• Present value techniques	• Correlation (8)	— - —		40% - 55%		Increase (11)
Credit	• Present value techniques	• Credit spreads (9)	98 - 100		98 - 100		Decrease (9)
	• Consensus pricing	• Offered quotes (10)					
Equity market	• Present value techniques or option pricing models	• Volatility (12)	17% - 36%		15% - 27%		Increase (11)
		• Correlation (8)	70% - 70%		70% - 70%		
Embedded derivatives							
Direct, assumed and ceded guaranteed minimum benefits	• Option pricing techniques	• Mortality rates:					
		Ages 0 - 40	0% - 0.09%		0% - 0.10%		Decrease (13)
		Ages 41 - 60	0.04% - 0.65%		0.04% - 0.65%		Decrease (13)
		Ages 61 - 115	0.26% - 100%		0.26% - 100%		Decrease (13)
		• Lapse rates:					
		Durations 1 - 10	0.25% - 100%		0.50% - 100%		Decrease (14)
		Durations 11 - 20	3% - 100%		3% - 100%		Decrease (14)
		Durations 21 - 116	3% - 100%		3% - 100%		Decrease (14)
		• Utilization rates	0% - 25%		20% - 50%		Increase (15)
		• Withdrawal rates	0.25% - 10%		0.07% - 10%		(16)
		• Long-term equity volatilities	17.40% - 25%		17.40% - 25%		Increase (17)
		• Nonperformance risk spread	0.04% - 0.52%		0.03% - 0.46%		Decrease (18)

____

(1) The weighted average for fixed maturity securities is determined based on the estimated fair value of the securities.

10. Fair Value (continued)

(2) The impact of a decrease in input would have the opposite impact on the estimated fair value. For embedded derivatives, changes to direct guaranteed minimum benefits are based on liability positions and changes to ceded guaranteed minimum benefits are based on asset positions.

(3) Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations.

(4) Range and weighted average are presented in basis points.

(5) Range and weighted average are presented in accordance with the market convention for fixed maturity securities of dollars per hundred dollars of par.

(6) 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 assumptions used for prepayment rates.

(7) Ranges represent the rates across different yield curves and are presented in basis points. The swap yield curve is utilized among different types of derivatives to project cash flows, as well as to discount future cash flows to present value. Since this valuation methodology uses a range of inputs across a yield curve to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.

(8) Ranges represent the different correlation factors utilized as components within the valuation methodology. Presenting a range of correlation factors is more representative of the unobservable input used in the valuation. Increases (decreases) in correlation in isolation will increase (decrease) the significance of the change in valuations.

(9) Represents the risk quoted in basis points of a credit default event on the underlying instrument. Credit derivatives with significant unobservable inputs are primarily comprised of written credit default swaps.

(10) At both December 31, 2015 and 2014, independent non-binding broker quotations were used in the determination of less than 1% of the total net derivative estimated fair value.

(11) Changes are based on long U.S. dollar net asset positions and will be inversely impacted for short U.S. dollar net asset positions.

(12) Ranges represent the underlying equity volatility quoted in percentage points. Since this valuation methodology uses a range of inputs across multiple volatility surfaces to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.

(13) Mortality rates vary by age and by demographic characteristics such as gender. Mortality rate assumptions are based on company experience. A mortality improvement assumption is also applied. For any given contract, mortality rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(14) Base lapse rates are adjusted at the contract level based on a comparison of the actuarially calculated guaranteed values and the current policyholder account value, as well as other factors, such as the applicability of any surrender charges. A dynamic lapse function reduces the base lapse rate when the guaranteed amount is greater than the account value as in the money contracts are less likely to lapse. Lapse rates are also generally assumed to be lower in periods when a surrender charge applies. For any given contract, lapse rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(15) The utilization rate assumption estimates the percentage of contract holders with a GMIB or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible. The rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder. For any given contract, utilization rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(16) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For GMWBs, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For GMABs and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.

10. Fair Value (continued)

(17) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(18) Nonperformance risk spread varies by duration and by currency. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the embedded derivative.

The following is a summary of the valuation techniques and significant unobservable inputs used in the fair value measurement of assets and liabilities classified within Level 3 that are not included in the preceding table. Generally, all other classes of securities classified within Level 3, including those within separate account assets and embedded derivatives within funds withheld related to certain ceded reinsurance, use the same valuation techniques and significant unobservable inputs as previously described for Level 3 securities. This includes matrix pricing and discounted cash flow 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. The residential mortgage loans — FVO, long-term debt, and long-term debt of CSEs — FVO are valued using independent non-binding broker quotations and internal models including matrix pricing and discounted cash flow methodologies using current interest rates. The sensitivity of the estimated fair value to changes in the significant unobservable inputs for these other assets and liabilities is similar in nature to that described in the preceding table. The valuation techniques and significant unobservable inputs used in the fair value measurement for the more significant assets measured at estimated fair value on a nonrecurring basis and determined using significant unobservable inputs (Level 3) are summarized in "— Nonrecurring Fair Value Measurements."

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

The following tables summarize the change of all assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
	Fixed Maturity Securities						
	Corporate (1)	U.S. Treasury and Agency	Structured (2)	State and Political Subdivision	Foreign Government	Equity Securities	Trading and FVO Securities (3)
	(In millions)						
Balance, January 1, 2014	$ 8,467	$ 62	$ 5,469	$ —	$ 274	$ 328	$ 26
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(5)	—	12	—	(49)	7	—
Total realized/unrealized gains (losses) included in AOCI	218	—	103	—	22	2	—
Purchases (6)	1,763	—	2,740	—	—	19	5
Sales (6)	(1,154)	—	(1,306)	—	(115)	(59)	(8)
Issuances (6)	—	—	—	—	—	—	—
Settlements (6)	—	—	—	—	—	—	—
Transfers into Level 3 (7)	206	—	84	—	70	—	13
Transfers out of Level 3 (7)	(967)	(62)	(1,532)	—	—	(82)	(5)
Balance, December 31, 2014	8,528	—	5,570	—	202	215	31
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	38	—	101	—	1	12	(1)
Total realized/unrealized gains (losses) included in AOCI	(399)	—	(67)	—	(1)	(53)	—
Purchases (6)	1,546	—	1,393	33	120	127	—
Sales (6)	(1,018)	—	(1,205)	—	(1)	(61)	(1)
Issuances (6)	—	—	—	—	—	—	—
Settlements (6)	—	—	—	—	—	—	—
Transfers into Level 3 (7)	635	—	32	—	—	88	—
Transfers out of Level 3 (7)	(1,048)	—	(1,408)	—	(46)	—	—
Balance, December 31, 2015	$ 8,282	$ —	$ 4,416	$ 33	$ 275	$ 328	$ 29
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2013: (8)	$ (39)	$ —	$ 31	$ —	$ 4	$ (17)	$ 5
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2014: (8)	$ (4)	$ —	$ 42	$ —	$ 1	$ (5)	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2015: (8)	$ 7	$ —	$ 102	$ —	$ 1	$ —	$ —
Gains (Losses) Data for the year ended December 31, 2013							
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	$ (56)	$ —	$ 31	$ —	$ 6	$ (10)	$ 11
Total realized/unrealized gains (losses) included in AOCI	$ (33)	$ (3)	$ 115	$ —	$ (45)	$ 79	$ —

10. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
	Short-term Investments	Residential Mortgage Loans - FVO	Separate Account Assets (9)	Net Derivatives (10)	Net Embedded Derivatives (11)	Long-term Debt	Long-term Debt of CSEs - FVO
	(In millions)						
Balance, January 1, 2014	$ 175	$ 338	$ 1,209	$ 36	$ 48	$ (43)	$ (28)
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(1)	20	102	1	(144)	—	(1)
Total realized/unrealized gains (losses) included in AOCI	—	—	—	40	—	—	—
Purchases (6)	230	124	527	111	—	—	—
Sales (6)	(156)	(120)	(376)	—	—	—	—
Issuances (6)	—	—	81	(159)	—	(30)	—
Settlements (6)	—	(54)	(28)	(23)	29	20	16
Transfers into Level 3 (7)	—	—	144	—	—	—	—
Transfers out of Level 3 (7)	(18)	—	(44)	—	—	18	—
Balance, December 31, 2014	230	308	1,615	6	(67)	(35)	(13)
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	—	20	15	(27)	447	—	—
Total realized/unrealized gains (losses) included in AOCI	—	—	—	(2)	—	—	—
Purchases (6)	200	136	348	3	—	—	—
Sales (6)	—	(121)	(344)	—	—	—	—
Issuances (6)	—	—	98	—	—	(38)	—
Settlements (6)	—	(29)	(60)	(3)	(194)	37	2
Transfers into Level 3 (7)	—	—	1	—	—	—	—
Transfers out of Level 3 (7)	(230)	—	(153)	—	—	—	—
Balance, December 31, 2015	$ 200	$ 314	$ 1,520	$ (23)	$ 186	$ (36)	$ (11)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2013: (8)	$ 1	$ 1	$ —	$ (29)	$ 115	$ —	$ (2)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2014: (8)	$ —	$ 20	$ —	$ 8	$ (115)	$ —	$ (1)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2015: (8)	$ —	$ 20	$ —	$ (24)	$ 461	$ —	$ —
Gains (Losses) Data for the year ended December 31, 2013							
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	$ (23)	$ 1	$ 42	$ (35)	$ 102	$ —	$ (2)
Total realized/unrealized gains (losses) included in AOCI	$ 19	$ —	$ —	$ (44)	$ —	$ —	$ —

(1) Comprised of U.S. and foreign corporate securities.

(2) Comprised of RMBS, CMBS, and ABS.

(3) Comprised of Actively traded securities, FVO general account securities and FVO securities held by CSEs.

(4) Amortization of premium/accretion of discount is included within net investment income. Impairments charged to net income (loss) on securities are included in net investment gains (losses), while changes in estimated fair value of residential mortgage loans — FVO are included in net investment income. Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income for net derivatives and net embedded derivatives are reported in net derivatives gains (losses).

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

10. Fair Value (continued)

(6) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.

(7) Gains and losses, in net income (loss) and OCI, are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and then out of Level 3 in the same period are excluded from the rollforward.

(8) Changes in unrealized gains (losses) included in net income (loss) relate to assets and liabilities still held at the end of the respective periods. Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

(9) 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).

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

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

Fair Value Option

The following table presents information for residential mortgage loans, which are accounted for under the FVO, and were initially measured at fair value.

	December 31, 2015	December 31, 2014
	(In millions)	
Unpaid principal balance	$ 436	$ 436
Difference between estimated fair value and unpaid principal balance	(122)	(128)
Carrying value at estimated fair value	$ 314	$ 308
Loans in non-accrual status	$ 122	$ 125

The following table presents information for long-term debt, which is accounted for under the FVO, and was initially measured at fair value.

	Long-term Debt		Long-term Debt of CSEs - FVO	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(In millions)			
Contractual principal balance	$ 82	$ 115	$ 24	$ 26
Difference between estimated fair value and contractual principal balance	4	2	(13)	(13)
Carrying value at estimated fair value (1)	$ 86	$ 117	$ 11	$ 13

(1) Changes in estimated fair value are recognized in net investment gains (losses). Interest expense is recognized in other expenses.

10. Fair Value (continued)

Nonrecurring Fair Value Measurements

The following table presents information for assets measured at estimated fair value on a nonrecurring basis during the periods and still held at the reporting dates (for example, when there is evidence of impairment). The estimated fair values for these assets were determined using significant unobservable inputs (Level 3).

	At December 31,			Years Ended December 31,		
	2015	2014	2013	2015	2014	2013
	Carrying Value After Measurement			Gains (Losses)		
	(In millions)					
Mortgage loans (1)	$ 40	$ 94	$ 175	$ (1)	$ 2	$ 24
Other limited partnership interests (2)	$ 57	$ 109	$ 71	$ (31)	$ (70)	$ (40)

(1) Estimated fair values for impaired mortgage loans are based on independent broker quotations or valuation models using unobservable inputs or, if the loans are in foreclosure or are otherwise determined to be collateral dependent, are based on the estimated fair value of the underlying collateral or the present value of the expected future cash flows.

(2) For these cost method investments, estimated fair value is determined from information provided in the financial statements of the underlying entities including NAV data. 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. 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 at both December 31, 2015 and 2014 were not significant.

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income, payables for collateral under securities loaned and other transactions, short-term debt and those short-term investments that are not securities, such as time deposits, and therefore are not included in the three level hierarchy table disclosed in the "— Recurring Fair Value Measurements" section. The estimated fair value of the excluded financial instruments, which are primarily classified in Level 2, approximates 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. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

10. Fair Value (continued)

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

	December 31, 2015				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)				
Assets					
Mortgage loans	$ 53,408	$ —	$ —	$ 54,969	$ 54,969
Policy loans	$ 8,134	$ —	$ 330	$ 9,539	$ 9,869
Real estate joint ventures	$ 12	$ —	$ —	$ 39	$ 39
Other limited partnership interests	$ 467	$ —	$ —	$ 553	$ 553
Other invested assets	$ 2,372	$ —	$ 2,197	$ 202	$ 2,399
Premiums, reinsurance and other receivables	$ 13,879	$ —	$ 229	$ 14,610	$ 14,839
Liabilities					
Policyholder account balances	$ 71,331	$ —	$ —	$ 73,506	$ 73,506
Long-term debt	$ 1,618	$ —	$ 1,912	$ —	$ 1,912
Other liabilities	$ 19,545	$ —	$ 323	$ 19,882	$ 20,205
Separate account liabilities	$ 60,767	$ —	$ 60,767	$ —	$ 60,767

	December 31, 2014				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)				
Assets					
Mortgage loans	$ 48,751	$ —	$ —	$ 50,992	$ 50,992
Policy loans	$ 8,491	$ —	$ 796	$ 9,614	$ 10,410
Real estate joint ventures	$ 30	$ —	$ —	$ 54	$ 54
Other limited partnership interests	$ 635	$ —	$ —	$ 819	$ 819
Other invested assets	$ 2,385	$ —	$ 2,270	$ 220	$ 2,490
Premiums, reinsurance and other receivables	$ 13,845	$ —	$ 94	$ 14,607	$ 14,701
Liabilities					
Policyholder account balances	$ 73,225	$ —	$ —	$ 75,481	$ 75,481
Long-term debt	$ 1,897	$ —	$ 2,029	$ 268	$ 2,297
Other liabilities	$ 20,139	$ —	$ 609	$ 20,133	$ 20,742
Separate account liabilities	$ 60,840	$ —	$ 60,840	$ —	$ 60,840

10. Fair Value (continued)

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 is primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk, or is determined from pricing for similar loans.

Policy Loans

Policy loans with fixed interest rates are classified within Level 3. The estimated fair values for these loans 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. 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 estimated fair values of these cost method investments 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

These other invested assets are principally 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 are principally comprised of certain amounts recoverable under reinsurance agreements, amounts on deposit with financial institutions to facilitate daily settlements related to certain derivatives 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 as Level 3. The valuation is based on discounted cash flow 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.

Policyholder Account Balances

These policyholder account balances include investment contracts which primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts ("TCA"). The valuation of these investment contracts is based on discounted cash flow 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.

10. Fair Value (continued)

Long-term Debt

The estimated fair value of long-term debt is principally determined using market standard valuation methodologies.

Valuations of instruments classified as Level 2 are based primarily on quoted prices in markets that are not active or using matrix pricing 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 discounted cash flow methodologies use standard market observable inputs including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues.

Valuations of instruments classified as Level 3 are based primarily on discounted cash flow methodologies that utilize unobservable discount rates that can vary significantly based upon the specific terms of each individual arrangement.

Other Liabilities

Other liabilities consist primarily of interest payable, amounts due for securities purchased but not yet settled, funds withheld amounts payable, which are contractually withheld by the Company in accordance with the terms of the reinsurance agreements, and amounts payable under certain assumed reinsurance agreements, which 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, with the exception of certain deposit type reinsurance payables. For such payables, the estimated fair value is determined as the present value of expected future cash flows, which are discounted using an interest rate determined to reflect the appropriate credit standing of the assuming counterparty.

Separate Account Liabilities

Separate account liabilities 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, funding agreements related to group life contracts 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.

11. Goodwill

Goodwill, which is included in other assets, is the excess of cost over the estimated fair value of net assets acquired. 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 goodwill impairment process requires a comparison of the estimated fair value of a reporting unit to its carrying value. The Company tests goodwill for impairment by either performing a qualitative assessment or a two-step quantitative test. The qualitative assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company may elect not to perform the qualitative assessment for some or all of its reporting units and perform a two-step quantitative impairment test. In performing the two-step quantitative impairment test, the Company may use a market multiple valuation approach and a discounted cash flow valuation approach. For reporting units which are particularly sensitive to market assumptions, the Company may use additional valuation methodologies to estimate the reporting units' fair values.

11. Goodwill (continued)

The market multiple valuation approach utilizes market multiples of companies with similar businesses and the projected operating earnings of the reporting unit. The discounted cash flow valuation approach requires judgments about revenues, operating earnings projections, capital market assumptions and discount rates. The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected operating earnings, current book value, the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, control premium, 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 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.

For the 2015 annual goodwill impairment tests, the Company utilized the qualitative assessment for all of its reporting units and determined it was not more likely than not that the fair value of any of the reporting units was less than its carrying amount, and, therefore no further testing was needed for these reporting units.

Information regarding goodwill by segment, as well as Corporate & Other, was as follows:

	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Corporate & Other	Total
			(In millions)		
Balance at January 1, 2013					
Goodwill	$ 37	$ 68	$ 2	$ 4	$ 111
Accumulated impairment	(10)	—	—	—	(10)
Total goodwill, net	27	68	2	4	101
Balance at December 31, 2013					
Goodwill	37	68	2	4	111
Accumulated impairment	(10)	—	—	—	(10)
Total goodwill, net	27	68	2	4	101
Balance at December 31, 2014					
Goodwill	37	68	2	4	111
Accumulated impairment	(10)	—	—	—	(10)
Total goodwill, net	27	68	2	4	101
Balance at December 31, 2015					
Goodwill	37	68	2	4	111
Accumulated impairment	(10)	—	—	—	(10)
Total goodwill, net	$ 27	$ 68	$ 2	$ 4	$ 101

12. Long-term and Short-term Debt

Long-term and short-term debt outstanding was as follows:

	Interest Rates (1)		Maturity	December 31,	
	Range	Weighted Average		2015	2014
				(In millions)	
Surplus notes - affiliated	3.00% - 7.38%	6.59%	2037	$ 695	$ 883
Surplus notes	7.63% - 7.88%	7.80%	2024 - 2025	502	701
Mortgage loans - affiliated	2.13% - 7.26%	4.10%	—	—	242
Senior notes - affiliated	0.92% - 2.78%	2.09%	2021 - 2022	50	78
Other notes	1.36% - 8.00%	3.12%	2016 - 2030	457	110
Total long-term debt (2)				1,704	2,014
Total short-term debt				100	100
Total				$ 1,804	$ 2,114

(1) Range of interest rates and weighted average interest rates are for the year ended December 31, 2015.

(2) Excludes $11 million and $13 million of long-term debt relating to CSEs — FVO at December 31, 2015 and 2014, respectively. See Note 10.

The aggregate maturities of long-term debt at December 31, 2015 for the next five years and thereafter are $20 million in 2016, $0 in each of 2017 through 2019, $350 million in 2020 and $1.3 billion thereafter.

Mortgage loans are collateralized and rank highest in priority, followed by unsecured senior debt which consists of senior notes and other notes. Payments of interest and principal on the Company's surplus notes are subordinate to all other obligations and may be made only with the prior approval of the insurance department of the state of domicile.

Debt Issuance - Other Notes

In December 2015, MetLife Private Equity Holdings, LLC ("MPEH"), a wholly-owned indirect investment subsidiary of Metropolitan Life Insurance Company, entered into a five-year credit agreement (the "MPEH Credit Agreement") and borrowed $350 million under term loans that mature in December 2020. The loans bear interest at a variable rate of three-month LIBOR plus 3.70%, payable quarterly. In connection with the borrowing, $6 million of costs were incurred which have been capitalized and included in other assets. These costs are being amortized over the term of the loans. Additionally, the MPEH Credit Agreement provides for MPEH to borrow up to $100 million on a revolving basis at a variable rate of three-month LIBOR plus 3.70%, payable quarterly. There were no revolving loans outstanding under the MPEH Credit Agreement at December 31, 2015. Term loans and revolving loans borrowed under the MPEH Credit Agreement are non-recourse to Metropolitan Life Insurance Company.

12. Long-term and Short-term Debt (continued)

Debt Repayments

In December 2015, a wholly-owned real estate subsidiary of the Company repaid in cash $110 million of its mortgage loans issued to MetLife USA due in January 2016.

In November 2015, the Company repaid in cash, at maturity, $188 million of surplus notes issued to MetLife Mexico S.A., an affiliate. The redemption was approved by the New York Superintendent of Financial Services (the "Superintendent").

In November 2015, the Company repaid in cash, at maturity, $200 million of surplus notes. The redemption was approved by the Superintendent.

During 2015, a wholly-owned real estate subsidiary of the Company repaid in cash $132 million of its 7.26% mortgage loans issued to MetLife USA due in January 2020.

In November 2014, a wholly-owned real estate subsidiary of the Company repaid in cash $60 million of its 7.01% mortgage loans issued to MetLife USA due in January 2020. It also repaid in cash $60 million of its 4.67% mortgage loans issued to MetLife USA due in January 2017.

In September 2014, the Company repaid in cash, at maturity, $217 million of surplus notes issued to MetLife Mexico S.A. The redemption was approved by the Superintendent.

Short-term Debt

Short-term debt with maturities of one year or less was as follows:

	December 31,	
	2015	2014
	(In millions)	
Commercial paper	$ 100	$ 100
Average daily balance	$ 100	$ 109
Average days outstanding	68 days	69 days

During the years ended December 31, 2015, 2014 and 2013, the weighted average interest rate on short-term debt was 0.15%, 0.10% and 0.12%, respectively.

Interest Expense

Interest expense related to long-term and short-term debt included in other expenses was $122 million, $150 million and $150 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts include $67 million, $88 million and $91 million of interest expense related to affiliated debt for the years ended December 31, 2015, 2014 and 2013, respectively. Such amounts do not include interest expense on long-term debt related to CSEs. See Note 8.

Credit and Committed Facilities

At December 31, 2015, MetLife, Inc. and MetLife Funding, Inc., a wholly-owned subsidiary of Metropolitan Life Insurance Company ("MetLife Funding"), maintained a $4.0 billion unsecured credit facility (the "Credit Facility"), and Missouri Reinsurance, Inc. ("MoRe"), a wholly-owned subsidiary of Metropolitan Life Insurance Company, along with MetLife, Inc., maintained a $210 million committed facility (the "Committed Facility"). When drawn upon, these facilities bear interest at varying rates in accordance with the respective agreements.

12. Long-term and Short-term Debt (continued)

Credit Facility

The Credit Facility is used for general corporate purposes, to support the borrowers' commercial paper programs and for the issuance of letters of credit. Total fees associated with the Credit Facility were $4 million, $4 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively, and were included in other expenses.

Information on the Credit Facility at December 31, 2015 was as follows:

Borrower(s)	Expiration	Maximum Capacity	Letters of Credit Issued (1)	Drawdowns	Unused Commitments
			(In millions)		
MetLife, Inc. and MetLife Funding, Inc.	May 2019 (2)	$ 4,000	$ 484	$ —	$ 3,516

(1) MetLife, Inc. and MetLife Funding, are severally liable for their respective obligations under the Credit Facility. MetLife Funding is not an applicant under letters of credit outstanding as of December 31, 2015 and is not responsible for any reimbursement obligations under such letters of credit.

(2) All borrowings under the Credit Facility must be repaid by May 30, 2019, except that letters of credit outstanding on that date may remain outstanding until no later than May 30, 2020.

Committed Facility

The Committed Facility is used for collateral for certain of its affiliated reinsurance liabilities. Total fees associated with the Committed Facility was $4 million, $4 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively, and was included in other expenses. Information on the Committed Facility at December 31, 2015 was as follows:

Account Party/Borrower(s)	Expiration	Maximum Capacity	Letters of Credit Issued (1)	Drawdowns	Unused Commitments
			(In millions)		
MetLife, Inc. and Missouri Reinsurance, Inc.	June 2016 (2)	$ 210	$ 210	$ —	$ —

(1) MoRe had outstanding $210 million in letters of credit at December 31, 2015.

(2) Capacity at December 31, 2015 of $210 million decreases in March 2016 and June 2016 to $200 million and $0, respectively.

In addition to the Committed Facility, see also "— Debt Issuance — Other Notes" for information about the undrawn line of credit facility in the amount of $100 million.

Debt and Facility Covenants

Certain of the Company's debt instruments, as well as the Credit Facility and Committed Facility, contain various administrative, reporting, legal and financial covenants. The Company believes it was in compliance with all applicable covenants at December 31, 2015.

13. Equity

Stock-Based Compensation Plans

Overview

In accordance with a service agreement with an affiliate, the Company was allocated a proportionate share of stock-based compensation expenses. The stock-based compensation expenses recognized by the Company are related to awards under the MetLife, Inc. 2005 Stock and Incentive Compensation Plan and the MetLife, Inc. 2015 Stock and Incentive Compensation Plan (together, the "Stock Plans"), payable in shares of MetLife, Inc. common stock ("Shares"), or options to purchase MetLife, Inc. common stock. The Company does not issue any awards payable in its common stock or options to purchase its common stock.

13. Equity (continued)

Description of Plan — General Terms

Under the Stock Plans, awards granted to employees and agents may be in the form of Stock Options, Stock Appreciation Rights, Restricted Stock or Restricted Stock Units, Performance Shares or Performance Share Units, Cash-Based Awards and Stock-Based Awards (each as defined in the Stock Plans with reference to Shares).

Compensation expense related to awards under the Stock Plans is recognized based on the number of awards expected to vest, which represents the awards granted less expected forfeitures over the life of the award, as estimated at the date of grant. Unless a material deviation from the assumed forfeiture rate is observed during the term in which the awards are expensed, any adjustment necessary to reflect differences in actual experience is recognized in the period the award becomes payable or exercisable.

Compensation expense related to awards under the Stock Plans is principally related to the issuance of Stock Options, Performance Shares and Restricted Stock Units. The majority of the awards granted by MetLife, Inc. each year under the Stock Plans are made in the first quarter of each year.

The expense related to stock-based compensation included in other expenses was $85 million, $100 million and $122 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Statutory Equity and Income

The states of domicile of Metropolitan Life Insurance Company and its U.S. insurance subsidiaries impose risk-based capital ("RBC") requirements that were developed by the National Association of Insurance Commissioners ("NAIC"). Regulatory compliance is determined by a ratio of a company's total adjusted capital, calculated in the manner prescribed by the NAIC ("TAC") to its authorized control level RBC, calculated in the manner prescribed by the NAIC ("ACL RBC"), based on the statutory-based filed financial statements. Companies below specific trigger levels or ratios are classified by their respective levels, each of which requires specified corrective action. The minimum level of TAC before corrective action commences is twice ACL RBC. The RBC ratios for Metropolitan Life Insurance Company and its U.S. insurance subsidiaries were each in excess of 350% for all periods presented.

Metropolitan Life Insurance Company's foreign insurance operations are regulated by applicable authorities of the countries in which each entity operates and are subject to minimum capital and solvency requirements in those countries before corrective actions commences. The aggregate required capital and surplus of Metropolitan Life Insurance Company's foreign insurance operations was $31 million and the aggregate actual regulatory capital and surplus was $488 million as of the date of the most recent required capital adequacy calculation for each jurisdiction. Each of those foreign insurance operations exceeded minimum capital and solvency requirements of their respective countries for all periods presented.

Metropolitan Life Insurance Company and its U.S. insurance subsidiaries prepare statutory-basis financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile. 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 Metropolitan Life Insurance Company and its U.S. insurance subsidiaries.

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.

Metropolitan Life Insurance Company and its U.S. insurance subsidiaries have no material state prescribed accounting practices, except as described below.

New York has adopted certain prescribed accounting practices, primarily consisting of the continuous Commissioners' Annuity Reserve Valuation Method, which impacts deferred annuities, and the New York Special Consideration Letter, which mandates certain assumptions in asset adequacy testing. The collective impact of these prescribed accounting practices decreased the statutory capital and surplus of MLIC for the years ended December 31, 2015 and 2014 by an amount of $1.2 billion and $2.3 billion, respectively, in excess of the amount of the decrease had capital and surplus been measured under NAIC guidance.

13. Equity (continued)

The tables below present amounts from Metropolitan Life Insurance Company and its U.S. insurance subsidiaries, which are derived from the statutory–basis financial statements as filed with the insurance regulators.

Statutory net income (loss) was as follows:

Company	State of Domicile	Years Ended December 31, 2015	2014	2013
		(In millions)		
Metropolitan Life Insurance Company	New York	$ 3,703	$ 1,487	$ 369
New England Life Insurance Company	Massachusetts	$ 157	$ 303	$ 103
General American Life Insurance Company	Missouri	$ 204	$ 129	$ 60

Statutory capital and surplus was as follows at:

Company	December 31, 2015	2014
	(In millions)	
Metropolitan Life Insurance Company	$ 14,485	$ 12,008
New England Life Insurance Company	$ 632	$ 675
General American Life Insurance Company	$ 984	$ 867

Dividend Restrictions

The table below sets forth the dividends permitted to be paid by Metropolitan Life Insurance Company to MetLife, Inc. without insurance regulatory approval and dividends paid:

Company	2016 Permitted Without Approval	2015 Paid (1)	2014 Paid (1)
		(In millions)	
Metropolitan Life Insurance Company (3)	$ 3,753	$ 1,489	$ 821 (2)

(1) Reflects all amounts paid, including those requiring regulatory approval.

(2) During December 2014, Metropolitan Life Insurance Company distributed shares of an affiliate to MetLife, Inc. as an in-kind dividend of $113 million, as calculated on a statutory basis.

(3) As discussed below, the New York Insurance Law was amended, permitting Metropolitan Life Insurance Company to pay dividends without prior regulatory approval under one of two alternative formulations beginning in 2016. The dividend amount that Metropolitan Life Insurance Company may pay during 2016 under the new formulation is reflected in the table above.

13. Equity (continued)

Effective for dividends paid during 2016 and going forward, the New York Insurance Law was amended permitting Metropolitan Life Insurance Company without prior insurance regulatory clearance, to pay stockholder dividends to MetLife, Inc. in any calendar year based on either of two standards. Under one standard, Metropolitan Life Insurance Company is permitted, without prior insurance regulatory clearance, to pay dividends out of earned surplus (defined as positive “unassigned funds (surplus)” excluding 85% of the change in net unrealized capital gains or losses (less capital gains tax), for the immediately preceding calendar year), in an amount up to 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), not to exceed 30% of surplus to policyholders as of the end of the immediately preceding calendar year. In addition, under this standard, Metropolitan Life Insurance Company may not, without prior insurance regulatory clearance, pay any dividends in any calendar year immediately following a calendar year for which its net gain from operations, excluding realized capital gains, was negative. Under the second standard, if dividends are paid out of other than earned surplus, Metropolitan Life Insurance Company may, without prior insurance regulatory clearance, pay an amount up to the lesser 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). In addition, Metropolitan Life Insurance Company will be permitted to pay a dividend to MetLife, Inc. in excess of the amounts allowed under both standards only if it files notice of its intention to declare such a dividend and the amount thereof with the Superintendent and the Superintendent either approves the distribution of the dividend or does not disapprove the dividend within 30 days of its filing. Under New York Insurance Law, the Superintendent has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholders.

The table below sets forth the dividends permitted to be paid by Metropolitan Life Insurance Company’s insurance subsidiaries without regulatory approval and dividends paid:

	2016	2015	2014
Company	**Permitted Without Approval (1)**	**Paid (2)**	**Paid (2)**
		(In millions)	
New England Life Insurance Company	$ 156	$ 199	$ 227 (3)
General American Life Insurance Company	$ 136	$ —	$ —

(1) Reflects dividend amounts that may be paid during 2016 without prior regulatory approval. However, because dividend tests may be based on dividends previously paid over a rolling 12-month period, if paid before a specified date during 2016, some or all of such dividends may require regulatory approval.

(2) Includes all amounts paid, including those requiring regulatory approval.

(3) During December 2014, New England Life Insurance Company (“NELICO”) distributed shares of an affiliate to Metropolitan Life Insurance Company as an extraordinary in-kind dividend of $113 million, as calculated on a statutory basis. Also during December 2014, NELICO paid an extraordinary cash dividend to Metropolitan Life Insurance Company in the amount of $114 million.

Under Massachusetts State Insurance Law, NELICO is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to Metropolitan Life Insurance Company as long as the aggregate amount of the dividend, when aggregated with all other dividends paid 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. NELICO will be permitted to pay a dividend to Metropolitan Life Insurance Company 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 Massachusetts Commissioner of Insurance (the “Massachusetts Commissioner”) and the Massachusetts 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 (surplus)”) as of the last filed annual statutory statement requires insurance regulatory approval. Under Massachusetts State Insurance Law, the Massachusetts 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 stockholders.

13. Equity (continued)

Under Missouri State Insurance Law, GALIC is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to Metropolitan Life Insurance Company as long as the amount of such 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 net realized capital gains). GALIC will be permitted to pay a dividend to Metropolitan Life Insurance Company 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 Missouri Director of Insurance (the "Missouri Director") and the Missouri Director either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. In addition, unassigned funds (surplus) as of the last filed annual statutory statement requires insurance regulatory approval. Under Missouri State Insurance Law, the Missouri Director has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholders.

For the years ended December 31, 2015 and 2014, Metropolitan Life Insurance Company received dividends from non-insurance subsidiaries of $159 million and $95 million, respectively.

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI attributable to Metropolitan Life Insurance Company, was as follows:

	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
			(In millions)		
Balance at December 31, 2012	$ 5,654	$ 685	$ 18	$ (2,349)	$ 4,008
OCI before reclassifications	(3,321)	(677)	22	1,396	(2,580)
Deferred income tax benefit (expense)	1,145	237	(9)	(490)	883
AOCI before reclassifications, net of income tax	3,478	245	31	(1,443)	2,311
Amounts reclassified from AOCI	(16)	(14)	—	(205)	(235)
Deferred income tax benefit (expense)	6	5	—	71	82
Amounts reclassified from AOCI, net of income tax	(10)	(9)	—	(134)	(153)
Balance at December 31, 2013	3,468	236	31	(1,577)	2,158
OCI before reclassifications	4,095	606	(44)	(1,181)	3,476
Deferred income tax benefit (expense)	(1,409)	(212)	10	406	(1,205)
AOCI before reclassifications, net of income tax	6,154	630	(3)	(2,352)	4,429
Amounts reclassified from AOCI	70	682	—	180	932
Deferred income tax benefit (expense)	(24)	(239)	—	(64)	(327)
Amounts reclassified from AOCI, net of income tax	46	443	—	116	605
Balance at December 31, 2014	6,200	1,073	(3)	(2,236)	5,034
OCI before reclassifications	(4,839)	(19)	(101)	113	(4,846)
Deferred income tax benefit (expense)	1,715	6	30	(40)	1,711
AOCI before reclassifications, net of income tax	3,076	1,060	(74)	(2,163)	1,899
Amounts reclassified from AOCI	405	578	—	229	1,212
Deferred income tax benefit (expense)	(144)	(202)	—	(80)	(426)
Amounts reclassified from AOCI, net of income tax	261	376	—	149	786
Balance at December 31, 2015	$ 3,337	$ 1,436	$ (74)	$ (2,014)	$ 2,685

(1) See Note 8 for information on offsets to investments related to future policy benefits, DAC, VOBA and DSI, and the policyholder dividend obligation.

Table of Contents

13. Equity (continued)

Information regarding amounts reclassified out of each component of AOCI was as follows:

AOCI Components	Amounts Reclassified from AOCI			Consolidated Statement of Operations and Comprehensive Income (Loss) Locations
	Years Ended December 31,			
	2015	2014	2013	
	(In millions)			
Net unrealized investment gains (losses):				
Net unrealized investment gains (losses)	$ (208)	$ (103)	$ (9)	Net investment gains (losses)
Net unrealized investment gains (losses)	31	40	53	Net investment income
Net unrealized investment gains (losses)	(228)	(7)	(28)	Net derivative gains (losses)
Net unrealized investment gains (losses), before income tax	(405)	(70)	16	
Income tax (expense) benefit	144	24	(6)	
Net unrealized investment gains (losses), net of income tax	$ (261)	$ (46)	$ 10	
Unrealized gains (losses) on derivatives - cash flow hedges:				
Interest rate swaps	$ 83	$ 41	$ 20	Net derivative gains (losses)
Interest rate swaps	11	9	8	Net investment income
Interest rate forwards	4	(8)	1	Net derivative gains (losses)
Interest rate forwards	2	2	2	Net investment income
Foreign currency swaps	(679)	(725)	(15)	Net derivative gains (losses)
Foreign currency swaps	(1)	(2)	(3)	Net investment income
Credit forwards	1	—	—	Net derivative gains (losses)
Credit forwards	1	1	1	Net investment income
Gains (losses) on cash flow hedges, before income tax	(578)	(682)	14	
Income tax (expense) benefit	202	239	(5)	
Gains (losses) on cash flow hedges, net of income tax	$ (376)	$ (443)	$ 9	
Defined benefit plans adjustment: (1)				
Amortization of net actuarial gains (losses)	$ (233)	$ (180)	$ 274	
Amortization of prior service (costs) credit	4	—	(69)	
Amortization of defined benefit plan items, before income tax	(229)	(180)	205	
Income tax (expense) benefit	80	64	(71)	
Amortization of defined benefit plan items, net of income tax	$ (149)	$ (116)	$ 134	
Total reclassifications, net of income tax	$ (786)	$ (605)	$ 153	

(1) These AOCI components are included in the computation of net periodic benefit costs. See Note 15.

14. Other Expenses

Information on other expenses was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Compensation	$ 2,056	$ 2,257	$ 2,392
Pension, postretirement and postemployment benefit costs	241	322	364
Commissions	685	828	781
Volume-related costs	221	70	253
Affiliated interest costs on ceded and assumed reinsurance	807	1,009	1,033
Capitalization of DAC	(482)	(424)	(562)
Amortization of DAC and VOBA	742	695	261
Interest expense on debt	122	151	153
Premium taxes, licenses and fees	355	328	263
Professional services	1,133	1,013	989
Rent and related expenses, net of sublease income	87	128	143
Other (1)	291	(306)	(82)
Total other expenses	$ 6,258	$ 6,071	$ 5,988

(1) See Note 16 for information on the charge related to income tax for the year ended December 31, 2015.

Capitalization of DAC and Amortization of DAC and VOBA

See Note 5 for additional information on DAC and VOBA including impacts of capitalization and amortization. See also Note 7 for a description of the DAC amortization impact associated with the closed block.

Interest Expense on Debt

Interest expense on debt includes interest expense (see Note 12) and interest expense related to CSEs (see Note 8).

Affiliated Expenses

Commissions, capitalization of DAC and amortization of DAC and VOBA include the impact of affiliated reinsurance transactions. See Notes 6, 12 and 19 for a discussion of affiliated expenses included in the table above.

Restructuring Charges

MetLife commenced an enterprise-wide strategic initiative in 2012. This global strategy focuses on leveraging MetLife's scale to improve the value it provides to customers and shareholders in order to reduce costs, enhance revenues, achieve efficiencies and reinvest in its technology, platforms and functionality to improve its current operations and develop new capabilities.

14. Other Expenses (continued)

These restructuring charges are included in other expenses. As the expenses relate to an enterprise-wide initiative, they are reported in Corporate & Other. Information regarding restructuring charges was as follows:

	Years Ended December 31,								
	2015			2014			2013		
	Severance	Lease and Asset Impairment	Total	Severance	Lease and Asset Impairment	Total	Severance	Lease and Asset Impairment	Total
	(In millions)								
Balance at January 1,	$ 31	$ 6	$ 37	$ 39	$ 6	$ 45	$ 22	$ —	$ 22
Restructuring charges	52	4	56	66	8	74	87	16	103
Cash payments	(66)	(6)	(72)	(74)	(8)	(82)	(70)	(10)	(80)
Balance at December 31,	$ 17	$ 4	$ 21	$ 31	$ 6	$ 37	$ 39	$ 6	$ 45
Total restructuring charges incurred since inception of initiative	$ 306	$ 46	$ 352	$ 254	$ 42	$ 296	$ 188	$ 34	$ 222

Management estimates further restructuring charges including severance, as well as lease and asset impairments, through the year ending December 31, 2016 to be $5 million.

15. Employee Benefit Plans

Pension and Other Postretirement Benefit Plans

The Company sponsors and administers various U.S. qualified and nonqualified defined benefit pension plans and other postretirement employee benefit plans covering employees and sales representatives who meet specified eligibility requirements. Pension benefits are provided utilizing either a traditional formula or cash balance formula. The traditional formula provides benefits that are primarily based upon years of credited service and either final average or career average earnings. The cash balance formula utilizes hypothetical or notional accounts which credit participants with benefits equal to a percentage of eligible pay, as well as earnings credits, determined annually based upon the average annual rate of interest on 30-year U.S. Treasury securities, for each account balance. The nonqualified pension plans provide supplemental benefits in excess of limits applicable to a qualified plan. Participating affiliates are allocated an equitable share of net expense related to the plans, proportionate to other expenses being allocated to these affiliates.

The Company also provides certain postemployment benefits and certain postretirement medical and life insurance benefits for retired employees. Employees of the Company who were hired prior to 2003 (or, in certain cases, rehired during or after 2003) and meet age and service criteria while working for the Company may become eligible for these other postretirement benefits, at various levels, in accordance with the applicable plans. Virtually all retirees, or their beneficiaries, contribute a portion of the total costs of postretirement medical benefits. Employees hired after 2003 are not eligible for any employer subsidy for postretirement medical benefits. Participating affiliates are allocated a proportionate share of net expense and contributions related to the postemployment and other postretirement plans.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

15. Employee Benefit Plans (continued)

Obligations and Funded Status

	December 31,			
	2015		2014	
	Pension Benefits (1)	Other Postretirement Benefits	Pension Benefits (1)	Other Postretirement Benefits
	(In millions)			
Change in benefit obligations				
Benefit obligations at January 1,	$ 10,262	$ 2,129	$ 8,130	$ 1,861
Service costs	217	15	183	14
Interest costs	404	88	413	92
Plan participants' contributions	—	30	—	30
Net actuarial (gains) losses	(626)	(233)	1,461	264
Settlements and curtailments	—	—	(13)	(6)
Change in benefits and other	—	(14)	574	(16)
Benefits paid	(497)	(109)	(486)	(109)
Effect of foreign currency translation	—	(1)	—	(1)
Benefit obligations at December 31,	9,760	1,905	10,262	2,129
Change in plan assets				
Estimated fair value of plan assets at January 1,	8,750	1,426	7,305	1,352
Actual return on plan assets	(138)	3	1,018	112
Change in benefits and other	—	—	523	—
Plan participants' contributions	—	30	—	30
Employer contributions	375	22	390	41
Benefits paid	(497)	(109)	(486)	(109)
Estimated fair value of plan assets at December 31,	8,490	1,372	8,750	1,426
Over (under) funded status at December 31,	$ (1,270)	$ (533)	$ (1,512)	$ (703)
Amounts recognized on the consolidated balance sheets				
Other assets	$ —	$ —	$ —	$ —
Other liabilities	(1,270)	(533)	(1,512)	(703)
Net amount recognized	$ (1,270)	$ (533)	$ (1,512)	$ (703)
AOCI				
Net actuarial (gains) losses	$ 2,894	$ 221	$ 3,034	$ 420
Prior service costs (credit)	(1)	(14)	(2)	(10)
AOCI, before income tax	$ 2,893	$ 207	$ 3,032	$ 410
Accumulated benefit obligation	$ 9,439	N/A	$ 9,729	N/A

(1) Includes nonqualified unfunded plans, for which the aggregate PBO was $1.1 billion and $1.3 billion at December 31, 2015 and 2014, respectively.

15. Employee Benefit Plans (continued)

Information for pension plans with PBOs in excess of plan assets and accumulated benefit obligations ("ABO") in excess of plan assets was as follows at:

	December 31,			
	2015	2014	2015	2014
	PBO Exceeds Estimated Fair Value of Plan Assets		ABO Exceeds Estimated Fair Value of Plan Assets	
	(In millions)			
Projected benefit obligations	$ 9,759	$ 10,241	$ 1,832	$ 1,981
Accumulated benefit obligations	$ 9,439	$ 9,709	$ 1,751	$ 1,789
Estimated fair value of plan assets	$ 8,490	$ 8,719	$ 646	$ 676

Net Periodic Benefit Costs

The components of net periodic benefit costs and other changes in plan assets and benefit obligations recognized in OCI were as follows:

	Years Ended December 31,					
	2015		2014		2013	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(In millions)					
Net periodic benefit costs						
Service costs	$ 217	$ 15	$ 200	$ 14	$ 214	$ 17
Interest costs	404	88	437	92	366	85
Settlement and curtailment costs	—	—	14	2	—	—
Expected return on plan assets	(538)	(80)	(475)	(75)	(453)	(74)
Amortization of net actuarial (gains) losses	190	43	169	11	219	51
Amortization of prior service costs (credit)	(1)	(3)	1	(1)	6	(69)
Allocated to affiliates	(59)	(18)	(54)	(11)	(12)	—
Total net periodic benefit costs (credit)	213	45	292	32	340	10
Other changes in plan assets and benefit obligations recognized in OCI						
Net actuarial (gains) losses	50	(156)	996	222	(492)	(532)
Prior service costs (credit)	—	(7)	(18)	(12)	—	—
Amortization of net actuarial (gains) losses	(190)	(43)	(169)	(11)	(219)	(55)
Amortization of prior service (costs) credit	1	3	(1)	1	(6)	75
Total recognized in OCI	(139)	(203)	808	200	(717)	(512)
Total recognized in net periodic benefit costs and OCI	$ 74	$ (158)	$ 1,100	$ 232	$ (377)	$ (502)

The estimated net actuarial (gains) losses and prior service costs (credit) for the defined benefit pension plans and other postretirement benefit plans that will be amortized from AOCI into net periodic benefit costs over the next year are $193 million and ($1) million, and $13 million and ($7) million, respectively.

15. Employee Benefit Plans (continued)

Assumptions

Assumptions used in determining benefit obligations were as follows:

	Pension Benefits	Other Postretirement Benefits
December 31, 2015		
Weighted average discount rate	4.50%	4.60%
Rate of compensation increase	2.25% - 8.50%	N/A
December 31, 2014		
Weighted average discount rate	4.10%	4.10%
Rate of compensation increase	2.25% - 8.50%	N/A

Assumptions used in determining net periodic benefit costs were as follows:

	Pension Benefits	Other Postretirement Benefits
Year Ended December 31, 2015		
Weighted average discount rate	4.10%	4.10%
Weighted average expected rate of return on plan assets	6.25%	5.70%
Rate of compensation increase	2.25% - 8.50%	N/A
Year Ended December 31, 2014		
Weighted average discount rate	5.15%	5.15%
Weighted average expected rate of return on plan assets	6.25%	5.70%
Rate of compensation increase	3.50% - 7.50%	N/A
Year Ended December 31, 2013		
Weighted average discount rate	4.20%	4.20%
Weighted average expected rate of return on plan assets	6.24%	5.76%
Rate of compensation increase	3.50% - 7.50%	N/A

The weighted average discount rate is determined annually based on the yield, measured on a yield to worst basis, of a hypothetical portfolio constructed of high quality debt instruments available on the valuation date, which would provide the necessary future cash flows to pay the aggregate PBO when due.

The weighted average expected rate of return on plan assets is based on anticipated performance of the various asset sectors in which the plan invests, weighted by target allocation percentages. Anticipated future performance is based on long-term historical returns of the plan assets by sector, adjusted for the Company's long-term expectations on the performance of the markets. While the precise expected rate of return derived using this approach will fluctuate from year to year, the Company's policy is to hold this long-term assumption constant as long as it remains within reasonable tolerance from the derived rate.

The weighted average expected rate of return on plan assets for use in that plan's valuation in 2016 is currently anticipated to be 6.00% for pension benefits and 5.52% for other postretirement benefits.

15. Employee Benefit Plans (continued)

The assumed healthcare costs trend rates used in measuring the APBO and net periodic benefit costs were as follows:

	December 31,			
	2015		2014	
	Before Age 65	Age 65 and older	Before Age 65	Age 65 and older
Following year	6.3%	10.3%	6.4%	6.4%
Ultimate rate to which cost increase is assumed to decline	4.2%	4.6%	4.4%	4.7%
Year in which the ultimate trend rate is reached	2086	2091	2094	2089

Assumed healthcare costs trend rates may have a significant effect on the amounts reported for healthcare plans. A 1% change in assumed healthcare costs trend rates would have the following effects as of December 31, 2015:

	One Percent Increase	One Percent Decrease
	(In millions)	
Effect on total of service and interest costs components	$ 15	$ (12)
Effect of accumulated postretirement benefit obligations	$ 253	$ (207)

As of December 31, 2014, the improved mortality rate assumption used for all U.S. pension and postretirement benefit plans is the RP-2000 healthy mortality table projected generationally using 175% of Scale AA. The mortality rate assumption was revised based upon the results of a comprehensive study of MetLife's demographic experience and reflects the current best estimate of expected mortality rates for MetLife's participant population. Prior to December 31, 2014, the mortality rate assumption used to value the benefit obligations and net periodic benefit cost for these plans was the RP-2000 healthy mortality table projected generationally using 100% of Scale AA.

Plan Assets

The Company provides employees with benefits under various Employee Retirement Income Security Act of 1974 ("ERISA") benefit plans. These include qualified pension plans, postretirement medical plans and certain retiree life insurance coverage. The assets of the Company's qualified pension plans are held in an insurance group annuity contract, and the vast majority of the assets of the postretirement medical plan and backing the retiree life coverage are held in a trust which largely utilizes insurance contracts to hold the assets. All of these contracts are issued by the Company's insurance affiliates, and the assets under the contracts are held in insurance separate accounts that have been established by the Company. The underlying assets of the separate accounts are principally comprised of cash and cash equivalents, short-term investments, fixed maturity and equity securities, derivatives, real estate, private equity investments and hedge fund investments.

The insurance contract provider engages investment management firms ("Managers") to serve as sub-advisors for the separate accounts based on the specific investment needs and requests identified by the plan fiduciary. These Managers have portfolio management discretion over the purchasing and selling of securities and other investment assets pursuant to the respective investment management agreements and guidelines established for each insurance separate account. The assets of the qualified pension plans and postretirement medical plans (the "Invested Plans") are well diversified across multiple asset categories and across a number of different Managers, with the intent of minimizing risk concentrations within any given asset category or with any of the given Managers.

15. Employee Benefit Plans (continued)

The Invested Plans, other than those held in participant directed investment accounts, are managed in accordance with investment policies consistent with the longer-term nature of related benefit obligations and within prudent risk parameters. Specifically, investment policies are oriented toward (i) maximizing the Invested Plan's funded status; (ii) minimizing the volatility of the Invested Plan's funded status; (iii) generating asset returns that exceed liability increases; and (iv) targeting rates of return in excess of a custom benchmark and industry standards over appropriate reference time periods. These goals are expected to be met through identifying appropriate and diversified asset classes and allocations, ensuring adequate liquidity to pay benefits and expenses when due and controlling the costs of administering and managing the Invested Plan's investments. Independent investment consultants are periodically used to evaluate the investment risk of Invested Plan's assets relative to liabilities, analyze the economic and portfolio impact of various asset allocations and management strategies and to recommend asset allocations.

Derivative contracts may be used to reduce investment risk, to manage duration and to replicate the risk/return profile of an asset or asset class. Derivatives may not be used to leverage a portfolio in any manner, such as to magnify exposure to an asset, asset class, interest rates or any other financial variable. Derivatives are also prohibited for use in creating exposures to securities, currencies, indices or any other financial variable that is otherwise restricted.

The table below summarizes the actual weighted average allocation of the estimated fair value of total plan assets by asset class at December 31 for the years indicated and the approved target allocation by major asset class at December 31, 2015 for the Invested Plans:

	December 31,					
	2015				2014	
	Pension Benefits		Other Postretirement Benefits		Pension Benefits	Other Postretirement Benefits
	Target	Actual Allocation	Target	Actual Allocation	Actual Allocation	Actual Allocation
Asset Class						
Fixed maturity securities	80%	71%	76%	73%	69%	71%
Equity securities	10%	14%	24%	25%	15%	27%
Alternative securities (1)	10%	15%	—%	2%	16%	2%
Total assets		100%		100%	100%	100%

(1) Alternative securities primarily include derivative assets, money market securities, short-term investments and other investments. Other postretirement benefits do not include postretirement life's target and actual allocation of plan assets that are all in short-term investments.

Estimated Fair Value

The pension and other postretirement benefit plan assets are categorized into a three-level fair value hierarchy, as described in Note 10, based upon the significant input with the lowest level in its valuation. The Level 2 asset category includes certain separate accounts that are primarily invested in liquid and readily marketable securities. The estimated fair value of such separate accounts is based upon reported NAV provided by fund managers and this value represents the amount at which transfers into and out of the respective separate account are effected. These separate accounts provide reasonable levels of price transparency and can be corroborated through observable market data. Directly held investments are primarily invested in U.S. and foreign government and corporate securities. The Level 3 asset category includes separate accounts that are invested in assets that provide little or no price transparency due to the infrequency with which the underlying assets trade and generally require additional time to liquidate in an orderly manner. Accordingly, the values for separate accounts invested in these alternative asset classes are based on inputs that cannot be readily derived from or corroborated by observable market data.

15. Employee Benefit Plans (continued)

The pension and other postretirement plan assets measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are summarized as follows:

	December 31, 2015							
	Pension Benefits				Other Postretirement Benefits			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)							
Assets								
Fixed maturity securities:								
Corporate	$ —	$ 2,905	$ 78	$ 2,983	$ 18	$ 280	$ 1	$ 299
U.S. government bonds	994	493	—	1,487	193	12	—	205
Foreign bonds	—	677	17	694	—	61	—	61
Federal agencies	—	228	—	228	—	34	—	34
Municipals	—	302	—	302	—	55	—	55
Other (1)	—	354	7	361	—	47	—	47
Total fixed maturity securities	994	4,959	102	6,055	211	489	1	701
Equity securities:								
Common stock - domestic	751	24	—	775	126	—	—	126
Common stock - foreign	378	—	—	378	111	—	—	111
Total equity securities	1,129	24	—	1,153	237	—	—	237
Other investments	—	84	722	806	—	—	—	—
Short-term investments	10	304	—	314	1	431	—	432
Money market securities	9	49	—	58	—	—	—	—
Derivative assets	26	3	75	104	2	—	—	2
Total assets	$ 2,168	$ 5,423	$ 899	$ 8,490	$ 451	$ 920	$ 1	$ 1,372

15. Employee Benefit Plans (continued)

	December 31, 2014							
	Pension Benefits				Other Postretirement Benefits			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)							
Assets								
Fixed maturity securities:								
Corporate	$ —	$ 2,638	$ 80	$ 2,718	$ 42	$ 244	$ 3	$ 289
U.S. government bonds	1,605	223	—	1,828	169	12	—	181
Foreign bonds	—	718	17	735	—	68	—	68
Federal agencies	—	254	—	254	—	35	—	35
Municipals	—	270	—	270	—	74	—	74
Other (1)	—	188	8	196	—	63	—	63
Total fixed maturity securities	1,605	4,291	105	6,001	211	496	3	710
Equity securities:								
Common stock - domestic	951	—	—	951	188	—	—	188
Common stock - foreign	394	—	—	394	80	—	—	80
Total equity securities	1,345	—	—	1,345	268	—	—	268
Other investments	—	24	743	767	—	—	—	—
Short-term investments	189	273	—	462	14	433	—	447
Money market securities	29	56	—	85	—	—	—	—
Derivative assets	11	7	72	90	—	1	—	1
Total assets	$ 3,179	$ 4,651	$ 920	$ 8,750	$ 493	$ 930	$ 3	$ 1,426

(1) Other primarily includes mortgage-backed securities, collateralized mortgage obligations and ABS.

15. Employee Benefit Plans (continued)

A rollforward of all pension and other postretirement benefit plan assets measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs was as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Pension Benefits					
	Fixed Maturity Securities			Equity Securities		
	Corporate	Foreign Bonds	Other (1)	Common Stock - Domestic	Other Investments	Derivative Assets
	(In millions)					
Balance, January 1, 2014	$ 55	$ 10	$ 19	$ 139	$ 563	$ 33
Realized gains (losses)	3	—	—	—	(13)	(16)
Unrealized gains (losses)	—	—	—	—	114	19
Purchases, sales, issuances and settlements, net	11	5	(2)	—	(104)	34
Transfers into and/or out of Level 3	11	2	(9)	(139)	183	2
Balance, December 31, 2014	$ 80	$ 17	$ 8	$ —	$ 743	$ 72
Realized gains (losses)	1	—	—	—	—	(11)
Unrealized gains (losses)	(5)	—	1	—	55	(9)
Purchases, sales, issuances and settlements, net	8	1	(1)	—	(76)	23
Transfers into and/or out of Level 3	(6)	(1)	(1)	—	—	—
Balance, December 31, 2015	$ 78	$ 17	$ 7	$ —	$ 722	$ 75

(1) Other includes ABS and collateralized mortgage obligations.

Other postretirement benefit plan assets measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs were not significant for the years ended December 31, 2015 and 2014.

Expected Future Contributions and Benefit Payments

It is the Company’s practice to make contributions to the qualified pension plan to comply with minimum funding requirements of ERISA. In accordance with such practice, no contributions are required for 2016. The Company expects to make discretionary contributions to the qualified pension plan of $300 million in 2016. For information on employer contributions, see “— Obligations and Funded Status.”

Benefit payments due under the nonqualified pension plans are primarily funded from the Company’s general assets as they become due under the provision of the plans, therefore benefit payments equal employer contributions. The Company expects to make contributions of $65 million to fund the benefit payments in 2016.

Postretirement benefits are either: (i) not vested under law; (ii) a non-funded obligation of the Company; or (iii) both. Current regulations do not require funding for these benefits. The Company uses its general assets, net of participant’s contributions, to pay postretirement medical claims as they come due. As permitted under the terms of the governing trust document, the Company may be reimbursed from plan assets for postretirement medical claims paid from their general assets. The Company expects to make contributions of $50 million towards benefit obligations in 2016 to pay postretirement medical claims.

15. Employee Benefit Plans (continued)

Gross benefit payments for the next 10 years, which reflect expected future service where appropriate, are expected to be as follows:

	Pension Benefits		Other Postretirement Benefits	
	(In millions)			
2016	$	512	$	84
2017	$	534	$	85
2018	$	545	$	88
2019	$	563	$	90
2020	$	583	$	93
2021-2025	$	3,202	$	501

Additional Information

As previously discussed, most of the assets of the pension benefit plans are held in a group annuity contract issued by the Company while some of the assets of the postretirement benefit plans are held in a trust which largely utilizes life insurance contracts issued by the Company to hold such assets. Total revenues from these contracts recognized on the consolidated statements of operations were $55 million, $50 million and $49 million for the years ended December 31, 2015, 2014 and 2013, respectively, and included policy charges and net investment income from investments backing the contracts and administrative fees. Total investment income (loss), including realized and unrealized gains (losses), credited to the account balances was ($130) million, $1.2 billion and $20 million for the years ended December 31, 2015, 2014 and 2013, respectively. The terms of these contracts are consistent in all material respects with those the Company offers to unaffiliated parties that are similarly situated.

Defined Contribution Plans

The Company sponsors defined contribution plans for substantially all Company employees under which a portion of employee contributions are matched. The Company contributed $72 million, $68 million and $84 million for the years ended December 31, 2015, 2014 and 2013, respectively.

16. Income Tax

The provision for income tax from continuing operations was as follows:

	Years Ended December 31,					
	2015		2014		2013	
	(In millions)					
Current:						
Federal	$	1,384	$	901	$	789
State and local		20		3		2
Foreign		36		74		176
Subtotal		1,440		978		967
Deferred:						
Federal		315		538		(411)
Foreign		27		16		125
Subtotal		342		554		(286)
Provision for income tax expense (benefit)	$	1,782	$	1,532	$	681

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Consolidated Financial Statements — (continued)

16. Income Tax (continued)

The Company's income (loss) from continuing operations before income tax expense (benefit) from domestic and foreign operations were as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Income (loss) from continuing operations:			
Domestic	$ 4,467	$ 5,335	$ 2,540
Foreign	72	56	282
Total	$ 4,539	$ 5,391	$ 2,822

The reconciliation of the income tax provision at the U.S. statutory rate to the provision for income tax as reported for continuing operations was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Tax provision at U.S. statutory rate	$ 1,589	$ 1,887	$ 988
Tax effect of:			
Dividend received deduction	(82)	(82)	(66)
Tax-exempt income	(24)	(40)	(42)
Prior year tax (1)	558	11	29
Low income housing tax credits	(221)	(205)	(190)
Other tax credits	(68)	(66)	(44)
Foreign tax rate differential	(4)	—	2
Change in valuation allowance	(1)	—	(4)
Other, net	35	27	8
Provision for income tax expense (benefit)	$ 1,782	$ 1,532	$ 681

(1) As discussed further below, prior year tax includes a $557 million non-cash charge related to an uncertain tax position.

16. Income Tax (continued)

Deferred income tax represents the tax effect of the differences between the book and tax bases of assets and liabilities. Net deferred income tax assets and liabilities consisted of the following at:

	December 31, 2015	December 31, 2014
	(In millions)	
Deferred income tax assets:		
Policyholder liabilities and receivables	$ 1,888	$ 1,577
Net operating loss carryforwards	26	29
Employee benefits	922	1,015
Tax credit carryforwards	700	979
Litigation-related and government mandated	231	259
Other	438	309
Total gross deferred income tax assets	4,205	4,168
Less: Valuation allowance	21	22
Total net deferred income tax assets	4,184	4,146
Deferred income tax liabilities:		
Investments, including derivatives	3,025	2,402
Intangibles	53	72
DAC	1,461	1,568
Net unrealized investment gains	2,528	3,903
Other	5	36
Total deferred income tax liabilities	7,072	7,981
Net deferred income tax asset (liability)	$ (2,888)	$ (3,835)

The Company also has recorded a valuation allowance charge of $1 million related to certain state net operating loss carryforwards. 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 loss carryforwards 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.

The following table sets forth the domestic and state net operating loss carryforwards for tax purposes at December 31, 2015.

	Net Operating Loss Carryforwards: Domestic	Net Operating Loss Carryforwards: State
	(In millions)	
Expiration		
2016-2020	$ —	$ 31
2021-2025	—	50
2026-2030	—	41
2031-2035	14	12
Indefinite	—	—
	$ 14	$ 134

16. Income Tax (continued)

The following table sets forth the general business credits, foreign tax credits, and other credit carryforwards for tax purposes at December 31, 2015.

	Tax Credit Carryforwards		
	General Business Credits	Foreign Tax Credits	Other
		(In millions)	
Expiration			
2016-2020	$ —	$ —	$ —
2021-2025	—	185	—
2026-2030	103	—	—
2031-2035	519	—	—
Indefinite	—	—	123
	$ 622	$ 185	$ 123

The Company participates in a tax sharing agreement with MetLife, Inc., as described in Note 1. Pursuant to this tax sharing agreement, the amounts due to (from) affiliates included $124 million, ($24) million and $157 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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 Internal Revenue Service ("IRS") and other tax authorities in jurisdictions in which the Company has significant business operations. The income tax years under examination vary by jurisdiction and subsidiary. The Company is no longer subject to U.S. federal, state, or local income tax examinations for years prior to 2007, except for i) 2000 through 2002 where the IRS disallowance relates to certain tax credits claimed - in April 2015, the Company received a Statutory Notice of Deficiency (the "Notice") and paid the tax thereon in September 2015 (see additional details below); and ii) 2003 through 2006, where the IRS disallowance relates predominantly to certain tax credits claimed and the Company is engaged with IRS appeals. Management believes it has established adequate tax liabilities and final resolution for the years 2000 through 2006 is not expected to have a material impact on the Company's consolidated financial statements.

The Company recorded a non-cash charge to net income of $792 million, net of tax, during the third quarter of 2015. The charge was related to an uncertain tax position and was comprised of a $557 million charge included in provision for income tax expense (benefit) and a $362 million ($235 million, net of tax) charge included in other expenses. This charge is the result of the Company's consideration of recent decisions of the U.S. Court of Appeals for the Second Circuit upholding the disallowance of foreign tax credits claimed by other corporate entities not affiliated with the Company. The Company's action relates to tax years from 2000 to 2009, during which MLIC held non-U.S. investments in support of its life insurance business through a United Kingdom investment subsidiary that was structured as a joint venture at the time.

There has been no change in the Company's position on the disallowance of its foreign tax credits by the IRS. The Company continues to contest the disallowance of these foreign tax credits by the IRS as management believes the facts strongly support the Company's position. The Company will defend its position vigorously and does not expect any additional charges related to this matter.

Also related to the aforementioned foreign tax credit matter, on April 9, 2015, the IRS issued the Notice to the Company. The Notice asserted that the Company owes additional taxes and interest for 2000 through 2002 primarily due to the disallowance of foreign tax credits. The transactions that are the subject of the Notice continue through 2009, and it is likely that the IRS will seek to challenge these later periods. On September 18, 2015, the Company paid the assessed tax and interest of $444 million for 2000 through 2002 and will subsequently file a claim for a refund. On November 19, 2015, $9 million of this amount was refunded from the IRS as an overpayment of interest.

16. Income Tax (continued)

The Company's liability for unrecognized tax benefits may increase or decrease in the next 12 months. A reasonable estimate of the increase or decrease cannot be made at this time. However, the Company continues to believe that the ultimate resolution of the pending issues will not result in a material change to its consolidated financial statements, although the resolution of income tax matters could impact the Company's effective tax rate for a particular future period.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Balance at January 1,	$ 546	$ 532	$ 532
Additions for tax positions of prior years (1)	558	27	50
Reductions for tax positions of prior years	—	(13)	(4)
Additions for tax positions of current year	4	3	3
Settlements with tax authorities	(33)	(3)	(49)
Balance at December 31,	$ 1,075	$ 546	$ 532
Unrecognized tax benefits that, if recognized would impact the effective rate	$ 1,060	$ 497	$ 491

(1) The significant increase in 2015 is related to the non-cash charge discussed above.

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 was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Interest recognized on the consolidated statements of operations (1)	$ 382	$ 37	$ 17

	December 31,	
	2015	2014
	(In millions)	
Interest included in other liabilities on the consolidated balance sheets (1)	$ 647	$ 265

(1) The significant increase in 2015 is related to the non-cash charge discussed above.

The Company had no penalties for the years ended December 31, 2015, 2014 and 2013.

16. Income Tax (continued)

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, 2015, 2014 and 2013, the Company recognized an income tax benefit of $76 million, $92 million and $53 million, respectively, related to the separate account DRD. The 2014 benefit included a benefit of $16 million related to a true-up of the 2013 tax return. The 2013 benefit included an expense of $7 million related to a true-up of the 2012 tax return.

17. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a large number of litigation matters. In some of the matters, very 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 a number of the matters noted 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 reasonably estimated at December 31, 2015. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known to management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

Matters as to Which an Estimate Can Be Made

For some of the matters disclosed 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, 2015, the Company estimates the aggregate range of reasonably possible losses in excess of amounts accrued for these matters to be $0 to $420 million.

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.

17. Contingencies, Commitments and Guarantees (continued)

Asbestos-Related Claims

Metropolitan Life Insurance Company is and has been a defendant in a large number of asbestos-related suits filed primarily in state courts. These suits principally allege that the plaintiff or plaintiffs suffered personal injury resulting from exposure to asbestos and seek both actual and punitive damages. Metropolitan Life Insurance Company has never engaged in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products nor has Metropolitan Life Insurance Company issued liability or workers' compensation insurance to companies in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products. The lawsuits principally have focused on allegations with respect to certain research, publication and other activities of one or more of Metropolitan Life Insurance Company's employees during the period from the 1920's through approximately the 1950's and allege that Metropolitan Life Insurance Company learned or should have learned of certain health risks posed by asbestos and, among other things, improperly publicized or failed to disclose those health risks. Metropolitan Life Insurance Company believes that it should not have legal liability in these cases. The outcome of most asbestos litigation matters, however, is uncertain and can be impacted by numerous variables, including differences in legal rulings in various jurisdictions, the nature of the alleged injury and factors unrelated to the ultimate legal merit of the claims asserted against Metropolitan Life Insurance Company. Metropolitan Life Insurance Company employs a number of resolution strategies to manage its asbestos loss exposure, including seeking resolution of pending litigation by judicial rulings and settling individual or groups of claims or lawsuits under appropriate circumstances.

Claims asserted against Metropolitan Life Insurance Company have included negligence, intentional tort and conspiracy concerning the health risks associated with asbestos. Metropolitan Life Insurance Company's defenses (beyond denial of certain factual allegations) include that: (i) Metropolitan Life Insurance Company owed no duty to the plaintiffs — it had no special relationship with the plaintiffs and did not manufacture, produce, distribute or sell the asbestos products that allegedly injured plaintiffs; (ii) plaintiffs did not rely on any actions of Metropolitan Life Insurance Company; (iii) Metropolitan Life Insurance Company's conduct was not the cause of the plaintiffs' injuries; (iv) plaintiffs' exposure occurred after the dangers of asbestos were known; and (v) the applicable time with respect to filing suit has expired. During the course of the litigation, certain trial courts have granted motions dismissing claims against Metropolitan Life Insurance Company, while other trial courts have denied Metropolitan Life Insurance Company's motions. There can be no assurance that Metropolitan Life Insurance Company will receive favorable decisions on motions in the future. While most cases brought to date have settled, Metropolitan Life Insurance Company intends to continue to defend aggressively against claims based on asbestos exposure, including defending claims at trials.

The approximate total number of asbestos personal injury claims pending against Metropolitan Life Insurance Company as of the dates indicated, the approximate number of new claims during the years ended on those dates and the approximate total settlement payments made to resolve asbestos personal injury claims at or during those years are set forth in the following table:

	December 31,		
	2015	2014	2013
	(In millions, except number of claims)		
Asbestos personal injury claims at year end	67,787	68,460	67,983
Number of new claims during the year	3,856	4,636	5,898
Settlement payments during the year (1)	$ 56.1	$ 46.0	$ 37.0

(1) Settlement payments represent payments made by Metropolitan Life Insurance Company during the year in connection with settlements made in that year and in prior years. Amounts do not include Metropolitan Life Insurance Company's attorneys' fees and expenses.

The number of asbestos cases that may be brought, the aggregate amount of any liability that Metropolitan Life Insurance Company may incur, and the total amount paid in settlements in any given year are uncertain and may vary significantly from year to year.

17. Contingencies, Commitments and Guarantees (continued)

The ability of Metropolitan Life Insurance Company to estimate its ultimate asbestos exposure is subject to considerable uncertainty, and the conditions impacting its liability can be dynamic and subject to change. The availability of reliable data is limited and it is difficult to predict the numerous variables that can affect liability estimates, including the number of future claims, the cost to resolve claims, the disease mix and severity of disease in pending and future claims, the impact of the number of new claims filed in a particular jurisdiction and variations in the law in the jurisdictions in which claims are filed, the possible impact of tort reform efforts, the willingness of courts to allow plaintiffs to pursue claims against Metropolitan Life Insurance Company when exposure to asbestos took place after the dangers of asbestos exposure were well known, and the impact of any possible future adverse verdicts and their amounts.

The ability to make estimates regarding ultimate asbestos exposure declines significantly as the estimates relate to years further in the future. In the Company's judgment, there is a future point after which losses cease to be probable and reasonably estimable. It is reasonably possible that the Company's total exposure to asbestos claims may be materially greater than the asbestos liability currently accrued and that future charges to income may be necessary. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known by management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for asbestos-related claims. Metropolitan Life Insurance Company's recorded asbestos liability is based on its estimation of the following elements, as informed by the facts presently known to it, its understanding of current law and its past experiences: (i) the probable and reasonably estimable liability for asbestos claims already asserted against Metropolitan Life Insurance Company, including claims settled but not yet paid; (ii) the probable and reasonably estimable liability for asbestos claims not yet asserted against Metropolitan Life Insurance Company, but which Metropolitan Life Insurance Company believes are reasonably probable of assertion; and (iii) the legal defense costs associated with the foregoing claims. Significant assumptions underlying Metropolitan Life Insurance Company's analysis of the adequacy of its recorded liability with respect to asbestos litigation include: (i) the number of future claims; (ii) the cost to resolve claims; and (iii) the cost to defend claims.

Metropolitan Life Insurance Company reevaluates on a quarterly and annual basis its exposure from asbestos litigation, including studying its claims experience, reviewing external literature regarding asbestos claims experience in the United States, assessing relevant trends impacting asbestos liability and considering numerous variables that can affect its asbestos liability exposure on an overall or per claim basis. These variables include bankruptcies of other companies involved in asbestos litigation, legislative and judicial developments, the number of pending claims involving serious disease, the number of new claims filed against it and other defendants and the jurisdictions in which claims are pending. As previously disclosed, in 2014, Metropolitan Life Insurance Company increased its recorded liability for asbestos-related claims to $690 million. Based upon its regular reevaluation of its exposure from asbestos litigation, Metropolitan Life Insurance Company has updated its liability analysis for asbestos-related claims through December 31, 2015.

Regulatory Matters

The Company receives and responds to subpoenas or other inquiries seeking a broad range of information from state regulators, including state insurance commissioners; state attorneys general or other state governmental authorities; federal regulators, including the U.S. Securities and Exchange Commission ("SEC"); federal governmental authorities, including congressional committees; and the Financial Industry Regulatory Authority ("FINRA"). The issues involved in information requests and regulatory matters vary widely. The Company cooperates in these inquiries.

17. Contingencies, Commitments and Guarantees (continued)

In the Matter of Chemform, Inc. Site, Pompano Beach, Broward County, Florida

In July 2010, the Environmental Protection Agency ("EPA") advised Metropolitan Life Insurance Company that it believed payments were due under two settlement agreements, known as "Administrative Orders on Consent," that New England Mutual Life Insurance Company ("New England Mutual") signed in 1989 and 1992 with respect to the cleanup of a Superfund site in Florida (the "Chemform Site"). The EPA originally contacted Metropolitan Life Insurance Company (as successor to New England Mutual) and a third party in 2001, and advised that they owed additional clean-up costs for the Chemform Site. The matter was not resolved at that time. The EPA is requesting payment of an amount under $1 million from Metropolitan Life Insurance Company and such third party for past costs and an additional amount for future environmental testing costs at the Chemform Site. In September 2012, the EPA, Metropolitan Life Insurance Company and the third party executed an Administrative Order on Consent under which Metropolitan Life Insurance Company and the third party have agreed to be responsible for certain environmental testing at the Chemform Site. The Company estimates that its costs for the environmental testing will not exceed $100,000. The September 2012 Administrative Order on Consent does not resolve the EPA's claim for past clean-up costs. The EPA may seek additional costs if the environmental testing identifies issues. The Company estimates that the aggregate cost to resolve this matter will not exceed $1 million.

Sales Practices Regulatory Matters.

Regulatory authorities in a number of states and FINRA, and occasionally the SEC, have had investigations or inquiries relating to sales of individual life insurance policies or annuities or other products by Metropolitan Life Insurance Company, NELICO and GALIC. 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. The Company may continue to resolve investigations in a similar manner. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for these sales practices-related investigations or inquiries.

Unclaimed Property Litigation

West Virginia Lawsuits

On September 20, 2012, the West Virginia Treasurer filed an action against Metropolitan Life Insurance Company in West Virginia state court (*West Virginia ex rel. John D. Perdue v. Metropolitan Life Insurance Company*, Circuit Court of Putnam County, Civil Action No. 12-C-295) alleging that Metropolitan Life Insurance Company violated the West Virginia Uniform Unclaimed Property Act (the "Act"), seeking to compel compliance with the Act, and seeking payment of unclaimed property, interest, and penalties. On November 21, 2012 and January 9, 2013, the Treasurer filed substantially identical suits against NELICO and GALIC, respectively. On June 16, 2015, the West Virginia Supreme Court of Appeals reversed the Circuit Court's order that had granted defendants' motions to dismiss the actions and remanded them to the Circuit Court for further proceedings. The defendants intend to defend these actions vigorously.

Total Control Accounts Litigation

Metropolitan Life Insurance Company is a defendant in a lawsuit related to its use of retained asset accounts, known as TCA, as a settlement option for death benefits.

Owens v. Metropolitan Life Insurance Company (N.D. Ga., filed April 17, 2014)

Plaintiff filed this putative class action lawsuit on behalf of all persons for whom Metropolitan Life Insurance Company established a TCA to pay death benefits under an ERISA plan. The action alleges that Metropolitan Life Insurance Company's use of the TCA as the settlement option for life insurance benefits under some group life insurance policies violates Metropolitan Life Insurance Company's fiduciary duties under ERISA. As damages, plaintiff seeks disgorgement of profits that Metropolitan Life Insurance Company realized on accounts owned by members of the putative class. The court denied Metropolitan Life Insurance Company's motion to dismiss the complaint. The Company intends to defend this action vigorously.

17. Contingencies, Commitments and Guarantees (continued)

Reinsurance Litigation

Robainas, et al. v. Metropolitan Life Ins. Co. (S.D.N.Y., December 16, 2014)

Plaintiffs filed this putative class action lawsuit on behalf of themselves and all persons and entities who, directly or indirectly, purchased, renewed or paid premiums on life insurance policies issued by Metropolitan Life Insurance Company from 2009 through 2014 (the "Policies"). Two similar actions were subsequently filed, *Yale v. Metropolitan Life Ins. Co.* (S.D.N.Y., January 12, 2015) and *International Association of Machinists and Aerospace Workers District Lodge 15 v. Metropolitan Life Ins. Co.* (E.D.N.Y., February 2, 2015). Both of these actions were consolidated with the *Robainas* action. The consolidated complaint alleges that Metropolitan Life Insurance Company inadequately disclosed in its statutory annual statements that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees," and thereby allegedly misrepresented its financial condition and the adequacy of its reserves. The lawsuit sought recovery under Section 4226 of the New York Insurance Law of a statutory penalty in the amount of the premiums paid for the Policies. On October 9, 2015, the court granted Metropolitan Life Insurance Company's motion to dismiss the consolidated complaint, finding that plaintiffs lacked Article III standing because they did not allege any concrete injury as a result of the alleged conduct. Plaintiffs appealed this decision to the Second Circuit Court of Appeals.

Intoccia v. Metropolitan Life Ins. Co. (S.D.N.Y., April 20, 2015)

Plaintiffs filed this putative class action on behalf of themselves and all persons and entities who, directly or indirectly, purchased, renewed or paid premiums for Guaranteed Benefits Insurance Riders attached to variable annuity contracts with Metropolitan Life Insurance Company from 2009 through 2015 (the "Annuities"). The court consolidated *Weilert v. Metropolitan Life Ins. Co.* (S.D.N.Y., April 30, 2015) with the *Intoccia* case, and the consolidated, amended complaint alleges that Metropolitan Life Insurance Company inadequately disclosed in its statutory annual statements that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees," and thereby allegedly misrepresented its financial condition and the adequacy of its reserves. The lawsuits seek recovery under Section 4226 of the New York Insurance Law of a statutory penalty in the amount of the premiums paid for Guaranteed Benefits Insurance Riders attached to the Annuities. The Court granted Metropolitan Life Insurance Company's motion to dismiss, adopting the reasoning of the *Robainas* decision. Plaintiffs appealed this decision to the Second Circuit Court of Appeals.

Other Litigation

McGuire v. Metropolitan Life Insurance Company (E.D. Mich., filed February 22, 2012)

This lawsuit was filed by the fiduciary for the Union Carbide Employees' Pension Plan and alleges that Metropolitan Life Insurance Company, which issued annuity contracts to fund some of the benefits the Plan provides, engaged in transactions that ERISA prohibits and violated duties under ERISA and federal common law by determining that no dividends were payable with respect to the contracts from and after 1999. On August 8, 2014, the court denied the parties' motions for summary judgment. The court has set a June 6, 2016 trial date.

17. Contingencies, Commitments and Guarantees (continued)

Sun Life Assurance Company of Canada Indemnity Claim

In 2006, Sun Life Assurance Company of Canada ("Sun Life"), as successor to the purchaser of Metropolitan Life Insurance Company's Canadian operations, filed a lawsuit in Toronto, seeking a declaration that Metropolitan Life Insurance Company remains liable for "market conduct claims" related to certain individual life insurance policies sold by Metropolitan Life Insurance Company and that were transferred to Sun Life. Sun Life had asked that the court require Metropolitan Life Insurance Company to indemnify Sun Life for these claims pursuant to indemnity provisions in the sale agreement for the sale of Metropolitan Life Insurance Company's Canadian operations entered into in June of 1998. In January 2010, the court found that Sun Life had given timely notice of its claim for indemnification but, because it found that Sun Life had not yet incurred an indemnifiable loss, granted Metropolitan Life Insurance Company's motion for summary judgment. Both parties appealed but subsequently agreed to withdraw the appeal and consider the indemnity claim through arbitration. In September 2010, Sun Life notified Metropolitan Life Insurance Company that a purported class action lawsuit was filed against Sun Life in Toronto, *Fehr v. Sun Life Assurance Co.* (Super. Ct., Ontario, September 2010), alleging sales practices claims regarding the same individual policies sold by Metropolitan Life Insurance Company and transferred to Sun Life. An amended class action complaint in that case was served on Sun Life in May 2013, again without naming Metropolitan Life Insurance Company as a party. On August 30, 2011, Sun Life notified Metropolitan Life Insurance Company that a purported class action lawsuit was filed against Sun Life in Vancouver, *Alamwala v. Sun Life Assurance Co.* (Sup. Ct., British Columbia, August 2011), alleging sales practices claims regarding certain of the same policies sold by Metropolitan Life Insurance Company and transferred to Sun Life. Sun Life contends that Metropolitan Life Insurance Company is obligated to indemnify Sun Life for some or all of the claims in these lawsuits. These sales practices cases against Sun Life are ongoing and the Company is unable to estimate the reasonably possible loss or range of loss arising from this litigation.

Fauley v. Metropolitan Life Insurance Co., et al. (Circuit Court of the 19th Judicial Circuit, Lake County, Ill., July 3, 2014).

Plaintiffs filed this lawsuit against defendants, including Metropolitan Life Insurance Company and a former MetLife financial services representative, alleging that the defendants sent unsolicited fax advertisements to plaintiff and others in violation of the Telephone Consumer Protection Act, as amended by the Junk Fax Prevention Act, 47 U.S.C. § 227. The court issued a final order certifying a nationwide settlement class and approving a settlement under which Metropolitan Life Insurance Company has agreed to pay up to $23 million to resolve claims as to fax ads sent between August 23, 2008 and August 7, 2014. On March 23, 2016, the intermediate appellate court affirmed the trial court's order.

Voshall v. Metropolitan Life Ins. Co. (Superior Court of the State of California, County of Los Angeles, April 8, 2015)

Plaintiff filed this putative class action lawsuit on behalf of himself and all persons covered under a long-term group disability income insurance policy issued by Metropolitan Life Insurance Company to public entities in California between April 8, 2011 and April 8, 2015. Plaintiff alleges that Metropolitan Life Insurance Company improperly reduced benefits by including cost of living adjustments and employee paid contributions in the employer retirement benefits and other income that reduces the benefit payable under such policies. Plaintiff asserts causes of action for declaratory relief, violation of the California Business & Professions Code, breach of contract and breach of the implied covenant of good faith and fair dealing. The Company intends to defend this action vigorously.

Martin v. Metropolitan Life Insurance Company, (Superior Court of the State of California, County of Contra Costa, filed December 17, 2015)

Plaintiffs filed this this putative class action lawsuit on behalf of themselves and all California persons who have been charged compound interest by Metropolitan Life Insurance Company in life insurance policy and/or premium loan balances within the last four years. Plaintiffs allege that Metropolitan Life Insurance Company has engaged in a pattern and practice of charging compound interest on life insurance policy and premium loans without the borrower authorizing such compounding, and that this constitutes an unlawful business practice under California law. Plaintiff asserts causes of action for declaratory relief, violation of California's Unfair Competition Law and Usury Law, and unjust enrichment. Plaintiff seeks declaratory and injunctive relief, restitution of interest, and damages in an unspecified amount. The Company intends to defend this action vigorously.

17. Contingencies, Commitments and Guarantees (continued)

Lau v. Metropolitan Life Insurance Co. (S.D.N.Y. filed, December 3, 2015)

This putative class action lawsuit was filed by a single defined contribution plan participant on behalf of all ERISA plans whose assets were invested in Metropolitan Life Insurance Company's "Group Annuity Contract Stable Value Funds" within the past six years. The suit alleges breaches of fiduciary duty under ERISA and challenges the "spread" with respect to the stable value fund group annuity products sold to retirement plans. The allegations focus on the methodology Metropolitan Life Insurance Company uses to establish and reset the crediting rate, the terms under which plan participants are permitted to transfer funds from a stable value option to another investment option, the procedures followed if an employer terminates a contract, and the level of disclosure provided. Plaintiff seeks declaratory and injunctive relief, as well as damages in an unspecified amount. The Company intends to defend this action vigorously.

Sales Practices Claims

Over the past several years, the Company has faced numerous claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds, other products or the misuse of client assets. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to defend vigorously 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.

Summary

Putative or certified class action litigation and other litigation and 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, investor 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, very 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.

17. Contingencies, Commitments and Guarantees (continued)

Assets and liabilities held for insolvency assessments were as follows:

	December 31, 2015	December 31, 2014
	(In millions)	
Other Assets:		
Premium tax offset for future discounted and undiscounted assessments	$ 29	$ 34
Premium tax offsets currently available for paid assessments	50	65
	$ 79	$ 99
Other Liabilities:		
Insolvency assessments	$ 43	$ 50

Commitments

Leases

The Company, as lessee, has entered into various lease and sublease agreements for office space, information technology, aircrafts and other equipment. Future minimum gross rental payments relating to these lease arrangements are as follows:

	Amount
	(In millions)
2016	$ 241
2017	202
2018	189
2019	160
2020	154
Thereafter	859
Total	$ 1,805

Total minimum rentals to be received in the future under non-cancelable subleases were $93 million as of December 31, 2015.

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $4.2 billion and $3.9 billion at December 31, 2015 and 2014, respectively.

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

The Company commits to fund partnership investments and to lend funds under bank credit facilities, bridge loans and private corporate bond investments. The amounts of these unfunded commitments were $4.4 billion and $3.6 billion at December 31, 2015 and 2014, respectively.

17. Contingencies, Commitments and Guarantees (continued)

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that 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 ranging from less than $1 million to $800 million, with a cumulative maximum of $1.2 billion, 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.

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.

The Company's recorded liabilities were $4 million and $3 million at December 31, 2015 and 2014, respectively, for indemnities, guarantees and commitments.

18. Quarterly Results of Operations (Unaudited)

The unaudited quarterly results of operations for 2015 and 2014 are summarized in the table below:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
	(In millions)			
2015				
Total revenues	$ 9,862	$ 8,833	$ 10,772	$ 9,304
Total expenses	$ 8,170	$ 7,945	$ 9,637	$ 8,480
Income (loss) from continuing operations, net of income tax	$ 1,190	$ 668	$ 268	$ 631
Income (loss) from discontinued operations, net of income tax	$ —	$ —	$ —	$ —
Net income (loss)	$ 1,190	$ 668	$ 268	$ 631
Less: Net income (loss) attributable to noncontrolling interests	$ 1	$ 6	$ (8)	$ 1
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 1,189	$ 662	$ 276	$ 630
2014				
Total revenues	$ 9,037	$ 9,252	$ 9,857	$ 10,585
Total expenses	$ 7,889	$ 8,210	$ 8,017	$ 9,224
Income (loss) from continuing operations, net of income tax	$ 828	$ 749	$ 1,303	$ 979
Income (loss) from discontinued operations, net of income tax	$ (3)	$ —	$ —	$ —
Net income (loss)	$ 825	$ 749	$ 1,303	$ 979
Less: Net income (loss) attributable to noncontrolling interests	$ 1	$ —	$ (7)	$ 1
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 824	$ 749	$ 1,310	$ 978

19. 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 personnel, policy administrative functions 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. Expenses and fees incurred with affiliates related to these agreements, recorded in other expenses, were $2.1 billion, $2.1 billion and $2.4 billion for the years ended December 31, 2015, 2014 and 2013, respectively. Revenues received from affiliates related to these agreements, recorded in universal life and investment-type product policy fees, were $135 million, $129 million and $127 million for the years ended December 31, 2015, 2014 and 2013, respectively. Revenues received from affiliates related to these agreements, recorded in other revenues, were $151 million, $177 million and $142 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company also entered into agreements with affiliates to provide additional services necessary to conduct the affiliates' activities. Typical services provided under these agreements include management, policy administrative functions, investment advice and distribution services. Expenses incurred by the Company related to these agreements, included in other expenses, were $1.5 billion, $1.8 billion and $1.4 billion for the years ended December 31, 2015, 2014 and 2013, respectively, and were reimbursed to the Company by these affiliates.

The Company had net payables to affiliates, related to the items discussed above, of $282 million and $169 million at December 31, 2015 and 2014, respectively.

See Notes 6, 8, 9, 12, 13 and 15 for additional information on related party transactions.

20. Subsequent Events

Common Stock Dividend

On March 15, 2016, Metropolitan Life Insurance Company paid an ordinary cash dividend to MetLife, Inc. of $1.5 billion.

Sales Distribution Services

On February 28, 2016, MetLife, Inc. entered into a purchase agreement with Massachusetts Mutual Life Insurance Company ("MassMutual") pursuant to which MassMutual will acquire MetLife's U.S. Retail advisor force, the MetLife Premier Client Group, together with its affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc., and certain related assets. As part of the transaction, MetLife, Inc. and MassMutual have also agreed to enter into a product development agreement under which MetLife's U.S. Retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. The transaction is subject to certain closing conditions, including regulatory approval.

The Separation

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. MetLife is currently evaluating structural alternatives for the proposed Separation, including a public offering of shares in an independent, publicly traded company, a spin-off, or a sale. The completion of a public offering would depend on, among other things, the SEC filing and review process, as well as market conditions. Any Separation that might occur will be subject to the satisfaction of various conditions and approvals, including approval of any transaction by the MetLife, Inc. Board of Directors, satisfaction of any applicable requirements of the SEC, and receipt of insurance and other regulatory approvals and other anticipated conditions. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of the Separation. Metropolitan Life Insurance Company would no longer write new retail life and annuity business post-Separation.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule I

Consolidated Summary of Investments —
Other Than Investments in Related Parties
December 31, 2015

(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	$ 36,183	$ 39,693	$ 39,693
Public utilities	10,186	10,681	10,681
State and political subdivision securities	6,070	6,974	6,974
Foreign government securities	3,178	3,606	3,606
All other corporate bonds	75,375	76,682	76,682
Total bonds	130,992	137,636	137,636
Mortgage-backed and asset-backed securities	36,407	37,061	37,061
Redeemable preferred stock	962	989	989
Total fixed maturity securities	168,361	175,686	175,686
Trading and fair value option securities	463	431	431
Equity securities:			
Common stock:			
Industrial, miscellaneous and all other	1,103	1,066	1,066
Public utilities	195	177	177
Non-redeemable preferred stock	687	706	706
Total equity securities	1,985	1,949	1,949
Mortgage loans held-for-investment	53,722		53,722
Policy loans	8,134		8,134
Real estate and real estate joint ventures	5,968		5,968
Real estate acquired in satisfaction of debt	40		40
Other limited partnership interests	4,088		4,088
Short-term investments	5,595		5,595
Other invested assets	16,869		16,869
Total investments	$ 265,225		$ 272,482

(1) The Company's trading and FVO securities portfolio is mainly comprised of fixed maturity and equity securities, including mutual funds and, to a lesser extent, short-term investments and cash and cash equivalents. Cost or amortized cost for fixed maturity securities and mortgage loans held-for-investment 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 accretion of 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 impairments or original cost adjusted for equity in earnings and distributions.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule III
Consolidated Supplementary Insurance Information
December 31, 2015, 2014 and 2013

(In millions)

Segment	DAC and VOBA	Future Policy Benefits, Other Policy-Related Balances and Policyholder Dividend Obligation	Policyholder Account Balances	Policyholder Dividends Payable	Unearned Premiums (1), (2)	Unearned Revenue (1)
2015						
Retail	$ 5,630	$ 64,197	$ 30,204	$ 624	$ 36	$ 522
Group, Voluntary & Worksite Benefits	303	21,477	8,193	—	269	—
Corporate Benefit Funding	105	41,696	56,023	—	—	33
Corporate & Other	5	528	—	—	3	—
Total	$ 6,043	$ 127,898	$ 94,420	$ 624	$ 308	$ 555
2014						
Retail	$ 5,544	$ 64,965	$ 30,058	$ 615	$ 35	$ 527
Group, Voluntary & Worksite Benefits	324	20,500	8,305	—	321	—
Corporate Benefit Funding	106	40,414	57,539	—	—	41
Corporate & Other	1	518	—	—	—	—
Total	$ 5,975	$ 126,397	$ 95,902	$ 615	$ 356	$ 568
2013						
Retail	$ 5,990	$ 62,912	$ 30,434	$ 601	$ 36	$ 507
Group, Voluntary & Worksite Benefits	333	19,460	8,575	—	236	—
Corporate Benefit Funding	93	36,452	53,489	—	—	31
Corporate & Other	—	581	—	—	1	—
Total	$ 6,416	$ 119,405	$ 92,498	$ 601	$ 273	$ 538

____

(1) Amounts are included within the future policy benefits, other policy-related balances and policyholder dividend obligation column.

(2) Includes premiums received in advance.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule III

Consolidated Supplementary Insurance Information — (continued)
December 31, 2015, 2014 and 2013

(In millions)

Segment	Premiums and Universal Life and Investment-Type Product Policy Fees	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)
2015					
Retail	$ 5,758	$ 5,039	$ 6,320	$ 691	$ 2,691
Group, Voluntary & Worksite Benefits	15,439	1,655	14,125	32	2,234
Corporate Benefit Funding	3,205	4,850	6,185	20	459
Corporate & Other	116	33	80	(1)	1,396
Total	$ 24,518	$ 11,577	$ 26,710	$ 742	$ 6,780
2014					
Retail	$ 5,640	$ 5,150	$ 6,170	$ 652	$ 2,619
Group, Voluntary & Worksite Benefits	15,097	1,618	13,977	26	2,155
Corporate Benefit Funding	2,985	4,780	5,805	17	458
Corporate & Other	128	345	77	—	1,384
Total	$ 23,850	$ 11,893	$ 26,029	$ 695	$ 6,616
2013					
Retail	$ 5,456	$ 5,077	$ 6,059	$ 217	$ 2,956
Group, Voluntary & Worksite Benefits	14,420	1,594	13,346	25	2,005
Corporate Benefit Funding	2,886	4,585	5,813	19	461
Corporate & Other	76	529	67	—	1,510
Total	$ 22,838	$ 11,785	$ 25,285	$ 261	$ 6,932

(1) Includes other expenses and policyholder dividends, excluding amortization of DAC and VOBA charged to other expenses.

See Note 2 of the Notes to the Consolidated Financial Statements for information on certain segment reporting changes during the first quarter of 2015, which were retrospectively applied.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule IV

Consolidated Reinsurance
December 31, 2015, 2014 and 2013

(In millions)

	Gross Amount	Ceded	Assumed	Net Amount	% Amount Assumed to Net
2015					
Life insurance in-force	$ 3,035,399	$ 361,355	$ 811,435	$ 3,485,479	23.3%
Insurance premium					
Life insurance (1)	$ 14,449	$ 1,143	$ 1,638	$ 14,944	11.0%
Accident & health insurance	7,048	99	41	6,990	0.6%
Total insurance premium	$ 21,497	$ 1,242	$ 1,679	$ 21,934	7.7%
2014					
Life insurance in-force	$ 2,935,363	$ 372,886	$ 830,980	$ 3,393,457	24.5%
Insurance premium					
Life insurance (1)	$ 14,135	$ 1,159	$ 1,630	$ 14,606	11.2%
Accident & health insurance	6,828	93	43	6,778	0.6%
Total insurance premium	$ 20,963	$ 1,252	$ 1,673	$ 21,384	7.8%
2013					
Life insurance in-force	$ 2,940,853	$ 401,576	$ 844,946	$ 3,384,223	25.0%
Insurance premium					
Life insurance (1)	$ 13,820	$ 1,187	$ 1,423	$ 14,056	10.1%
Accident & health insurance	6,470	97	46	6,419	0.7%
Total insurance premium	$ 20,290	$ 1,284	$ 1,469	$ 20,475	7.2%

(1) Includes annuities with life contingencies.

For the year ended December 31, 2015, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $23.1 billion and $276.7 billion, respectively, and life insurance premiums of $40 million and $701 million, respectively. For the year ended December 31, 2014, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $23.9 billion and $277.9 billion, respectively, and life insurance premiums of $36 million and $681 million, respectively. For the year ended December 31, 2013, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $26.1 billion and $259.6 billion, respectively, and life insurance premiums of $45 million and $451 million, respectively.

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 Exchange Act Rule 13a-15(e) 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 13a-15 (f) during the quarter ended December 31, 2015 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 Metropolitan Life Insurance Company 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 GAAP.

Management has documented and evaluated the effectiveness of the internal control of the Company at December 31, 2015 pertaining to financial reporting in accordance with the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In the opinion of management, Metropolitan Life Insurance Company maintained effective internal control over financial reporting at December 31, 2015.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the consolidated financial statements and consolidated financial statement schedules included in the Annual Report on Form 10-K for the year ended December 31, 2015. The Report of the Independent Registered Public Accounting Firm on their audit of the consolidated financial statements and consolidated financial statement schedules is included on page 114.

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, Inc., has served as the independent auditor of the Company for more than 75 years. 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 2015 and 2014

The table below 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, 2015 and 2014. All fees shown in the table were related to services that were approved by the Audit Committee of MetLife, Inc. ("Audit Committee").

	2015	2014
	(In millions)	
Audit fees (1)	$ 44.6	$ 41.9
Audit-related fees (2)	$ 7.7	$ 5.0
Tax fees (3)	$ 2.2	$ 1.0
All other fees (4)	$ 0.2	$ 0.4

(1) 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 SEC.

(2) Fees for assurance and related services that are traditionally performed by the Company's independent auditor, such as audit and related services for employee benefit plan audits, 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.

(3) 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 advisory services, including assistance in connection with tax audits and filing appeals, tax advice related to mergers, acquisitions and divestitures, advice related to employee benefit plans and requests for rulings or technical advice from taxing authorities. In 2015, tax compliance and tax preparation fess total $1.5 million and tax advisory fees total $0.6 million and in 2014, tax compliance and tax preparation fees total $1.0 million and tax advisory fees were not significant.

(4) Fees for other types of permitted services, including employee benefit advisory services, risk and other consulting services, financial advisory services and valuation services.

Approval of Fees

The Audit Committee approves Deloitte's audit and non-audit services to MetLife, Inc. 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.

The Audit Committee is responsible for approving fees for the audit and for any audit-related, tax or other permitted non-audit services. 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.

The Audit Committee ensures 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, Notes and Schedules on page 113.

2. Financial Statement Schedules

The financial statement schedules are listed in the Index to Consolidated Financial Statements, Notes and Schedules on page 113.

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 24, 2016

METROPOLITAN LIFE INSURANCE COMPANY

By /s/ Steven A. Kandarian

Name: Steven A. Kandarian

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/ Cheryl W. Grisé Cheryl W. Grisé	Director	March 24, 2016
Carlos M. Gutierrez	Director	
/s/ R. Glenn Hubbard R. Glenn Hubbard	Director	March 24, 2016
/s/ Alfred F. Kelly, Jr. Alfred F. Kelly, Jr.	Director	March 24, 2016
/s/ Edward J. Kelly, III Edward J. Kelly, III	Director	March 24, 2016
/s/ William E. Kennard William E. Kennard	Director	March 24, 2016
/s/ James M. Kilts James M. Kilts	Director	March 24, 2016
/s/ Catherine R. Kinney Catherine R. Kinney	Director	March 24, 2016
/s/ Denise M. Morrison Denise M. Morrison	Director	March 24, 2016
/s/ Kenton J. Sicchitano Kenton J. Sicchitano	Director	March 24, 2016
/s/ Lulu C. Wang Lulu C. Wang	Director	March 24, 2016

Signature	Title	Date
/s/ Steven A. Kandarian Steven A. Kandarian	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2016
/s/ John C. R. Hele John C. R. Hele	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 24, 2016
/s/ Peter M. Carlson Peter M. Carlson	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 24, 2016

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 Metropolitan Life Insurance Company, its subsidiaries or affiliates, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (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 Metropolitan Life Insurance Company, its subsidiaries and affiliates may be found elsewhere in this Annual Report on Form 10-K and Metropolitan Life Insurance Company's other public filings, which are available without charge through the SEC's website at www.sec.gov.)*

Exhibit No.	Description
2.1	Plan of Reorganization of Metropolitan Life Insurance Company dated September 28, 1999. (Incorporated by reference to Exhibit 2.1 to MetLife, Inc.'s Registration Statement on Form S-1 (No. 333-91517) (the "S-1 Registration Statement")).
2.2	Amendment to Plan of Reorganization of Metropolitan Life Insurance Company dated March 9, 2000. (Incorporated by reference to Exhibit 2.2 to the S-1 Registration Statement).
3.1	Amended and Restated Charter of Metropolitan Life Insurance Company dated October 31, 2001. (Incorporated by reference to Exhibit 3.1 to Metropolitan Life Insurance Company's Form 10 dated August 28, 2013 (the "2013 Form 10")).
3.2	Amended and Restated By-Laws of Metropolitan Life Insurance Company effective September 25, 2007. (Incorporated by reference to Exhibit 3.2 to the 2013 Form 10).
10.1	MetLife Executive Severance Plan (as amended and restated, effective June 14, 2010). (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "2014 Annual Report")).*
10.2	Separation Agreement, Waiver and General Release, dated August 17, 2009, between Lisa M. Weber and MetLife Group, Inc. (Incorporated by reference to Exhibit 10.2 to the 2014 Annual Report).*
10.3	Agreement between MetLife, Inc. and William J. Mullaney, which became final on December 24, 2011. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Current Report on Form 8-K dated December 29, 2011).*
10.4	Offer Letter, dated March 25, 2009, between American Life Insurance Company and Michel Khalaf. (Incorporated by reference to Exhibit 10.11 to the 2011 Annual Report).*
10.5	Adjustment of certain compensation items for Michel Khalaf, effective July 1, 2012. (Incorporated by reference to Exhibit 10.2 to MetLife, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).*
10.6	Employment Agreement between Christopher G. Townsend and MetLife Asia Pacific Limited, dated May 11, 2012. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Current Report on Form 8-K dated May 16, 2012 (the "May 16, 2012 Form 8-K")).*
10.7	Settlement Agreement and General Release, dated April 2, 2014, between MetLife Group, Inc. and Beth Hirschhorn. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)*
10.8	Sign-On Letter, dated December 9, 2014, from MetLife, Inc. to Esther Lee. (Incorporated by reference to Exhibit 10.17 to the 2014 Annual Report).*
10.9	Letter Agreement dated June 11, 2015 between MetLife, Inc. and Christopher Townsend. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Current Report on Form 8-K dated June 15, 2015).*

Exhibit No.	Description
10.10	Tax Equalization Agreement dated June 10, 2015 between MetLife, Inc. and Michel Khalaf. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015).*
10.11	Separation Agreement, Waiver and General Release, dated July 30, 2015, between MetLife Group, Inc. and William J. Wheeler. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).*
10.12	Agreement to Protect Corporate Property executed by William J. Wheeler on June 21, 2001. (Incorporated by reference to Exhibit 10.2 to MetLife, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).*
10.13	Agreement to Protect Corporate Property, dated January 1, 2015, executed by Esther S. Lee. (Incorporated by reference to Exhibit 10.13 to MetLife, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the "2015 Annual Report")).*
10.14	Form of Agreement to Protect Corporate Property executed by Steven A. Kandarian, Steven J. Goulart, and Maria M. Morris. (Incorporated by reference to Exhibit 10.14 to the 2015 Annual Report).*
10.15	Form of Agreement to Protect Corporate Property executed by Ricardo A. Anzaldua, John C. R. Hele, Frans Hijkoop, Michele A. Khalaf, and Martine J. Lippert. (Incorporated by reference to Exhibit 10.15 to the 2015 Annual Report).*
10.16	MetLife, Inc. 2000 Directors Stock Plan, as amended and restated March 28, 2000. (Incorporated by reference to Exhibit 10.8 to the S-1 Registration Statement).*
10.17	MetLife, Inc. 2000 Directors Stock Plan, as amended, effective February 8, 2002. (Incorporated by reference to Exhibit 10.20 to the 2012 Annual Report).*
10.18	MetLife, Inc. 2005 Stock and Incentive Compensation Plan, effective April 15, 2005 (the "2005 SIC Plan"). (Incorporated by reference to Exhibit 10.24 to the 2014 Annual Report). *
10.19	Form of Management Stock Option Agreement under the 2005 SIC Plan (effective as of April 25, 2007). (Incorporated by reference to Exhibit 10.24 to the 2012 Annual Report). *
10.20	Amendment to Stock Option Agreements under the 2005 SIC Plan (effective as of April 25, 2007). (Incorporated by reference to Exhibit 10.25 to the 2012 Annual Report).*
10.21	Form of Management Stock Option Agreement under the 2005 SIC Plan (effective December 15, 2009). (Incorporated by reference to Exhibit 10.28 to the 2014 Annual Report).*
10.22	Form of Management Stock Option Agreement under the 2005 SIC Plan. (Incorporated by reference to Exhibit 10.29 to the 2014 Annual Report).*
10.23	Form of Stock Option Agreement under the 2005 SIC Plan (effective February 11, 2013). (Incorporated by reference to Exhibit 10.9 to MetLife, Inc.'s Current Report on Form 8-K dated February 15, 2013 (the "February 15, 2013 Form 8-K")).*
10.24	Form of Stock Option Agreement (Three-Year "Cliff" Exercisability) under the 2005 SIC Plan (effective February 11, 2013). (Incorporated by reference to Exhibit 10.10 to the February 15, 2013 Form 8-K).*
10.25	Form of Management Restricted Stock Unit Agreement under the 2005 SIC Plan (effective December 11, 2007). (Incorporated by reference to Exhibit 10.30 to the 2012 Annual Report).*
10.26	Form of Management Restricted Stock Unit Agreement under the 2005 SIC Plan (effective December 15, 2009). (Incorporated by reference to Exhibit 10.33 to the 2014 Annual Report).*
10.27	Form of Restricted Stock Unit Agreement (effective February 11, 2013). (Incorporated by reference to Exhibit 10.4 to the February 15, 2013 Form 8-K).*
10.28	Form of Restricted Stock Unit Agreement (Three-Year "Cliff" Period of Restriction; No Code 162(m) Goals) (effective February 11, 2013). (Incorporated by reference to Exhibit 10.5 to the February 15, 2013 Form 8-K).*
10.29	Form of Management Performance Share Agreement under the 2005 SIC Plan (effective December 14, 2010). (Incorporated by reference to Exhibit 10.29 to the 2015 Annual Report).*

Exhibit No.	Description
10.30	Form of Performance Share Agreement (effective February 11, 2013). (Incorporated by reference to Exhibit 10.1 to the February 15, 2013 Form 8-K).*
10.31	MetLife International Performance Unit Incentive Plan (as amended and restated effective February 11, 2013). (Incorporated by reference to Exhibit 10.2 to the February 15, 2013 Form 8-K).*
10.32	Form of Performance Unit Agreement (effective February 11, 2013). (Incorporated by reference to Exhibit 10.3 to the February 15, 2013 Form 8-K).*
10.33	MetLife International Unit Option Incentive Plan, dated July 21, 2011 (as amended and restated effective February 23, 2011). (Incorporated by reference to Exhibit 10.48 to the 2011 Annual Report).*
10.34	Form of Unit Option Agreement under the MetLife International Unit Option Incentive Plan (effective February 23, 2011). (Incorporated by reference to Exhibit 10.49 to the 2011 Annual Report).*
10.35	MetLife International Unit Option Incentive Plan (as amended and restated December 3, 2012). (Incorporated by reference to Exhibit 10.11 to the February 15, 2013 Form 8-K).*
10.36	Form of Unit Option Agreement (effective February 11, 2013). (Incorporated by reference to Exhibit 10.12 to the February 15, 2013 Form 8-K).*
10.37	Form of Unit Option Agreement (Three-Year "Cliff" Exercisability) (effective February 11, 2013). (Incorporated by reference to Exhibit 10.13 to the February 15, 2013 Form 8-K).*
10.38	MetLife International Restricted Unit Incentive Plan (as amended and restated effective February 11, 2013). (Incorporated by reference to Exhibit 10.6 to the February 15, 2013 Form 8-K).*
10.39	Form of Restricted Unit Agreement (effective February 11, 2013). (Incorporated by reference to Exhibit 10.7 to the February 15, 2013 Form 8-K).*
10.40	Form of Restricted Unit Agreement (Three-Year "Cliff" Period of Restriction; No Code 162(m) Goals) (effective February 11, 2013). (Incorporated by reference to Exhibit 10.8 to the February 15, 2013 Form 8-K).*
10.41	Five-Year Credit Agreement, dated as of May 30, 2014, among MetLife, Inc. and MetLife Funding, Inc., as borrowers, and the other parties signatory thereto, amending and restating (i) the Five-Year Credit Agreement, dated as of August 12, 2011, among MetLife, Inc. and MetLife Funding, Inc., as borrowers, and the other parties signatory thereto and (ii) the Five-Year Credit Agreement dated as of September 13, 2012 among MetLife, Inc. and MetLife Funding, Inc., as borrowers, and the other parties signatory thereto. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Current Report on Form 8-K dated June 4, 2014).
10.42	Resolutions of the MetLife, Inc. Board of Directors (adopted February 9, 2015) regarding the selection of performance measures for 2015 awards under the AVIP. (Incorporated by reference to Exhibit 10.44 to the 2015 Annual Report).*
10.43	Resolutions of the MetLife, Inc., Board of Directors (adopted September 13, 2011) regarding non-management director compensation. (Incorporated by reference to Exhibit 10.4 to the Third Quarter 2011 10-Q).*
10.44	Metropolitan Life Auxiliary Savings and Investment Plan (as amended and restated, effective January 1, 2008). (Incorporated by reference to Exhibit 10.72 to the 2012 Annual Report).*
10.45	Amendment 1 to the Metropolitan Life Auxiliary Savings and Investment Plan (as amended and restated, effective January 1, 2008). (Incorporated by reference to Exhibit 10.74 to the 2014 Annual Report).*
10.46	Amendment Number 2 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008). (Incorporated by reference to Exhibit 10.48 to the 2015 Annual Report).*
10.47	Amendment Number 3 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008). (Incorporated by reference to Exhibit 10.75 to the 2012 Annual Report).*
10.48	Amendment Number 4 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008). (Incorporated by reference to Exhibit 10.77 to the 2013 Annual Report).*
10.49	MetLife Deferred Compensation Plan for Officers, as amended and restated, effective November 1, 2003. (Incorporated by reference to Exhibit 10.78 to the 2013 Annual Report).*
10.50	Amendment Number One to the MetLife Deferred Compensation Plan for Officers (as amended and restated as of November 1, 2003), dated May 4, 2005. (Incorporated by reference to Exhibit 10.52 to the 2015 Annual Report).*

Exhibit No.	Description
10.51	Amendment Number Two to the MetLife Deferred Compensation Plan for Officers (as amended and restated as of November 1, 2003, effective December 14, 2005). (Incorporated by reference to Exhibit 10.53 to the 2015 Annual Report).*
10.52	Amendment Number Three to the MetLife Deferred Compensation Plan for Officers (as amended and restated as of November 1, 2003, effective February 26, 2007). (Incorporated by reference to Exhibit 10.66 to the 2011 Annual Report).*
10.53	MetLife Leadership Deferred Compensation Plan, dated November 2, 2006 (as amended and restated, effective with respect to salary and cash incentive compensation, January 1, 2005, and with respect to stock compensation, April 15, 2005). (Incorporated by reference to Exhibit 10.67 to the 2011 Annual Report).*
10.54	Amendment Number One to the MetLife Leadership Deferred Compensation Plan, dated December 13, 2007 (effective as of December 31, 2007). (Incorporated by reference to Exhibit 10.81 to the 2012 Annual Report).*
10.55	Amendment Number Two to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2008 (effective December 31, 2008). (Incorporated by reference to Exhibit 10.84 to the 2013 Annual Report).*
10.56	Amendment Number Three to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2009 (effective January 1, 2010). (Incorporated by reference to Exhibit 10.85 to the 2014 Annual Report).*
10.57	Amendment Number Four to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2009 (effective December 31, 2009). (Incorporated by reference to Exhibit 10.86 to the 2014 Annual Report).*
10.58	Amendment Number Five to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2009 (effective January 1, 2011). (Incorporated by reference to Exhibit 10.60 to the 2015 Annual Report).*
10.59	Amendment Number Nine to the MetLife Leadership Deferred Compensation Plan, dated December 30, 2014 (effective January 1, 2015). (Incorporated by reference to Exhibit 10.88 to the 2014 Annual Report).*
10.60	MetLife Deferred Compensation Plan for Outside Directors (effective December 9, 2003). (Incorporated by reference to Exhibit 10.88 to the 2013 Annual Report).*
10.61	Amendment Number One to the MetLife Deferred Compensation Plan for Outside Directors (as amended and restated as of December 9, 2003, effective February 26, 2007). (Incorporated by reference to Exhibit 10.74 to the 2011 Annual Report).*
10.62	MetLife Non-Management Director Deferred Compensation Plan, dated December 19, 2012 (as amended and restated, effective January 1, 2005). (Incorporated by reference to Exhibit 10.64 to the 2015 Annual Report).*
10.63	MetLife, Inc. Director Indemnity Plan (dated and effective July 22, 2008). (Incorporated by reference to Exhibit 10.94 to the 2013 Annual Report).*
10.64	MetLife Auxiliary Pension Plan, dated August 7, 2006 (as amended and restated, effective June 30, 2006). (Incorporated by reference to Exhibit 10.80 to the 2011 Annual Report).*
10.65	MetLife Auxiliary Pension Plan, dated December 21, 2006 (amending and restating Part I thereof, effective January 1, 2007). (Incorporated by reference to Exhibit 10.81 to the 2011 Annual Report).*
10.66	MetLife Auxiliary Pension Plan, dated December 21, 2007 (amending and restating Part I thereof, effective January 1, 2008). (Incorporated by reference to Exhibit 10.95 to the 2012 Annual Report).*

Exhibit No.	Description
10.67	Amendment #1 to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated October 24, 2008 (effective October 1, 2008). (Incorporated by reference to Exhibit 10.98 to the 2013 Annual Report).*
10.68	Amendment Number Two to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 12, 2008 (effective December 31, 2008). (Incorporated by reference to Exhibit 10.99 to the 2013 Annual Report).*
10.69	Amendment Number Three to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008) dated March 25, 2009 (effective January 1, 2009). (Incorporated by reference to Exhibit 10.71 to the 2015 Annual Report).*
10.70	Amendment Number Four to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 16, 2009 (effective January 1, 2010). (Incorporated by reference to Exhibit 10.102 to the 2014 Annual Report).*
10.71	Amendment Number Five to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008) dated December 21, 2010 (effective January 1, 2010). (Incorporated by reference to Exhibit 10.73 to the 2015 Annual Report).*
10.72	Amendment Number Six to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008) dated December 20, 2012 (effective January 1, 2012). (Incorporated by reference to Exhibit 10.101 to the 2012 Annual Report).*
10.73	Alico Overseas Pension Plan, dated January 2009. (Incorporated by reference to Exhibit 10.88 to the 2011 Annual Report).*
10.74	Amendment Number One to the Alico Overseas Pension Plan (effective November 1, 2010), dated December 20, 2010. (Incorporated by reference to Exhibit 10.89 to the 2011 Annual Report).*
10.75	Amendment Number Two to the Alico Overseas Pension Plan (effective as of November 1, 2010), dated December 13, 2011. (Incorporated by reference to Exhibit 10.90 to the 2011 Annual Report).*
10.76	Amendment Number Three to the Alico Overseas Pension Plan, dated May 1, 2012 (effective January 1, 2012). (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.'s Current Report on Form 8-K dated May 4, 2012).*
10.77	Member's Explanatory Handbook for the Metropolitan Life Insurance Company of Hong Kong Limited Healthcare Plan (2014). (Incorporated by reference to Exhibit 10.79 to the 2015 Annual Report).*
10.78	MetLife Plan for Transition Assistance for Officers, dated April 21, 2014 (as amended and restated, effective April 1, 2014 (the "MPTA")). (Incorporated by reference to Exhibit 10.2 to MetLife, Inc.’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014).*
10.79	Amendment Number One to the MPTA, dated December 30, 2014 (effective January 1, 2015). (Incorporated by reference to Exhibit 10.111 to the 2014 Annual Report).*
10.80	MetLife, Inc. 2015 Non-Management Director Stock Compensation Plan, effective January 1, 2015. (Incorporated by reference to Exhibit 4.1 to MetLife, Inc.’s Registration Statement on Form S-8 (No. 333-198141).*
10.81	MetLife, Inc. 2015 Stock and Incentive Plan, effective January 1, 2015 (the “2015 SIC Plan”). (Incorporated by reference to Exhibit 4.1 to MetLife, Inc.’s Registration Statement on Form S-8 (No. 333-198145)).*
10.82	Form of Performance Share Agreement under the 2015 SIC Plan. (Incorporated by reference to Exhibit 10.1 to MetLife, Inc.’s Current Report on Form 8-K dated December 11, 2014 (the “December 11, 2014 Form 8-K”).*
10.83	Form of Performance Unit Agreement under the 2015 SIC Plan. (Incorporated by reference to Exhibit 10.2 to the December 11, 2014 Form 8-K).*
10.84	Form of Restricted Stock Unit Agreement (Ratable Period of Restriction Ends in Thirds; Code Section 162(m) Goals) under the 2015 SIC Plan (Incorporated by reference to Exhibit 10.3 to the December 11, 2014 Form 8-K).*

Exhibit No.	Description
10.85	Form of Restricted Stock Unit Agreement (Three-Year "Cliff" Period of Restriction; No Code Section 162(m) Goals) (Incorporated by reference to Exhibit 10.4 to the December 11, 2014 Form 8-K).*
10.86	Form of Restricted Unit Agreement (Ratable Period of Restriction Ends in Thirds; Code Section 162(m) Goals) (Incorporated by reference to Exhibit 10.5 to the December 11, 2014 Form 8-K).*
10.87	Form of Restricted Unit Agreement (Three-Year "Cliff" Period of Restriction; No Code Section 162(m) Goals) (Incorporated by reference to Exhibit 10.6 to the December 11, 2014 Form 8-K).*
10.88	Form of Stock Option Agreement (Ratable Exercisability in Thirds) (Incorporated by reference to Exhibit 10.7 to the December 11, 2014 Form 8-K).*
10.89	Form of Stock Option Agreement (Three-Year "Cliff" Exercisability) (Incorporated by reference to Exhibit 10.8 to the December 11, 2014 Form 8-K).*
10.90	Form of Unit Option Agreement (Ratable Exercisability in Thirds) (Incorporated by reference to Exhibit 10.9 to the December 11, 2014 Form 8-K).*
10.91	Form of Unit Option Agreement (Three-Year "Cliff" Exercisability) (Incorporated by reference to Exhibit 10.10 to the December 11, 2014 Form 8-K).*
10.92	MetLife Annual Variable Incentive Plan (effective as amended and restated January 1, 2015) (Incorporated by reference to Exhibit 10.11 to the December 11, 2014 Form 8-K).*
10.93	Form of Performance Share Agreement under the 2015 SIC Plan, effective January 1, 2016. (Incorporated by reference to Exhibit 10.95 to the 2015 Annual Report).*
10.94	Form of Performance Unit Agreement under the 2015 SIC Plan, effective January 1, 2016. (Incorporated by reference to Exhibit 10.96 to the 2015 Annual Report).*
10.95	Form of Restricted Stock Unit Agreement (Ratable Period of Restriction Ends in Thirds; Code Section 162(m) Goals) under the 2015 SIC Plan, effective January 1, 2016. (Incorporated by reference to Exhibit 10.97 to the 2015 Annual Report).*
10.96	Form of Restricted Stock Unit Agreement (Three-Year "Cliff" Period of Restriction; No Code Section 162(m) Goals), effective January 1, 2016. (Incorporated by reference to Exhibit 10.98 to the 2015 Annual Report).*
10.97	Form of Restricted Unit Agreement (Ratable Period of Restriction Ends in Thirds; Code Section 162(m) Goals), effective January 1, 2016. (Incorporated by reference to Exhibit 10.99 to the 2015 Annual Report).*
10.98	Form of Restricted Unit Agreement (Three-Year "Cliff" Period of Restriction; No Code Section 162(m) Goals), effective January 1, 2016. (Incorporated by reference to Exhibit 10.100 to the 2015 Annual Report).*
10.99	Form of Stock Option Agreement (Ratable Exercisability in Thirds), effective January 1, 2016. (Incorporated by reference to Exhibit 10.101 to the 2015 Annual Report).*
10.100	Form of Stock Option Agreement (Three-Year "Cliff" Exercisability), effective January 1, 2016. (Incorporated by reference to Exhibit 10.102 to the 2015 Annual Report).*
10.101	Form of Unit Option Agreement (Ratable Exercisability in Thirds), effective January 1, 2016. (Incorporated by reference to Exhibit 10.103 to the 2015 Annual Report).*
10.102	Form of Unit Option Agreement (Three-Year "Cliff" Exercisability), effective January 1, 2016. (Incorporated by reference to Exhibit 10.104 to the 2015 Annual Report).*
10.103	Award Agreement Supplement, effective January 1, 2016. (Incorporated by reference to Exhibit 10.105 to the 2015 Annual Report).*

Exhibit No.	Description
10.104	MetLife Individual Distribution Sales Deferred Compensation Plan, effective January 1, 2010. (Incorporated by reference to Exhibit 4.1 to MetLife, Inc.'s Registration Statement on Form S-8 (No. 333-198143)).*
10.105	Amendment Number One to the MetLife Individual Distribution Sales Deferred Compensation Plan, effective January 1, 2010. (Incorporated by reference to Exhibit 4.2 to MetLife, Inc.'s Registration Statement on Form S-8 (No. 333-198143)).*
10.106	Amendment Number Two to the MetLife Individual Distribution Sales Deferred Compensation Plan, effective January 1, 2010. (Incorporated by reference to Exhibit 4.3 to MetLife, Inc.'s Registration Statement on Form S-8 (No. 333-198143)).*
10.107	Amendment Number Three to the MetLife Individual Distribution Sales Deferred Compensation Plan, effective January 1, 2013. (Incorporated by reference to Exhibit 4.4 to MetLife, Inc.'s Registration Statement on Form S-8 (No. 333-198143)).*
10.108	Amendment Number Four to the MetLife Individual Distribution Sales Deferred Compensation Plan, effective January 1, 2014. (Incorporated by reference to Exhibit 4.5 to MetLife, Inc.'s Registration Statement on Form S-8 (No. 333-198143)).*
10.109	Amendment Number Five to the MetLife Individual Distribution Sales Deferred Compensation Plan, effective June 1, 2014. (Incorporated by reference to Exhibit 4.6 to MetLife, Inc.'s Registration Statement on Form S-8 (No. 333-198143)).*
23.1	Consent of Deloitte & Touche LLP.
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.

* Indicates management contracts or compensatory plans or arrangements. SEC File No. 001-15787.

ANNEX B

Metropolitan Life Insurance Company's Current Report on Form 8-K dated December 1, 2016 filed with the Securities and Exchange Commission on December 1, 2016

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): December 1, 2016

Metropolitan Life Insurance Company
(Exact name of registrant as specified in its charter)

New York	**000-55029**	**13-5581829**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**
200 Park Avenue, New York, N.Y.		**10166-0188**
(Address of principal executive offices)		**(Zip Code)**

(212) 578-9500 (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 230.425)
- ☐ 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.***

Segment Reporting Changes and Other Updates

Metropolitan Life Insurance Company is filing this Current Report on Form 8-K to reflect the impact on its previously filed financial statements and other disclosures included in Metropolitan Life Insurance Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Annual Report”) filed with the U.S. Securities and Exchange Commission (“SEC”) of actions taken by Metropolitan Life Insurance Company, its subsidiaries and affiliates (the “Company” or “MLIC”) in the third quarter of 2016 as described below.

The 2015 Annual Report is being revised to reflect the reorganization of the Company’s businesses. In addition, the Company is enhancing certain of its disclosures related to non-GAAP financial measures.

In anticipation of MetLife, Inc.’s plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the “Separation”), in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other.

Based on the proposed Separation, in the third quarter of 2016, the Company reorganized its businesses as follows:

- The businesses of the Company that MetLife, Inc. plans to separate and include in Brighthouse Financial are reflected in Corporate & Other.
- The businesses in the Company’s former Retail segment that MetLife, Inc. does not plan to separate are reflected in a new segment, MetLife Holdings. This segment also includes the long-term care business, reported as part of the Company’s former Group, Voluntary & Worksite Benefit (“GVWB”) segment.
- The Retirement and Income Solutions business (which represents most of the segment formerly known as Corporate Benefit Funding), and the Group Benefits business (consisting of the remaining components of the Company’s former GVWB segment, including the individual disability insurance business previously reported in the former Retail segment), are reflected in a new segment, U.S.

These changes were applied retrospectively and did not have an impact on total consolidated net income or operating earnings in the prior periods.

The following items of the 2015 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 2015 Annual Report, as specified in such Exhibit. No Items of the 2015 Annual Report other than those identified above are being revised by this filing. Information in the 2015 Annual Report is generally stated as of December 31, 2015 and this filing does not reflect any subsequent information or events other than the changes described above and those reflected in Note 20 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 2015 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 Metropolitan Life Insurance Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (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 2015 Annual Report, the Quarterly Report on Form 10-Q and other filings made by Metropolitan Life Insurance Company 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 2015 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, hereunto duly authorized.

Metropolitan Life Insurance Company

By /s/ Peter M. Carlson

Name: Peter M. Carlson

Title: Executive Vice President and Chief Accounting Officer (Authorized Signatory and Principal Accounting Officer)

Date: December 1, 2016

Exhibit Index

Exhibit No.	Description
23.1	Consent of Deloitte & Touche LLP.
99.1	Revised items in 2015 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.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-209461, 333-207093, 333-200996, and 333-192929 on Form S-3 of our report on the consolidated financial statements and financial statement schedules of Metropolitan Life Insurance Company and subsidiaries dated March 24, 2016, (December 1, 2016, with respect to segment changes described in Note 2 and subsequent events described in Note 20) which appears in this Current Report on Form 8-K.

/s/ DELOITTE & TOUCHE LLP
New York, New York
December 1, 2016

EXHIBIT 99.1

The 2015 Annual Report is being revised to reflect the reorganization of the Company's business as described in Item 8.01 of this Current Report on Form 8-K. The 2015 Annual Report is revised as follows:

- the information set forth in the following sections under the heading of "Part I, Item 1. Business" in the 2015 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 I, Item 1. Business":
  - Overview
  - Segments and Corporate & Other
  - Policyholder Liabilities
  - Underwriting and Pricing
  - Reinsurance Activity
- 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 2015 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":
  - Overview
  - Results of Operations
  - Non-GAAP and Other Financial Disclosures
- the information set forth under the heading "Part II, Item 8. Financial Statements and Supplementary Data" in the 2015 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 2015 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 2015 Annual Report remains unchanged. Those sections of the 2015 Annual Report which have not been revised as set forth herein are not materially impacted by the actions taken by Metropolitan Life Insurance Company described in this 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 2015 Annual Report.

Part I

Item 1. Business

Index to Business

Overview

As used in this Form 10-K, "MLIC," the "Company," "we," "our" and "us" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "MetLife").

The Company is a provider of life insurance, annuities, employee benefits and asset management through both proprietary and independent retail distribution channels, as well as at the workplace.

We are also one of the largest institutional investors in the U.S. with a $277.1 billion general account portfolio invested primarily in investment grade corporate bonds, structured finance securities, mortgage loans and U.S. Treasury and agency securities, as well as real estate and corporate equity, at December 31, 2015. Over the past several years, we have further diversified and strengthened our general account portfolio.

Our well-recognized brand, leading market positions, competitive and innovative product offerings and financial strength and expertise should help drive future growth, building on a long history of fairness, honesty and integrity. Over the course of the next several years, we will pursue the following objectives to achieve our goals:

- ***Refocus the U.S. businesses***
  - *Shift product mix away from capital intensive products*
  - *Invest in growth initiatives for the voluntary/worksite, accident & health, and direct channels*
  - *Drive margin improvement*
- ***Drive toward Customer Centricity and a global brand***
  - *Further institutionalize customer-centric actions and culture at MetLife*
  - *Grow consideration of and preference for MetLife's brand in key markets*

In anticipation of MetLife, Inc.'s plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the "Separation"), in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Other Key Information" for further information on the Company's segments and the Separation. See also "— Segments and Corporate & Other" and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments and Corporate & Other. Management continues to evaluate the Company's segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

Revenues derived from an agreement with the U.S. Office of Personnel Management for the Federal Employees' Group Life Insurance program were $2.7 billion, $2.8 billion and $2.5 billion for the years ended December 31, 2015, 2014 and 2013, respectively, which represented 10%, 11% and 10%, respectively, of consolidated premiums, universal life and investment-type product policy fees and other revenues. Revenues derived from any other customer did not exceed 10% of consolidated premiums, universal life and investment-type product policy fees and other revenues for the years ended December 31, 2015, 2014 and 2013. Substantially all of the Company's consolidated premiums, universal life and investment-type product policy fees and other revenues originated in the U.S. Financial information, including revenues, expenses, operating earnings, and total assets by segment, as well as premiums, universal life and investment-type product policy fees and other revenues by major product groups, is provided in Note 2 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 — Non-GAAP and Other Financial Disclosures" for definitions of such measures.

Other Key Information

On February 28, 2016, MetLife, Inc. entered into a purchase agreement with Massachusetts Mutual Life Insurance Company ("MassMutual") pursuant to which MassMutual will acquire MetLife's U.S. Retail advisor force, the MetLife Premier Client Group, together with its affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc., and certain related assets. As part of the transaction, MetLife, Inc. and MassMutual have also agreed to enter into a product development agreement under which MetLife's U.S. Retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. The transaction is subject to certain closing conditions, including regulatory approval.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. Additionally, on July 21, 2016, MetLife, Inc. announced that, following the Separation, the separated business will be rebranded as "Brighthouse Financial." On October 5, 2016, Brighthouse Financial, Inc., a subsidiary of MetLife, Inc. ("Brighthouse"), filed a registration statement on Form 10 (the "Form 10") with the U.S. Securities and Exchange Commission ("SEC"). The information statement filed as an exhibit to the Form 10 disclosed that MetLife, Inc. intends to include MetLife Insurance Company USA ("MetLife USA"), New England Life Insurance Company ("NELICO"), a wholly-owned subsidiary of Metropolitan Life Insurance Company, First MetLife Investors Insurance Company, MetLife Advisers, LLC and certain captive reinsurance companies in the proposed separated business and distribute at least 80.1% of the shares of Brighthouse's common stock on a pro rata basis to the holders of MetLife, Inc. common stock. The ultimate form and timing of the Separation will be influenced by a number of factors, including regulatory considerations and economic conditions. MetLife continues to evaluate and pursue structural alternatives for the proposed Separation. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of Brighthouse Financial. The Separation remains subject to certain conditions including, among others, obtaining final approval from the MetLife, Inc. Board of Directors, receipt of a favorable ruling from the Internal Revenue Service ("IRS") and an opinion from MetLife's tax advisor regarding certain U.S. federal income tax matters, and an SEC declaration of the effectiveness of the Form 10.

In December 2014, Metropolitan Life Insurance Company distributed to MetLife, Inc., as a dividend, all of the issued and outstanding shares of common stock of its wholly-owned, broker-dealer subsidiary, New England Securities Corporation ("NES"). See Note 3 of the Notes to the Consolidated Financial Statements for further information.

In November 2014, MetLife Insurance Company of Connecticut ("MICC"), a wholly-owned subsidiary of MetLife, Inc., re-domesticated from Connecticut to Delaware, changed its name to MetLife Insurance Company USA and merged with its subsidiary, MetLife Investors USA Insurance Company, and its affiliate, MetLife Investors Insurance Company, each a U.S. insurance company that issued variable annuity products in addition to other products, and Exeter Reassurance Company, Ltd. ("Exeter"), a former offshore, captive reinsurance subsidiary of MetLife, Inc. and affiliate of MICC that mainly reinsured guarantees associated with variable annuity products (the "Mergers"). The surviving entity of the Mergers was MetLife USA. Effective January 1, 2014, following receipt of New York State Department of Financial Services (the "Department of Financial Services") approval, MICC withdrew its license to issue insurance policies and annuity contracts in New York. Also effective January 1, 2014, MICC reinsured with Metropolitan Life Insurance Company all existing New York insurance policies and annuity contracts that include a separate account feature. Prior to the Mergers, Metropolitan Life Insurance Company also recaptured certain risks ceded to Exeter and assumed certain risks from an affiliate. The Mergers have provided increased transparency relative to our capital allocation and variable annuity risk management. See Note 6 of the Notes to the Consolidated Financial Statements for further information on the Mergers, and see "— Regulation — Insurance Regulation — Insurance Regulatory Examinations and Other Activities" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Affiliated Captive Reinsurance Transactions" for information on our use of captive reinsurers.

Segments and Corporate & Other

U.S.

Product Overview

Our businesses in the U.S. segment offer 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 corporations and their respective employees, other institutions and their respective members, as well as individuals. Our U.S. segment is organized into two businesses: Group Benefits and Retirement and Income Solutions.

Group Benefits

We have built a leading position in the U.S. group insurance market through long-standing relationships with many of the largest corporate employers in the U.S.

Our Group Benefits insurance products and services include life, dental, group short- and long-term disability, individual disability, accidental death and dismemberment ("AD&D"), critical illness, vision and accident & health coverages, as well as prepaid legal plans. We also sell administrative services-only ("ASO") arrangements to some employers. Under such ASO arrangements, the employer is at risk, as we have not issued an insurance policy. We pay claims funded by the employer and perform other administrative services on behalf of the employer.

The major products within Group Benefits are as follows:

Variable Life. Variable life products provide insurance coverage through a contract that gives the policyholder flexibility in investment choices and, depending on the product, in premium payments and coverage amounts, with certain guarantees. Most importantly, with variable life products, premiums and account balances can be directed by the policyholder into a variety of separate account investment options or directed to the Company's general account. In the separate account investment options, the policyholder bears the entire risk of the investment results. We collect specified fees for the management of the investment options. The policyholder's cash value reflects the investment return of the selected investment options, net of management fees and insurance-related and other charges. In some instances, third-party money management firms manage these investment options. With some products, by maintaining a certain premium level, policyholders may have the advantage of various guarantees that may protect the death benefit from adverse investment experience.

Universal Life. Universal life products provide insurance coverage on the same basis as variable life, except that premiums, and the resulting accumulated balances, are allocated only to the Company's general account. We credit premiums to an account maintained for the policyholder. Premiums are credited net of specified expenses. Interest is credited to the policyholder's account at interest rates we determine, subject to specified minimums. Specific charges are made against the policyholder's account for the cost of insurance protection and for expenses. With some products, by maintaining a certain premium level, policyholders may have the advantage of various guarantees that may protect the death benefit from adverse investment experience.

Term Life. Term life products provide a guaranteed benefit upon the death of the insured for a specified time period in return for the periodic payment of premiums. Specified coverage periods range from one year to 30 years, but in no event are they longer than the period over which premiums are paid. Death benefits may be level over the period or decreasing. Premiums may be guaranteed at a level amount for the coverage period or may be non-level and non-guaranteed. Term insurance products are sometimes referred to as pure protection products, in that there are typically no savings or investment elements. Term contracts expire without value at the end of the coverage period when the insured party is still living.

Dental. Dental products provide insurance and ASO arrangements that assist employees, retirees and their families in maintaining oral health while reducing out-of-pocket expenses and providing superior customer service. Dental plans include the Preferred Dentist Program and the Dental Health Maintenance Organization.

Disability. Group and individual disability products provide a benefit in the event of the disability of the insured. In most instances, this benefit is in the form of monthly income paid until the insured reaches age 65. In addition to income replacement, the product may be used to provide for the payment of business overhead expenses for disabled business owners or mortgage payment protection.

<u>*Retirement and Income Solutions*</u>

The Retirement and Income Solutions business provides funding and financing solutions that help institutional customers mitigate and manage liabilities primarily associated with their qualified, nonqualified and welfare employee benefit programs using a spectrum of life and annuity-based insurance and investment products.

The major products within Retirement and Income Solutions are as follows:

Stable Value Products. We offer general account guaranteed interest contracts, separate account guaranteed interest contracts, and similar products used to support the stable value option of defined contribution plans. We also offer private floating rate funding agreements that are used for money market funds, securities lending cash collateral portfolios and short-term investment funds.

General account guaranteed interest contracts are designed to provide stable value investment options within tax-qualified defined contribution plans. Traditional general account guaranteed interest contracts integrate a general account fixed or determinable fixed maturity investment with a general account guarantee of liquidity at contract value for participant transactions.

Separate account guaranteed interest contracts are available to defined contribution plan sponsors. These contracts integrate market value returns on separate account investments with a general account guarantee of liquidity at contract value to the extent the separate account assets are not sufficient. The contracts do not have a fixed maturity date and are terminable by each party on notice.

Private floating rate funding agreements are generally privately-placed, unregistered investment contracts issued as general account obligations. Interest is credited based on an external index, generally the three-month London Interbank Offered Rate ("LIBOR"). Contracts may contain put provisions (of 90 days or longer) that allow for the contractholder to receive the account balance prior to the stated maturity date.

Pension Risk Transfers. We offer general account and separate account annuity products, generally in connection with the termination of defined benefit pension plans. These risk transfer products include single premium buyouts that allow for full or partial transfers of pension liabilities.

General account annuity products include nonparticipating contracts. Under nonparticipating contracts, group annuity benefits may be purchased for retired and terminated employees or employees covered under terminating or ongoing pension plans. Both immediate and deferred annuities may be purchased by a single premium at issue. There are generally no cash surrender rights, with some exceptions including certain contracts that include liabilities for cash balance pension plans.

Separate account annuity products include both participating and non-participating contracts. Under participating contracts, group annuity benefits are purchased for retired, terminated, or active employees covered under active or terminated pension plans. Both immediate and deferred fixed annuities are purchased with a single premium. Under some contracts, additional annuities may be periodically purchased at then current purchase rates. The assets supporting the guaranteed benefits for each contract are held in a separate account. Some contracts require the contractholder to make periodic payments to cover investment and insurance expenses. The Company fully guarantees benefit payments and is ultimately responsible for all benefit payments. The non-participating contracts have economic features similar to our general account product, but offer the added protection of an insulated separate account. Under U.S. GAAP, these annuity contracts are treated as general account products.

Institutional Income Annuities. These general account contracts are available for purchasing guaranteed payout annuities for employees upon retirement or termination of employment. These annuities can be either life contingent or non-life contingent. These annuities are nonparticipating, do not provide for any loan or cash surrender value and, with few exceptions, do not permit future considerations.

Torts and Settlements. We offer innovative strategies for complex litigation settlements, primarily structured settlement annuities.

Structured settlement annuities are customized annuities designed to serve as an alternative to a lump sum payment in a lawsuit initiated because of personal injury, wrongful death, or a workers' compensation claim or other claim for damages. Surrenders are generally not allowed, although commutations are permitted in certain circumstances. Guaranteed payments consist of life contingent annuities, term certain annuities and lump sums.

Capital Markets Investment Products. Products we offer include funding agreements, funding agreement-backed notes and funding agreement-backed commercial paper. We also issue funding agreements to receive Federal Home Loan Bank ("FHLB") advances and through a program with the Federal Agricultural Mortgage Corporation ("Farmer Mac").

Funding agreement-backed notes are part of a medium term note program, under which funding agreements are issued to a special-purpose trust that issues marketable notes in U.S. dollars or foreign currencies. The proceeds of the issuance of a series of notes are used by the trust to acquire a funding agreement with matching interest and maturity payment terms from Metropolitan Life Insurance Company. The notes are underwritten and marketed by major investment banks' broker-dealer operations and are sold to institutional investors.

Funding agreement-backed commercial paper is issued by a special purpose limited liability company which deposits the proceeds under a master funding agreement issued to it by Metropolitan Life Insurance Company. The commercial paper receives the same short-term credit rating as Metropolitan Life Insurance Company and is marketed by major investment banks' broker-dealer operations. The program allows for funding agreement-backed commercial paper to be issued in U.S. dollars or foreign currencies.

Through the Farmer Mac program, funding agreements have been issued by Metropolitan Life Insurance Company to Farmer Mac, as well as to certain special purpose entities ("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 Farmer Mac.

Other Products and Services. We offer specialized life insurance products and funding agreements designed specifically to provide solutions for funding postretirement benefits and company-, bank- or trust- owned life insurance used to finance nonqualified benefit programs for executives.

Sales Distribution

Group Benefits Distribution

Group Benefits distributes its 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. In addition, voluntary products are sold by specialists. Employers have been emphasizing voluntary products and, as a result, we have increased our focus on communicating and marketing to employees in order to further foster sales of those products.

We have entered into several operating joint ventures and other arrangements with third parties to expand the marketing and distribution opportunities of Group Benefits products and services. We also sell our group products and services through sponsoring organizations and affinity groups and provide life and dental coverage to certain employees of the U.S. Government.

Retirement and Income Solutions Distribution

Retirement and Income Solutions products and services are distributed through dedicated sales teams and relationship managers. Products may be sold directly to benefit plan sponsors and advisors or through brokers, consultants or other intermediaries. In addition, these sales professionals work with individual and group distribution areas to better reach and service customers, brokers, consultants and other intermediaries.

MetLife Holdings

Product Overview

Our MetLife Holdings segment consists of operations relating to products and businesses no longer actively marketed by the Company in the U.S. These products and businesses include variable life, universal life, term life, whole life, variable annuities, fixed annuities and index-linked annuities. Our MetLife Holdings segment also includes our discontinued long-term care businesses.

The major products within MetLife Holdings are as follows:

Variable Life, Universal Life and Term Life. These life products are similar to those as described in Group Benefits, except that these products were marketed to individuals through various retail distribution channels. For a description of these products, see "— U.S. — Product Overview — Group Benefits."

Whole Life. Whole life products provide a guaranteed benefit upon the death of the insured in return for the periodic payment of a fixed premium over a predetermined period. Premium payments may be required for the entire life of the contract period, to a specified age or period, and may be level or change in accordance with a predetermined schedule. Whole life insurance includes policies that provide a participation feature in the form of dividends. Policyholders may receive dividends in cash or apply them to increase death benefits, increase cash values available upon surrender or reduce the premiums required to maintain the contract in-force. Because the use of dividends is specified by the policyholder, this group of products provides significant flexibility to individuals to tailor the product to suit their specific needs and circumstances, while at the same time providing guaranteed benefits.

Variable Annuities. Variable annuities provide for both asset accumulation and asset distribution needs. Variable annuities allow the contractholder to make deposits into various investment options in a separate account, as determined by the contractholder. The risks associated with such investment options are borne entirely by the contractholder, except where guaranteed minimum benefits are involved. In certain variable annuity products, contractholders may also choose to allocate all or a portion of their account to the Company's general account and are credited with interest at rates we determine, subject to specified minimums. In addition, contractholders may also elect certain minimum death benefit and minimum living benefit guarantees for which additional fees are charged and where asset allocation restrictions may apply.

Fixed and Indexed-Linked Annuities. Fixed annuities provide for both asset accumulation and asset distribution needs. Fixed annuities do not allow the same investment flexibility provided by variable annuities, but provide guarantees related to the preservation of principal and interest credited. Deposits made into deferred annuity contracts are allocated to the Company's general account and are credited with interest at rates we determine, subject to specified minimums. Credited interest rates are guaranteed not to change for certain limited periods of time, ranging from one to 10 years. Fixed income annuities provide a guaranteed monthly income for a specified period of years and/or for the life of the annuitant. Additionally, the Company has recently begun issuing indexed-linked annuities which allow the contractholder to participate in returns from equity indices.

Long-term Care. Long-term care products provide protection against the potentially high costs of long-term care services. They generally pay benefits to insureds who need assistance with activities of daily living or have a cognitive impairment. Although we discontinued the sale of these products in 2010, we continue to support our existing policyholders.

Corporate & Other

<u>*Overview*</u>

Corporate & Other contains the excess capital, as well as certain charges and activities, not allocated to the segments, including enterprise-wide strategic initiative restructuring charges and various start-up businesses (including our investment management business through which the Company offers fee-based investment management services to institutional clients, as well as the direct to consumer portion of the U.S. Direct business). Corporate & Other also includes the Company's ancillary international operations, the businesses of the Company that MetLife, Inc. plans to separate and include in Brighthouse Financial and interest expense related to the majority of the Company's outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet 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. 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 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. We establish liabilities for claims and benefits based on assumptions and estimates of losses and liabilities incurred. 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."

Pursuant to applicable insurance laws and regulations, our insurance companies, including a captive reinsurer subsidiary, establish statutory reserves, reported as liabilities, to meet their obligations on their 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.

State insurance laws and regulations, including New York Insurance Law and regulations, require certain MLIC entities to submit to superintendents of insurance, including the New York Superintendent of Financial Services, 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 their statutory liabilities with respect to these obligations. See "— Regulation — Insurance Regulation — Policy and Contract Reserve Adequacy Analysis."

Underwriting and Pricing

MetLife's Global Risk Management Department ("GRM") contains a dedicated unit, the primary responsibility of which is the development of product pricing standards and independent pricing and underwriting oversight for MetLife's insurance businesses. Further important controls around management of underwriting and pricing processes include regular experience studies to monitor assumptions against expectations, formal new product approval processes, periodic updates to product profitability studies and the use of reinsurance to manage our exposures, as appropriate. See "— Reinsurance Activity."

Underwriting

Underwriting generally involves an evaluation of applications by a professional staff of underwriters and actuaries, who determine the type and the amount of insurance 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 such 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 a policy is not issued unless the particular risk or group has been examined and approved in accordance with our underwriting guidelines.

The underwriting conducted by our remote underwriting offices and intermediaries, as well as our corporate underwriting office, is 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 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.

We continually review our underwriting guidelines in light of applicable regulations and to ensure that our policies remain competitive and supportive of our marketing strategies and profitability goals.

Pricing

Product pricing reflects our pricing standards. GRM, as well as regional finance and product teams, are responsible for pricing and oversight for all of our insurance businesses. 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 and possible variability of results. For certain products, 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 we bear all prior year gains and losses. 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.

Rates for group insurance and voluntary & worksite products are based on anticipated earnings and expenses for the book of business being underwritten. Renewals are generally reevaluated annually or biannually and are repriced to reflect actual experience on such products. Products offered by Retirement and Income Solutions 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, as policyholders have few or no options or contractual rights to cash values.

Rates for individual life insurance products are highly regulated and generally 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. Individual disability income products are based on anticipated results for the occupation being underwritten. 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 pricing guidelines in light of applicable regulations and to ensure that our policies remain competitive and supportive of our marketing strategies and profitability goals.

Reinsurance Activity

We enter into reinsurance agreements primarily as a purchaser of reinsurance for our various insurance products and also as a provider of reinsurance for some insurance products issued by third parties and related parties. 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 recoverable balances could become uncollectible.

We reinsure our business through a diversified group of well-capitalized reinsurers. 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. Additionally, we enter into reinsurance agreements for risk and capital management purposes with other affiliates and several affiliated captive reinsurers. Captive reinsurers are affiliated insurance companies licensed under specific provisions of insurance law of their respective jurisdictions, such as the Special Purpose Financial Captive law adopted by several states including Vermont and Delaware, and have a very narrow business plan that specifically restricts the majority or all of their activity to reinsuring business from their affiliates. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital — Affiliated Captive Reinsurance Transactions.”

U.S.

For certain policies within our Group Benefits business, we generally retain most of the risk and only cede particular risk on certain client arrangements. The majority of our reinsurance activity within this business relates to the following client agreements:

- Employer sponsored captive programs: through these programs, employers buy a group life insurance policy with the condition that a portion of the risk is reinsured back to a captive insurer sponsored by the client.
- Risk-sharing agreements: through these programs, clients require that we reinsure a portion of the risk back to third parties, such as minority-owned reinsurers.
- Multinational pooling: through these agreements, employers buy many group insurance policies which are aggregated in a single insurer via reinsurance.

For our Retirement and Income Solutions business, we have periodically engaged in reinsurance activities on an opportunistic basis. There were no significant transactions during the periods presented. In April 1996 and December 1997 the Company entered into two long-term transactions representing approximately $1.5 billion of reserve transfers on structured settlement policies. Through these transactions, 100% of certain risks were transferred, such as payments contingent upon the beneficiary living at the time payment is owed, beginning in 2017 for certain policies, and non-contingent payments guaranteed for a certain minimum number of years, for other policies.

MetLife Holdings

For our life products, we have historically reinsured the mortality risk primarily on an excess of retention basis or on a quota share basis. We currently reinsure 90% of the mortality risk in excess of $2 million for most 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 $20 million per life 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.

For annuities, we reinsure 100% of the living and death benefit guarantees issued in connection with certain variable annuities issued since 2004 to an affiliate and portions of the living and death benefit guarantees issued in connection with our variable annuities issued prior to 2004 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 assume 90% of the fixed annuities by certain affiliates and 100% of certain variable annuity risks issued by an affiliate.

Catastrophe Coverage

We have exposure to catastrophes which could contribute to significant fluctuations in our results of operations. We use excess reinsurance agreements, under which the direct writing company reinsures risk in excess of a specific dollar value for each policy within a class of policies, to provide greater diversification of risk and minimize exposure to larger risks. Such excess reinsurance agreements include retention reinsurance agreements and quota share reinsurance agreements. Retention reinsurance agreements provide for a portion of a risk to remain with the direct writing company, and quota share reinsurance agreements provide for the direct writing company to transfer a fixed percentage of all risks of a class of policies. Our life insurance products, particularly group life, subject us to catastrophe risk which we do not reinsure other than through our ongoing mortality reinsurance program which transfers risk at the individual policy level.

Reinsurance Recoverables

For information regarding ceded reinsurance recoverable balances, included in premiums, reinsurance and other receivables in the consolidated balance sheets, see Note 6 of the Notes to the Consolidated Financial Statements.

Part II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company is a provider of life insurance, annuities, employee benefits and asset management. In anticipation of the proposed Separation, in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. See "— Other Key Information" for further information on the Company's segments and the Separation. See also "Business — Segments and Corporate & Other" and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments and Corporate & Other. Management continues to evaluate the Company's segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

Other Key Information

On February 28, 2016, MetLife, Inc. entered into a purchase agreement with MassMutual pursuant to which MassMutual will acquire MetLife's U.S. Retail advisor force, the MetLife Premier Client Group, together with its affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc., and certain related assets. As part of the transaction, MetLife, Inc. and MassMutual have also agreed to enter into a product development agreement under which MetLife's U.S. Retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. The transaction is subject to certain closing conditions, including regulatory approval.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. Additionally, on July 21, 2016, MetLife, Inc. announced that following the Separation, the separated business will be rebranded as "Brighthouse Financial." On October 5, 2016, Brighthouse Financial, Inc., a subsidiary of MetLife, Inc. ("Brighthouse"), filed a registration statement on Form 10 (the "Form 10") with the SEC. The information statement filed as an exhibit to the Form 10 disclosed that MetLife, Inc. intends to include MetLife USA, NELICO, a wholly-owned subsidiary of Metropolitan Life Insurance Company, First MetLife Investors Insurance Company, MetLife Advisers, LLC and certain captive reinsurance companies in the proposed separated business and distribute at least 80.1% of the shares of Brighthouse's common stock on a pro rata basis to the holders of MetLife, Inc. common stock. The ultimate form and timing of the Separation will be influenced by a number of factors, including regulatory considerations and economic conditions. MetLife continues to evaluate and pursue structural alternatives for the proposed Separation. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of Brighthouse Financial. The Separation remains subject to certain conditions including, among others, obtaining final approval from the MetLife, Inc. Board of Directors, receipt of a favorable ruling from the IRS and an opinion from MetLife's tax advisor regarding certain U.S. federal income tax matters, and an SEC declaration of the effectiveness of the Form 10.

Segment Information

Based on the proposed Separation, in the third quarter of 2016, the Company reorganized its businesses as follows:

- The businesses of the Company that MetLife, Inc. plans to separate and include in Brighthouse Financial are reflected in Corporate & Other.
- The businesses in the Company's former Retail segment that MetLife, Inc. does not plan to separate are reflected in a new segment, MetLife Holdings. This segment also includes the long-term care business, reported as part of the Company's former Group, Voluntary & Worksite Benefit ("GVWB") segment.
- The Retirement and Income Solutions business (which represents most of the segment formerly known as Corporate Benefit Funding), and the Group Benefits business (consisting of the remaining components of the Company's former GVWB segment, including the individual disability insurance business previously reported in the former Retail segment), are reflected in a new segment, U.S.

These changes were applied retrospectively and did not have an impact on total consolidated net income or operating earnings in the prior periods, however, they may have resulted in changes to the underlying components of earnings as discussed in the consolidated results of operations. See Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company's segments.

Results of Operations

Consolidated Results

Business Overview. Overall sales declined from 2014 levels; however, sales experience was positive across various products within our businesses for the year ended December 31, 2015 as compared to 2014. The introduction of new variable annuity products in late 2014 and early 2015, as well as pricing actions and our continued focus on our enhanced underwriting programs, all contributed to higher sales in our MetLife Holdings segment. For our U.S. segment, sales declined due to the timing of our funding agreements and lower sales of stable value products. In addition, sales were lower, as improved sales of voluntary products were more than offset by lower sales of our core group products. Despite the decline in funding ratios for defined benefit pension plans of S&P 500 companies, we experienced an increase in sales of pension risk transfers. However, more competitive pricing in the market drove a decrease in structured settlement annuity sales.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Revenues		
Premiums	$ 21,934	$ 21,384
Universal life and investment-type product policy fees	2,584	2,466
Net investment income	11,577	11,893
Other revenues	1,536	1,808
Net investment gains (losses)	259	143
Net derivative gains (losses)	881	1,037
Total revenues	38,771	38,731
Expenses		
Policyholder benefits and claims and policyholder dividends	25,791	25,095
Interest credited to policyholder account balances	2,183	2,174
Capitalization of DAC	(482)	(424)
Amortization of DAC and VOBA	742	695
Interest expense on debt	122	151
Other expenses	5,876	5,649
Total expenses	34,232	33,340
Income (loss) from continuing operations before provision for income tax	4,539	5,391
Provision for income tax expense (benefit)	1,782	1,532
Income (loss) from continuing operations, net of income tax	2,757	3,859
Income (loss) from discontinued operations, net of income tax	—	(3)
Net income (loss)	2,757	3,856
Less: Net income (loss) attributable to noncontrolling interests	—	(5)
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 2,757	$ 3,861

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

During the year ended December 31, 2015, income (loss) from continuing operations, before provision for income tax, decreased $852 million ($1.1 billion, net of income tax) from 2014 primarily driven by a $557 million one-time tax charge and a $362 million ($235 million, net of income tax) one-time charge for interest on uncertain tax positions that were recorded under accounting guidance for the recognition of tax uncertainties related to the U.S. tax treatment of taxes paid by a wholly-owned United Kingdom ("U.K.") investment subsidiary of Metropolitan Life Insurance Company.

Management of Investment Portfolio and Hedging Market Risks with Derivatives. 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 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. 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 currency exchange rates, credit spreads and equity market levels.

We purchase investments 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 currency exchange rates, 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, which creates volatility in earnings.

Certain direct or assumed variable annuity products with guaranteed minimum benefits 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). We use reinsurance and derivatives to hedge the market and other risks inherent in these variable annuity guarantees. Ceded reinsurance of direct variable annuity products with guaranteed minimum benefits 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) and volatility in earnings, but does not have an economic impact on us.

Net Derivative Gains (Losses). Direct, assumed and ceded variable annuity embedded derivatives, as well as the associated freestanding derivatives, are referred to as "VA program derivatives" in the following table. All other embedded derivatives and all freestanding 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:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Non-VA program derivatives		
Interest rate	$ 174	$ 730
Foreign currency exchange rate	300	316
Credit	28	68
Non-VA embedded derivatives	487	(498)
Total non-VA program derivatives	989	616
VA program derivatives		
Embedded derivatives-direct and assumed guarantees:		
Market risks	136	(53)
Nonperformance risk adjustment	29	14
Other risks	(280)	(130)
Total	(115)	(169)
Embedded derivatives-ceded reinsurance:		
Market and other risks	50	506
Nonperformance risk adjustment	(4)	(9)
Total	46	497
Freestanding derivatives hedging direct and assumed embedded derivatives	(39)	93
Total VA program derivatives	(108)	421
Net derivative gains (losses)	$ 881	$ 1,037

The favorable change in net derivative gains (losses) on non-VA program derivatives was $373 million ($242 million, net of income tax). This was primarily due to a change in the value of underlying assets and the recapture of a certain reinsurance agreement from an affiliate which favorably impacted non-VA embedded derivatives related to affiliated ceded reinsurance written on a coinsurance with funds withheld basis. This favorable change was partially offset by the unfavorable impact of mid- to long-term interest rates decreasing less in 2015 than in 2014, unfavorably impacting receive-fixed interest rate swaptions and interest rate swaps. 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 unfavorable change in net derivative gains (losses) on VA program derivatives was $529 million ($344 million, net of income tax). This was due to an unfavorable change of $549 million ($357 million, net of income tax) in 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 those risks, partially offset by a favorable change of $20 million ($13 million, net of income tax) related to the change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives, net of the impact of the nonperformance risk adjustment on the ceded variable annuity embedded derivatives. Other risks relate primarily to the impact of policyholder behavior and other non-market risks that generally cannot be hedged.

The foregoing unfavorable change of $549 million ($357 million, net of income tax) was primarily driven by changes in market factors, as well as by the recapture of certain variable annuities previously reinsured to an affiliate.

The primary changes in market factors are summarized as follows:

- Long-term interest rates decreased less in 2015 than in 2014, contributing to a favorable change in our direct and assumed embedded derivatives and an unfavorable change in our ceded reinsurance assets, embedded derivatives and freestanding derivatives. For example, the 30-year U.S. swap rate decreased by 3% in 2015 and 31% in 2014.
- Key equity index levels decreased in 2015 and increased in 2014, contributing to an unfavorable change in our direct and assumed embedded derivatives and a favorable change in our ceded reinsurance assets and freestanding derivatives. For example, the S&P 500 Index decreased by 1% in 2015 and increased by 11% in 2014.

We calculate the nonperformance risk adjustment as the change in the embedded derivative discounted at the risk-adjusted rate (which includes our own credit spread to the extent that the embedded derivative is in-the-money) less the change in the embedded derivative discounted at the risk-free rate. The favorable change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives of $15 million ($10 million, net of income tax) was primarily due to a favorable change of $7 million, before income tax, as a result of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, and a favorable change of $8 million, before income tax, related to changes in our own credit spread. The favorable change in the nonperformance risk adjustment on the ceded variable annuity embedded derivatives of $5 million ($3 million, net of income tax) was due to a favorable change of $10 million, before income tax, as a result of the impact of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, partially offset by an unfavorable change of $5 million, before income tax, related to changes in our own credit spread.

When equity index levels decrease in isolation, the direct and assumed variable annuity guarantees become more valuable to policyholders, which results in an increase in the undiscounted embedded derivative liability. Discounting this unfavorable change by the risk-adjusted rate yields a smaller loss than by discounting at the risk-free rate, thus creating a gain from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees.

When the risk-free interest rate decreases in isolation, discounting the embedded derivative liability produces a higher valuation of the liability than if the risk-free interest rate had remained constant. Discounting this unfavorable change by the risk-adjusted rate yields a smaller loss than by discounting at the risk-free interest rate, thus creating a gain from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees.

When our own credit spread increases in isolation, discounting the embedded derivative liability produces a lower valuation of the liability than if our own credit spread had remained constant. As a result, a gain is created from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees when the reinsurer's credit spread increases in isolation. For each of these primary market drivers, the opposite effect occurs when they move in the opposite direction.

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 agreements 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.

Net Investment Gains (Losses). The favorable change in net investment gains (losses) of $116 million ($75 million, net of income tax) primarily reflects higher net gains on sales of real estate and real estate joint ventures. This favorable change was partially offset by higher impairments and net losses on sales and disposals of fixed maturity and equity securities.

Actuarial Assumption Review. Results for 2015 include a $163 million ($106 million, net of income tax), net of reinsurance, charge associated with our annual assumption review related to reserves and DAC, of which a $2 million loss ($1 million, net of income tax) was recognized in net derivative gains (losses). Of the $163 million charge, $60 million ($39 million, net of income tax) was related to reserves and $103 million ($67 million, net of income tax) was associated with DAC.

The foregoing $2 million loss ($4 million direct and assumed, $6 million ceded) recognized in net derivative gains (losses) associated with our annual assumption review was included within the market and other risks caption in the table above.

As a result of our annual assumption review, changes were made to economic, policyholder behavior and mortality assumptions, and operational updates were made as well. The most significant impacts were in the MetLife Holdings segment and are summarized as follows:

- Changes in economic assumptions resulted in reserve increases, net of reinsurance, and unfavorable DAC for a net loss of $34 million ($22 million, net of income tax).
- Changes to policyholder behavior and mortality assumptions resulted in reserve increases, net of reinsurance, partially offset by favorable DAC for a net loss of $13 million ($9 million, net of income tax).
- The remaining updates resulted in reserve increases, net of reinsurance, and unfavorable DAC for a net loss of $116 million ($75 million, net of income tax). The most notable impact resulted from projection update of closed block results.

Results for 2014 include a $172 million ($112 million, net of income tax) benefit, net of reinsurance, associated with our annual assumption review related to reserves and DAC, of which $57 million ($37 million, net of income tax) was recognized in net derivative gains (losses). Of the $172 million benefit, $130 million ($85 million, net of income tax) was associated with DAC and $42 million ($27 million, net of income tax) was related to reserves.

Taxes. Income tax expense for the year ended December 31, 2015 was $1.8 billion, or 39% of income (loss) from continuing operations before provision for income tax, compared with $1.5 billion, or 28% of income (loss) from continuing operations before provision for income tax, for the year ended December 31, 2014. The Company's 2015 effective tax rate differs from the U.S. statutory rate of 35% primarily due to the aforementioned tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties. In addition, the 2015 and 2014 effective tax rates differ from the U.S. statutory rate of 35% primarily due to non-taxable investment income and tax credits for low income housing.

Operating Earnings. As more fully described in "— Non-GAAP and Other Financial Disclosures," we use operating earnings, which does not equate to income (loss) from continuing operations, net of income tax, 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 income (loss) from continuing operations, net of income tax. Operating earnings decreased $1.1 billion, net of income tax, to $2.4 billion, net of income tax, for the year ended December 31, 2015 from $3.5 billion, net of income tax, for the year ended December 31, 2014.

Reconciliation of income (loss) from continuing operations, net of income tax, to operating earnings

Year Ended December 31, 2015

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Income (loss) from continuing operations, net of income tax	$ 1,893	$ 1,086	$ (222)	$ 2,757
Less: Net investment gains (losses)	264	(38)	33	259
Less: Net derivative gains (losses)	98	227	556	881
Less: Other adjustments to continuing operations (1)	(148)	(372)	(19)	(539)
Less: Provision for income tax (expense) benefit	(74)	64	(199)	(209)
Operating earnings	$ 1,753	$ 1,205	$ (593)	$ 2,365

Year Ended December 31, 2014

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Income (loss) from continuing operations, net of income tax	$ 2,075	$ 1,807	$ (23)	$ 3,859
Less: Net investment gains (losses)	151	9	(17)	143
Less: Net derivative gains (losses)	492	723	(178)	1,037
Less: Other adjustments to continuing operations (1)	(123)	(419)	(43)	(585)
Less: Provision for income tax (expense) benefit	(182)	(109)	81	(210)
Operating earnings	$ 1,737	$ 1,603	$ 134	$ 3,474

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

Year Ended December 31, 2015

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Total revenues	$ 25,246	$ 11,847	$ 1,678	$ 38,771
Less: Net investment gains (losses)	264	(38)	33	259
Less: Net derivative gains (losses)	98	227	556	881
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	—	—	—
Less: Other adjustments to revenues (1)	(163)	(200)	7	(356)
Total operating revenues	$ 25,047	$ 11,858	$ 1,082	$ 37,987
Total expenses	$ 22,298	$ 10,270	$ 1,664	$ 34,232
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	110	7	117
Less: Other adjustments to expenses (1)	(15)	62	19	66
Total operating expenses	$ 22,313	$ 10,098	$ 1,638	$ 34,049

Year Ended December 31, 2014

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Total revenues	$ 24,840	$ 12,712	$ 1,179	$ 38,731
Less: Net investment gains (losses)	151	9	(17)	143
Less: Net derivative gains (losses)	492	723	(178)	1,037
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	(15)	—	(15)
Less: Other adjustments to revenues (1)	(110)	(297)	4	(403)
Total operating revenues	$ 24,307	$ 12,292	$ 1,370	$ 37,969
Total expenses	$ 21,629	$ 10,034	$ 1,677	$ 33,340
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	72	26	98
Less: Other adjustments to expenses (1)	13	35	21	69
Total operating expenses	$ 21,616	$ 9,927	$ 1,630	$ 33,173

(1) See definitions of operating revenues and operating expenses under “— Non-GAAP and Other Financial Disclosures” for the components of such adjustments.

Consolidated Results — Operating

<u>Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014</u>

Unless otherwise stated, all amounts discussed below are net of income tax.

Overview. The primary drivers of the decrease in operating earnings were: (i) a tax charge and a related charge for interest on uncertain tax positions in 2015, (ii) lower investment yields, (iii) an adjustment to better align the allocation of acquisition expenses with affiliates' sales revenue that decreased 2014 expenses, (iv) an unfavorable impact from our annual review of actuarial assumptions and (v) the prior period favorable reserve adjustment related to disability premium waivers in our life business, partially offset by (vi) higher net investment income from portfolio growth. Our financial results include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses.

Business Growth. We benefited from higher sales and business growth across many of our products. An increase in our investment portfolio from deposits and funding agreement issuances, as well as increased premiums in our U.S. segment and positive net flows in our MetLife Holdings segment generated higher net investment income. This was partially offset by the related increase in interest credited expense. Higher costs associated with our variable annuity GMDBs drove lower operating earnings. Operating earnings also decreased in 2015 as a result of the disposition of our former broker-dealer subsidiary, NES, in the fourth quarter of 2014. In our MetLife Holdings segment, negative net flows from the direct deferred variable annuity business decreased average separate account balances and, consequently, lower asset-based fee income. However, this was offset by higher asset-based fee income in our deferred annuities business as a result of the recapture of a ceded variable annuity reinsurance agreement from an affiliate. The changes in business growth discussed above resulted in a $21 million increase in operating earnings.

Market Factors. Investment yields were negatively impacted by the adverse impact of the sustained low interest rate environment on fixed maturity securities and mortgage loans, as well as by lower returns on other limited partnership interests and our securities lending program. These decreases were partially offset by higher income on currency derivatives and higher returns on real estate investments. Many of our funding agreement and guaranteed interest contract liabilities have interest credited rates that are contractually tied to external indices and, as a result, we set lower interest credited rates on new business, as well as on existing business with terms that can fluctuate. In our MetLife Holdings segment, an increase in asset-based fee income resulted in an increase in operating earnings. The changes in market factors discussed above resulted in a $316 million decrease in operating earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Less favorable mortality experience in our MetLife Holdings segment, as well as less favorable morbidity experience in our U.S segment were almost entirely offset by favorable mortality experience in our U.S segment, as well as favorable morbidity in our MetLife Holdings segment, which resulted in a slight decrease in operating earnings. On an annual basis, we review and update our long-term assumptions used in our calculations of certain insurance-related liabilities and DAC. These annual updates, which occurred in both 2015 and 2014, resulted in a net operating earnings decrease of $73 million and were primarily related to unfavorable DAC unlockings in our MetLife Holdings segment. Refinements to DAC and certain insurance-related liabilities that were recorded in both 2015 and 2014 resulted in a net decrease of $52 million in operating earnings. The 2014 refinements include favorable reserve adjustments related to disability premium waivers and a charge related to delayed settlement interest on unclaimed funds held by state governments, in our MetLife Holdings segment and Corporate & Other.

Expenses. In 2015, other expenses include the aforementioned $235 million charge for interest on uncertain tax positions. In addition, an adjustment that decreased 2014 expenses by $140 million to better align the allocation of acquisition expenses with affiliates' sales revenue resulted in a decrease in operating earnings in 2015. These were partially offset by a $203 million decrease in expenses, which was primarily the result of a $117 million accrual in 2014 to increase the litigation reserve related to asbestos and lower costs associated with corporate initiatives and projects.

Taxes. The Company's 2015 effective tax rate differs from the U.S. statutory rate of 35% primarily due to the aforementioned tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties, partially offset by tax benefits of $9 million as compared to 2014, primarily as a result of the higher utilization of tax preferenced investments. In addition, the Company's 2015 and 2014 effective tax rates differ from the U.S. statutory rate of 35% primarily due to non-taxable investment income and tax credits for investments in low income housing.

Segment Results and Corporate & Other

U.S.

Business Overview. A decrease in sales was primarily driven by the timing of our funding agreement issuances and lower sales of stable value products in the Retirement and Income Solutions business. Net funding agreement issuances were higher in 2014 to take advantage of favorable market conditions in advance of scheduled contract maturities. Funding ratios for defined benefit pension plans of S&P 500 companies continued to fall in 2015, limiting their ability to engage in full pension plan buyouts. However, we expect that customers may choose to close out portions of pension plans over time, with the largest volume of business generally occurring near the end of any year. Despite the decline in funding ratios for defined benefit pension plans of S&P 500 companies, higher pension risk transfers resulted in an increase in premiums for our Retirement and Income solutions business. This increase was partially offset by the impact of more competitive pricing in the market, which drove a decrease in structured settlement annuity sales. Changes in premiums for our Retirement and Income Solutions business were almost entirely offset by the related changes in policyholder benefits and claims. In our Group Benefits business, improved sales of voluntary products were more than offset by lower sales of core group products.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 17,340	$ 16,771
Universal life and investment-type product policy fees	941	907
Net investment income	6,037	5,927
Other revenues	729	702
Total operating revenues	25,047	24,307
Operating expenses		
Policyholder benefits and claims and policyholder dividends	18,384	17,825
Interest credited to policyholder account balances	1,212	1,164
Capitalization of DAC	(71)	(78)
Amortization of DAC and VOBA	59	54
Interest expense on debt	5	12
Other expenses	2,724	2,639
Total operating expenses	22,313	21,616
Provision for income tax expense (benefit)	981	954
Operating earnings	$ 1,753	$ 1,737

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. A $129 million increase in operating earnings was attributable to business growth. Growth in premiums, deposits and funding agreement issuances in 2015, as well as an increase in allocated equity, resulted in higher average invested assets, improving net investment income. However, consistent with the growth in average invested assets from increased premiums, deposits and funding agreement issuances, interest credited on long-duration contracts increased. An increase in the annual assessment of the PPACA fee increased other expenses in 2015; however, the impact of the assessment was significantly offset by a related increase in premiums from our dental business. The remaining increase in other operating expenses, mainly the result of growth across the segment, was more than offset by the remaining increase in premiums, fees and other revenues.

Market Factors. The sustained low interest rate environment drove lower investment yields on our fixed maturity securities, mortgage loans and our securities lending program. In addition, weaker equity markets in 2015 resulted in lower returns on other limited partnership interests. These unfavorable changes were partially offset by higher returns on interest rate and currency derivatives and alternative investments. Many of our funding agreements and guaranteed interest contract liabilities have interest credited rates that are contractually tied to external indices and, as a result, we set lower interest credited rates on new business, as well as existing business with terms that can fluctuate. The combined impact of lower investment returns partially offset by lower interest credited expense, resulted in a decrease in operating earnings of $106 million.

Underwriting and Other Insurance Adjustments. Less favorable reserve development in our dental business was partially offset by favorable morbidity experience in our individual and group disability businesses, resulting in a $28 million decrease in operating earnings. Less favorable mortality in our structured settlement business, was partially offset by more favorable mortality from our income annuity and specialized life insurance products, and resulted in an $8 million decrease in operating earnings. Our life and AD&D businesses experienced favorable mortality in 2015, mainly due to favorable claims experience, which resulted in a $45 million increase in operating earnings. Refinements to certain insurance and other liabilities, which were recorded in both 2015 and 2014, resulted in a $12 million decrease in operating earnings.

MetLife Holdings

Business Overview. Life sales increased 17% driven by increases in our term life products (due to pricing actions), universal life products (due to new products introduced in 2014 and 2015) and whole life products (due to a continued focus on our enhanced underwriting programs). Annuity sales increased 10% as a result of new variable annuity products introduced in late 2014 and early 2015. A significant portion of our operating earnings is driven by separate account balances. Most directly, these balances determine asset-based fee income but they also impact DAC amortization and asset-based commissions. Separate account balances are driven by sales, movements in the market, surrenders, withdrawals, benefit payments, transfers and policy charges. Separate account balances have declined due to market performance along with the impact of negative net flows, as benefits, surrenders and withdrawals exceeded sales. Although we have discontinued selling our long-term care product, we continue to collect premiums and administer the existing block of business, which contributed to asset growth in the segment.

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 4,527	$ 4,523
Universal life and investment-type product policy fees	1,294	1,257
Net investment income	5,902	6,105
Other revenues	135	407
Total operating revenues	11,858	12,292
Operating expenses		
Policyholder benefits and claims and policyholder dividends	7,218	7,102
Interest credited to policyholder account balances	933	966
Capitalization of DAC	(409)	(325)
Amortization of DAC and VOBA	527	467
Interest expense on debt	4	8
Other expenses	1,825	1,709
Total operating expenses	10,098	9,927
Provision for income tax expense (benefit)	555	762
Operating earnings	$ 1,205	$ 1,603

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. In our deferred variable annuity business, negative net flows decreased average separate account balances and, consequently, lowered asset-based fee income. In addition, higher costs associated with our variable annuity GMDBs decreased operating earnings. These decreases were partially offset by the impact of a recapture in 2014 of a ceded variable annuity reinsurance agreement from an affiliate, which resulted in an increase in certain asset-based fees and lower interest credited expense. In our life and long-term care businesses, higher interest credited expense decreased operating earnings, but was partially offset by an increase in income from a larger invested asset base due to a higher amount of allocated equity as compared to 2014 and an increase in assets from our long-term care business. Operating earnings also decreased in 2015 as a result of the disposition of our former broker-dealer subsidiary, NES, in the fourth quarter of 2014. The combined impact of the items discussed above decreased operating earnings by $64 million.

Market Factors. A $52 million decrease in operating earnings was attributable to market factors, including equity markets and interest rates. While separate account fund returns were down slightly on a full year basis, the positive returns in the first half of the year drove an increase in our average separate account balances which resulted in an increase in asset-based fee income. Lower returns on other limited partnership interests and interest rate derivatives decreased operating earnings. The sustained low interest rate environment resulted in a decline in net investment income on our fixed maturity securities and mortgage loans as proceeds from maturing investments were reinvested at lower yields. This reduction in current period income from lower yields was partially offset by a decrease in DAC amortization.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Less favorable mortality experience in both our universal life and traditional life businesses resulted in a decrease of $28 million in operating earnings. Favorable morbidity experience in our long-term care business, due to higher net closures and the impact of lapses on certain insurance-related liabilities, increased operating earnings by $16 million. On an annual basis, we review and update our long-term assumptions used in our calculations of certain insurance-related liabilities and DAC. These annual updates, which occurred in both 2015 and 2014, resulted in a net operating earnings decrease of $67 million and were primarily related to unfavorable DAC unlockings in the life businesses. Refinements to DAC and certain insurance-related liabilities that were recorded in both 2015 and 2014 resulted in a decrease in operating earnings of $27 million. The 2014 refinements include favorable reserve adjustments related to disability premium waivers and a charge related to delayed settlement interest on unclaimed funds held by state governments, all in our life business.

Expenses. An adjustment that decreased 2014 expenses by $140 million to better align the allocation of acquisition expenses with affiliates' sales revenue resulted in a decrease in operating earnings in 2015. In addition, an increase in expenses, mainly due to higher employee-related costs, resulted in a $31 million decrease in operating earnings.

Corporate & Other

	Years Ended December 31,	
	2015	2014
	(In millions)	
Operating revenues		
Premiums	$ 67	$ 90
Universal life and investment-type product policy fees	249	248
Net investment income	94	333
Other revenues	672	699
Total operating revenues	1,082	1,370
Operating expenses		
Policyholder benefits and claims and policyholder dividends	125	123
Interest credited to policyholder account balances	34	33
Capitalization of DAC	(2)	(21)
Amortization of DAC and VOBA	44	58
Interest expense on debt	113	130
Other expenses	1,324	1,307
Total operating expenses	1,638	1,630
Provision for income tax expense (benefit)	37	(394)
Operating earnings	$ (593)	$ 134

The table below presents operating earnings by source, net of income tax:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Other business activities	$ 89	$ 123
Other net investment income	(10)	150
Interest expense on debt	(73)	(85)
Acquisition costs	—	(2)
Corporate initiatives and projects	(72)	(122)
Incremental tax benefit (expense)	(232)	303
Other	(295)	(233)
Operating earnings	$ (593)	$ 134

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Unless otherwise stated, all amounts discussed below are net of income tax.

Other Business Activities. Operating earnings from other business activities decreased $34 million, primarily due to the 2014 reserve adjustment related to disability premium waivers in our life business, lower asset-based fees and the unfavorable impact from an affiliated ceded reinsurance treaty effective in the fourth quarter of 2014, all within our Brighthouse Financial business. In addition, the impact of our annual actuarial assumption review, which occurred in both periods, contributed to the decrease in operating earnings. These decreases were partially offset by lower employee-related costs and lower DAC amortization.

Other Net Investment Income. A $160 million decrease in other net investment income was driven by an increase in the amount credited to the segments due to growth in the economic capital managed by Corporate & Other on their behalf. Other net investment income was also impacted by the sustained low interest rate environment, which drove lower investment yields on fixed maturity securities. In addition, lower returns on alternative investments were partially offset by improved returns on real estate investments.

Corporate Initiatives and Projects. Expenses associated with corporate initiatives and projects decreased by $50 million, primarily due to lower relocation costs, severance and consulting expenses associated with certain enterprise-wide initiatives.

Incremental Tax Benefit (Expense). Corporate & Other benefits from the impact of certain permanent tax differences, including non-taxable investment income and tax credits for investments in low income housing. As a result, our effective tax rate differs from the U.S. statutory rate of 35%. Our 2015 results include the aforementioned tax charge of $557 million which was recorded under accounting guidance for the recognition of tax uncertainties. In addition, in 2015 we had higher utilization of tax preferenced investments and other tax benefits, which improved operating earnings by $22 million over 2014.

Other. The financial results of Corporate & Other include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses. Our 2015 results include the aforementioned charge of $235 million for interest on uncertain tax positions recorded under accounting guidance for the recognition of tax uncertainties and a $7 million charge associated with company use real estate. These increases in expenses were partially offset by lower reinsurance costs of $26 million and a $21 million one-time tax refund received for a favorable outcome on prior year tax audits. Our results for 2014 include a $117 million accrual to increase the litigation reserve related to asbestos.

Non-GAAP and Other Financial Disclosures

In this report, the Company presents certain measures of its performance that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures enhance the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business.

The following non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Non-GAAP financial measures:	Comparable GAAP financial measures:
(i) operating revenues	(i) revenues
(ii) operating expenses	(ii) expenses
(iii) operating earnings	(iii) income (loss) from continuing operations, net of income tax

See "— Results of Operations" for reconciliations of these measures to the most directly comparable historical GAAP measures. A reconciliation of these non-GAAP measures to the most directly comparable GAAP measures is not accessible on a forward-looking basis because we believe it is not possible without unreasonable efforts to provide other than a range of net investment gains and losses and net derivative gains and losses, which can fluctuate significantly within or outside the range and from period to period and may have a material impact on net income.

Our definitions of the various non-GAAP and other financial measures discussed in this report may differ from those used by other companies:

Operating earnings

This measure is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is also our GAAP measure of segment performance. Operating earnings allows analysis of our performance and facilitates comparisons to industry results.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues and operating expenses

These financial measures focus on our primary businesses principally by excluding the impact of market volatility, which could distort trends, and revenues and costs related to non-core products and divested businesses and certain entities required to be consolidated under GAAP. Also, these measures exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife and are referred to as divested businesses. Operating revenues also excludes net investment gains (losses) and net derivative gains (losses).

The following additional adjustments are made to 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 investment hedge adjustments which represent earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, and (iv) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

The following additional adjustments are made to expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment;
- 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 operating expenses excludes costs related to noncontrolling interests and goodwill impairments.

The tax impact of the adjustments mentioned are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company's effective tax rate.

The following additional information is relevant to an understanding of our performance results:

- 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.
- Allocated equity is the portion of common stockholders' equity that MetLife's management allocates to each of its segments and sub-segments based on local capital requirements and economic capital. See "— Economic Capital."

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements, Notes and Schedules

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Metropolitan Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Metropolitan Life Insurance Company and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index to Consolidated Financial Statements, Notes 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 Metropolitan Life Insurance Company and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, 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.

/s/ DELOITTE & TOUCHE LLP
New York, New York
March 24, 2016
(except with respect to segment changes described in Note 2, and subsequent events described in Note 20, as to which the date is December 1, 2016)

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Balance Sheets
December 31, 2015 and 2014

(In millions, except share and per share data)

	2015	2014
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $168,361 and $173,604, respectively; includes $103 and $160, respectively, relating to variable interest entities)	$ 175,686	$ 188,911
Equity securities available-for-sale, at estimated fair value (cost: $1,985 and $1,926, respectively)	1,949	2,065
Trading and fair value option securities, at estimated fair value (includes $404 and $654, respectively, of actively traded securities; and $13 and $15, respectively, relating to variable interest entities)	431	705
Mortgage loans (net of valuation allowances of $257 and $258, respectively; includes $314 and $308, respectively, under the fair value option)	53,722	49,059
Policy loans	8,134	8,491
Real estate and real estate joint ventures (includes $0 and $8, respectively, relating to variable interest entities; includes $42 and $78, respectively, of real estate held-for-sale)	6,008	7,874
Other limited partnership interests (includes $27 and $34, respectively, relating to variable interest entities)	4,088	4,926
Short-term investments, principally at estimated fair value	5,595	4,474
Other invested assets (includes $43 and $56, respectively, relating to variable interest entities)	16,869	14,209
Total investments	272,482	280,714
Cash and cash equivalents, principally at estimated fair value (includes $1 and $2, respectively, relating to variable interest entities)	4,651	1,993
Accrued investment income (includes $1 and $3, respectively, relating to variable interest entities)	2,250	2,293
Premiums, reinsurance and other receivables (includes $2 and $2, respectively, relating to variable interest entities)	23,722	23,439
Deferred policy acquisition costs and value of business acquired	6,043	5,975
Current income tax recoverable	36	—
Other assets (includes $3 and $4, respectively, relating to variable interest entities)	4,397	4,469
Separate account assets	135,939	139,335
Total assets	$ 449,520	$ 458,218
Liabilities and Equity		
Liabilities		
Future policy benefits	$ 118,914	$ 117,402
Policyholder account balances	94,420	95,902
Other policy-related balances	7,201	5,840
Policyholder dividends payable	624	615
Policyholder dividend obligation	1,783	3,155
Payables for collateral under securities loaned and other transactions	21,937	24,167
Short-term debt	100	100
Long-term debt (includes $61 and $91, respectively, at estimated fair value, relating to variable interest entities)	1,715	2,027
Current income tax payable	—	44
Deferred income tax liability	2,888	3,835
Other liabilities (includes $2 and $17, respectively, relating to variable interest entities)	32,755	33,447
Separate account liabilities	135,939	139,335
Total liabilities	418,276	425,869
Contingencies, Commitments and Guarantees (Note 17)		
Equity		
Metropolitan Life Insurance Company stockholder's equity:		
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 494,466,664 shares issued and outstanding	5	5
Additional paid-in capital	14,444	14,448
Retained earnings	13,738	12,470
Accumulated other comprehensive income (loss)	2,685	5,034
Total Metropolitan Life Insurance Company stockholder's equity	30,872	31,957
Noncontrolling interests	372	392
Total equity	31,244	32,349
Total liabilities and equity	$ 449,520	$ 458,218

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Operations
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Revenues			
Premiums	$ 21,934	$ 21,384	$ 20,475
Universal life and investment-type product policy fees	2,584	2,466	2,363
Net investment income	11,577	11,893	11,785
Other revenues	1,536	1,808	1,699
Net investment gains (losses):			
Other-than-temporary impairments on fixed maturity securities	(49)	(16)	(81)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(5)	(10)	(47)
Other net investment gains (losses)	313	169	176
Total net investment gains (losses)	259	143	48
Net derivative gains (losses)	881	1,037	(1,070)
Total revenues	38,771	38,731	35,300
Expenses			
Policyholder benefits and claims	24,527	23,855	23,032
Interest credited to policyholder account balances	2,183	2,174	2,253
Policyholder dividends	1,264	1,240	1,205
Other expenses	6,258	6,071	5,988
Total expenses	34,232	33,340	32,478
Income (loss) from continuing operations before provision for income tax	4,539	5,391	2,822
Provision for income tax expense (benefit)	1,782	1,532	681
Income (loss) from continuing operations, net of income tax	2,757	3,859	2,141
Income (loss) from discontinued operations, net of income tax	—	(3)	1
Net income (loss)	2,757	3,856	2,142
Less: Net income (loss) attributable to noncontrolling interests	—	(5)	(7)
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 2,757	$ 3,861	$ 2,149

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Net income (loss)	$ 2,757	$ 3,856	$ 2,142
Other comprehensive income (loss):			
Unrealized investment gains (losses), net of related offsets	(4,434)	4,165	(3,337)
Unrealized gains (losses) on derivatives	559	1,288	(691)
Foreign currency translation adjustments	(101)	(44)	22
Defined benefit plans adjustment	342	(1,001)	1,191
Other comprehensive income (loss), before income tax	(3,634)	4,408	(2,815)
Income tax (expense) benefit related to items of other comprehensive income (loss)	1,285	(1,532)	965
Other comprehensive income (loss), net of income tax	(2,349)	2,876	(1,850)
Comprehensive income (loss)	408	6,732	292
Less: Comprehensive income (loss) attributable to noncontrolling interest, net of income tax	—	(5)	(7)
Comprehensive income (loss) attributable to Metropolitan Life Insurance Company	$ 408	$ 6,737	$ 299

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Equity
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Metropolitan Life Insurance Company Stockholder's Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2012	$ 5	$ 14,510	$ 8,631	$ 4,008	$ 27,154	$ 292	$ 27,446
Capital contributions from MetLife, Inc.		3			3		3
Excess tax benefits related to stock-based compensation		2			2		2
Dividends paid to MetLife, Inc.			(1,428)		(1,428)		(1,428)
Change in equity of noncontrolling interests					—	(35)	(35)
Net income (loss)			2,149		2,149	(7)	2,142
Other comprehensive income (loss), net of income tax				(1,850)	(1,850)		(1,850)
Balance at December 31, 2013	5	14,515	9,352	2,158	26,030	250	26,280
Capital contributions from MetLife, Inc.		4			4		4
Returns of capital		(76)			(76)		(76)
Excess tax benefits related to stock-based compensation		5			5		5
Dividends paid to MetLife, Inc.			(708)		(708)		(708)
Dividend of subsidiary (Note 3)			(35)		(35)		(35)
Change in equity of noncontrolling interests					—	147	147
Net income (loss)			3,861		3,861	(5)	3,856
Other comprehensive income (loss), net of income tax				2,876	2,876		2,876
Balance at December 31, 2014	5	14,448	12,470	5,034	31,957	392	32,349
Capital contributions from MetLife, Inc.		4			4		4
Returns of capital		(11)			(11)		(11)
Excess tax benefits related to stock-based compensation		3			3		3
Dividends paid to MetLife, Inc.			(1,489)		(1,489)		(1,489)
Change in equity of noncontrolling interests					—	(20)	(20)
Net income (loss)			2,757		2,757		2,757
Other comprehensive income (loss), net of income tax				(2,349)	(2,349)		(2,349)
Balance at December 31, 2015	$ 5	$ 14,444	$ 13,738	$ 2,685	$ 30,872	$ 372	$ 31,244

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Cash flows from operating activities			
Net income (loss)	$ 2,757	$ 3,856	$ 2,142
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expenses	474	460	429
Amortization of premiums and accretion of discounts associated with investments, net	(848)	(664)	(738)
(Gains) losses on investments and from sales of businesses, net	(259)	(138)	(49)
(Gains) losses on derivatives, net	(426)	(902)	1,059
(Income) loss from equity method investments, net of dividends or distributions	320	374	195
Interest credited to policyholder account balances	2,183	2,174	2,253
Universal life and investment-type product policy fees	(2,584)	(2,466)	(2,363)
Change in trading and fair value option securities	278	2	25
Change in accrued investment income	113	242	108
Change in premiums, reinsurance and other receivables	(135)	711	(368)
Change in deferred policy acquisition costs and value of business acquired, net	260	271	(82)
Change in income tax	257	229	334
Change in other assets	763	465	471
Change in insurance-related liabilities and policy-related balances	2,628	2,672	3,032
Change in other liabilities	(499)	(1,086)	(381)
Other, net	(16)	1	(7)
Net cash provided by (used in) operating activities	5,266	6,201	6,060
Cash flows from investing activities			
Sales, maturities and repayments of:			
Fixed maturity securities	82,744	63,068	71,396
Equity securities	651	186	206
Mortgage loans	11,189	11,605	10,655
Real estate and real estate joint ventures	2,734	976	87
Other limited partnership interests	1,185	375	449
Purchases of:			
Fixed maturity securities	(76,594)	(69,256)	(70,760)
Equity securities	(694)	(173)	(461)
Mortgage loans	(16,268)	(14,769)	(12,032)
Real estate and real estate joint ventures	(823)	(1,876)	(1,427)
Other limited partnership interests	(668)	(773)	(675)
Cash received in connection with freestanding derivatives	1,039	740	560
Cash paid in connection with freestanding derivatives	(1,012)	(1,050)	(1,171)
Dividend of subsidiary	—	(49)	—
Receipts on loans to affiliates	—	75	—
Issuances of loans to affiliates	—	(100)	—
Purchases of loans to affiliates	—	(437)	—
Net change in policy loans	357	(70)	(57)
Net change in short-term investments	(1,117)	1,472	900
Net change in other invested assets	(603)	(254)	(460)
Net change in property, equipment and leasehold improvements	23	(140)	(76)
Other, net	—	17	—
Net cash provided by (used in) investing activities	$ 2,143	$ (10,433)	$ (2,866)

See accompanying notes to the consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.) — (continued)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015, 2014 and 2013

(In millions)

	2015	2014	2013
Cash flows from financing activities			
Policyholder account balances:			
Deposits	$ 60,216	$ 54,902	$ 50,018
Withdrawals	(61,248)	(51,210)	(52,020)
Net change in payables for collateral under securities loaned and other transactions	(2,230)	3,071	(1,365)
Net change in short-term debt	—	(320)	75
Long-term debt issued	907	4	481
Long-term debt repaid	(673)	(390)	(27)
Cash received in connection with redeemable noncontrolling interests	—	—	774
Cash paid in connection with noncontrolling interests	(159)	—	—
Dividends paid to MetLife, Inc.	(1,489)	(708)	(1,428)
Returns of capital	(11)	—	—
Other, net	(64)	(222)	(5)
Net cash provided by (used in) financing activities	(4,751)	5,127	(3,497)
Change in cash and cash equivalents	2,658	895	(303)
Cash and cash equivalents, beginning of year	1,993	1,098	1,401
Cash and cash equivalents, end of year	$ 4,651	$ 1,993	$ 1,098
Supplemental disclosures of cash flow information			
Net cash paid (received) for:			
Interest	$ 123	$ 150	$ 152
Income tax	$ 1,217	$ 1,304	$ 822
Non-cash transactions:			
Capital contributions from MetLife, Inc.	$ 4	$ 4	$ 3
Fixed maturity securities received in connection with pension risk transfer transactions	$ 903	$ —	$ —
Deconsolidation of real estate investment vehicles (1):			
Reduction of redeemable noncontrolling interests	$ —	$ 774	$ —
Reduction of long-term debt	$ 543	$ 413	$ —
Reduction of real estate and real estate joint ventures	$ 389	$ 1,132	$ —
Increase in noncontrolling interests	$ 153	$ —	$ —
Issuance of short-term debt	$ —	$ 245	$ —
Returns of capital	$ —	$ 76	$ —
Disposal of subsidiary:			
Assets disposed	$ —	$ 69	$ —
Liabilities disposed	—	(34)	—
Net assets disposed	—	35	—
Cash disposed	—	(49)	—
Dividend of interests in subsidiary	—	14	—
Loss on dividend of interests in subsidiary	$ —	$ —	$ —

____

(1) For the year ended December 31, 2015, amounts represent the impact of the consolidation of a real estate investment vehicle, offset by the subsequent deconsolidation of such real estate investment vehicle. See Note 8 for information on the 2014 amounts.

See accompanying notes to the consolidated financial statements.

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

Business

Metropolitan Life Insurance Company and its subsidiaries (collectively, "MLIC" or the "Company") is a provider of life insurance, annuities, employee benefits and asset management. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "MetLife"). In anticipation of MetLife, Inc.'s plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the "Separation"), in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. See Note 2 for further information on the reorganization of the Company's segments in the third quarter of 2016, which was applied retrospectively.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions 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 estimates.

Consolidation

The accompanying consolidated financial statements include the accounts of Metropolitan Life Insurance Company and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

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.

Discontinued Operations

The results of operations of a component of the Company that has either been disposed of or is classified as held-for-sale are reported in discontinued operations if certain criteria are met. Effective January 1, 2014, the Company adopted new guidance regarding reporting of discontinued operations for disposals or classifications as held-for-sale that have not been previously reported on the consolidated financial statements. A disposal of a component is reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results.

Separate Accounts

Separate accounts are established in conformity with insurance laws. Generally, the assets of the separate accounts cannot be used to settle the 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. The Company reports separately, as assets and liabilities, investments held in separate accounts and liabilities of the separate accounts if:

- such separate accounts are legally recognized;
- assets supporting the contract liabilities are legally insulated from the Company's general account liabilities;
- investments are directed by the contractholder; and
- all investment performance, net of contract fees and assessments, is passed through to the contractholder.

The Company reports separate account assets at their fair value, which is based on the estimated fair values of the underlying assets comprising the individual separate account portfolios. 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 on the 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.

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

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 on the statements of operations.

Reclassifications

Certain amounts in the prior years' consolidated financial statements and related footnotes thereto have been reclassified to conform with the current year presentation as discussed throughout the Notes to the Consolidated Financial Statements.

Summary of Significant Accounting Policies

The following are the Company's significant accounting policies with references to notes providing additional information on such policies and critical accounting estimates relating to such policies.

Accounting Policy	Note
Insurance	4
Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles	5
Reinsurance	6
Investments	8
Derivatives	9
Fair Value	10
Employee Benefit Plans	15
Income Tax	16
Litigation Contingencies	17

Insurance

Future Policy Benefit Liabilities and Policyholder Account Balances

The Company establishes liabilities for amounts payable under insurance policies. 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, 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. 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 the establishment of premium deficiency reserves. Such reserves are determined based on the then current assumptions and do not include a provision for adverse deviation.

Premium deficiency reserves may also be established for short duration contracts to provide for expected future losses. These reserves are based on actuarial estimates of the amount of loss inherent in that period, including losses incurred for which claims have not been reported. The provisions for unreported claims are calculated using studies that measure the historical length of time between the incurred date of a claim and its eventual reporting to the Company. Anticipated investment income is considered in the calculation of premium deficiency losses for short duration contracts.

Liabilities for universal and variable life secondary guarantees and paid-up 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 and paid-up guarantee liabilities are consistent with those used for amortizing deferred policy acquisition costs ("DAC"), and are thus subject to the same variability and risk as further discussed herein. The assumptions of investment performance and volatility for variable products are consistent with historical experience of appropriate underlying equity indices, such as the Standard & Poor's Ratings Services ("S&P") 500 Index. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

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

The Company regularly reviews its estimates of liabilities for future policy benefits and compares them with its actual experience. Differences result in changes to the liability balances with related charges or credits to benefit expenses in the period in which the changes occur.

Policyholder account balances relate to contracts or contract features where the Company has no significant insurance risk.

The Company issues directly and assumes through 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. 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 split and accounted for under both models.

Guarantees accounted for as insurance liabilities in future policy benefits include guaranteed minimum death benefits (“GMDBs”), the portion of guaranteed minimum income benefits (“GMIBs”) that require annuitization, and the life-contingent portion of guaranteed minimum withdrawal benefits (“GMWBs”).

Guarantees accounted for as embedded derivatives in policyholder account balances include the non life-contingent portion of GMWBs, guaranteed minimum accumulation benefits (“GMABs”) and the portion of GMIBs that do not require annuitization. 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.

Other Policy-Related Balances

Other policy-related balances include policy and contract claims, unearned revenue liabilities, premiums received in advance, policyholder dividends due and unpaid, policyholder dividends left on deposit and obligations assumed under structured settlement assignments.

The liability for policy and contract claims generally relates to incurred but not reported death, disability, long-term care and dental 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 analyses of historical patterns of claims by business line. 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 and margins, similar to DAC as discussed further herein. Such amortization is recorded in universal life and investment-type product policy fees.

The Company accounts for the prepayment of premiums on its individual life, group life and health contracts as premiums received in advance and applies the cash received to premiums when due.

See Note 4 for additional information on obligations assumed under structured settlement assignments.

Recognition of Insurance Revenues and Deposits

Premiums related to traditional life and annuity contracts with life contingencies are recognized as revenues when due from policyholders. Policyholder benefits and expenses are provided to recognize profits over the estimated lives of the insurance 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 earnings in a constant relationship to insurance in-force or, for annuities, the amount of expected future policy benefit payments.

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

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 policyholder account balances. Revenues from such contracts consist of fees 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 earnings include interest credited and benefit claims incurred in excess of related policyholder account balances.

Premiums, policy fees, policyholder benefits and expenses are presented net of reinsurance.

Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

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 capitalized as DAC. Such costs include:

- incremental direct costs of contract acquisition, such as commissions;
- 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; and
- other essential direct costs that would not have been incurred had a policy not been acquired or renewed.

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 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.

DAC and VOBA are amortized as follows:

Products:	In proportion to the following over estimated lives of the contracts:
• Nonparticipating and non-dividend-paying traditional contracts: • Term insurance • Nonparticipating whole life insurance • Traditional group life insurance • Non-medical health insurance	Actual and expected future gross premiums.
• Participating, dividend-paying traditional contracts	Actual and expected future gross margins.
• Fixed and variable universal life contracts • Fixed and variable deferred annuity contracts	Actual and expected future gross profits.

See Note 5 for additional information on DAC and VOBA amortization. Amortization of DAC and VOBA is included in other expenses.

The recovery of DAC and VOBA is dependent upon the future profitability of the related business. DAC and VOBA are aggregated in the financial statements for reporting purposes.

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

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 potential recoverability issue exists, the Company reviews deferred sales inducements ("DSI") to determine the recoverability of the asset.

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 business combinations 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 possible impairment exists, the Company reviews VODA and VOCRA to determine whether the asset is impaired.

Reinsurance

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. Cessions under reinsurance agreements do not discharge the Company's obligations as the primary insurer. The Company reviews all contractual features, including 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 when there is a gain at inception on the ceding entity and to other liabilities when there is a loss at inception. The net cost of reinsurance is recognized as a component of other expenses when there is a gain at inception and as policyholder benefits and claims when there is a loss and is subsequently amortized on a basis consistent with the methodology used for amortizing DAC related to the underlying reinsured contracts. 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) premiums, reinsurance and other receivables (future policy benefits) are established.

For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts paid (received) are recorded as ceded (assumed) premiums and ceded (assumed) unearned premiums. Unearned premiums are reflected as a component of premiums, reinsurance and other receivables (future policy benefits). Such amounts are amortized through earned premiums over the remaining contract period in proportion to the amount of insurance protection provided. For retroactive reinsurance of short-duration contracts that meet the criteria of reinsurance accounting, amounts paid (received) in excess of the related insurance liabilities ceded (assumed) are recognized immediately as a loss and are reported in the appropriate line item within the statement of operations. Any gain on such retroactive agreement is deferred and is amortized as part of DAC, primarily using the recovery method.

Amounts currently recoverable under reinsurance agreements are included in premiums, reinsurance and other receivables and amounts currently payable are included in other liabilities. 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 recoverable balances could become uncollectible. In such instances, reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance.

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

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. With respect to GMIBs, a portion of the directly written GMIBs are accounted for as insurance liabilities, but the associated reinsurance agreements contain embedded derivatives. These embedded derivatives are included in premiums, reinsurance and other receivables with changes in estimated fair value reported in net derivative gains (losses).

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. Certain assumed GMWB, GMAB and GMIB are also accounted for as embedded derivatives with changes in estimated fair value reported in net derivative gains (losses).

Investments

Net Investment Income and Net Investment Gains (Losses)

Income from investments is reported within net investment income, unless otherwise stated herein. Gains and losses on sales of investments, impairment losses and changes in valuation allowances are reported within net investment gains (losses), unless otherwise stated herein.

Fixed Maturity and Equity Securities

The majority of the Company's fixed maturity and equity securities are classified as available-for-sale ("AFS") 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) ("OCI"), net of policy-related amounts and deferred income taxes. All security transactions are recorded on a trade date basis. Investment gains and losses on sales are determined on a specific identification basis.

Interest income and prepayment fees are recognized when earned. Interest income is recognized using an effective yield method giving effect to amortization of premiums and accretion of discounts. Dividends on equity securities are recognized when declared.

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, as well as an analysis of the gross unrealized losses by severity and/or age as described in Note 8 "— Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities."

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. When either: (i) the Company has the intent to sell the security; or (ii) it is more likely than not that the Company will be required to sell the security before recovery, the OTTI recognized in earnings is the entire difference between the security's amortized cost and estimated fair value. If neither of these conditions exists, the difference between the amortized cost of the 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 OCI.

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

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 recovery to an amount at least equal to cost prior to the sale is not expected, the security will be deemed to be other-than-temporarily impaired in the period that the sale decision was made and an OTTI loss will be recorded in earnings. The OTTI loss recognized is the entire difference between the security's cost and its estimated fair value.

Trading and Fair Value Option Securities

Trading and fair value option ("FVO") securities are stated at estimated fair value and include investments that are actively purchased and sold ("Actively traded securities") and investments for which the FVO has been elected ("FVO securities").

Changes in estimated fair value of these securities are included in net investment income, except for certain securities included in FVO securities where changes are included in net investment gains (losses).

Mortgage Loans

The Company disaggregates its mortgage loan investments into three portfolio segments: commercial, agricultural and residential. The accounting policies that are applicable to all portfolio segments are presented below and the accounting policies related to each of the portfolio segments are included in Note 8.

Mortgage loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, deferred fees or expenses, and are net of valuation allowances. Interest income and prepayment fees are recognized when earned. Interest income is recognized using an effective yield method giving effect to amortization of premiums and accretion of discounts.

Also included in mortgage loans are residential mortgage loans for which the FVO was elected. These mortgage loans are stated at estimated fair value. Changes in estimated fair value are recognized in net investment income.

Policy Loans

Policy loans are stated at unpaid principal balances. Interest income is recorded as earned using the contractual interest rate. Generally, accrued interest is capitalized on the policy's anniversary date. Valuation allowances are not established for policy loans, as they are fully collateralized by the cash surrender value of the underlying insurance policies. Any unpaid principal and accrued interest is deducted from the cash surrender value or the death benefit prior to settlement of the insurance policy.

Real Estate

Real estate held-for-investment is stated at cost less accumulated depreciation. Depreciation is recorded 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 periodically reviews its real estate held-for-investment for impairment and tests for recoverability whenever events or changes in circumstances indicate the carrying value may not be recoverable and exceeds its estimated fair value. Properties whose carrying values are greater than their undiscounted cash flows are written down to their estimated fair value, which is generally computed using the present value of expected future cash flows discounted at a rate commensurate with the underlying risks.

Real estate for which the Company commits to a plan to sell within one year and actively markets in its current condition for a reasonable price in comparison to its estimated fair value is classified as held-for-sale. Real estate held-for-sale is stated at the lower of depreciated cost or estimated fair value less expected disposition costs and is not depreciated.

Real Estate Joint Ventures and Other Limited Partnership Interests

The Company uses the equity method of accounting for equity securities when it has significant influence or at least 20% interest and for real estate joint ventures and other limited partnership interests ("investees") when it has more than a minor ownership interest or more than a minor influence over the investee's operations, but does not have a controlling financial interest. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period.

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

The Company uses the cost method of accounting for investments in which it has virtually no influence over the investee's operations. The Company recognizes distributions on cost method investments as earned or received. Because of the nature and structure of these cost method investments, they do not meet the characteristics of an equity security in accordance with applicable accounting standards.

The Company routinely evaluates its equity method and cost method investments for impairment. 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. The Company considers its cost method investments for impairment when the carrying value of such investments exceeds the net asset value ("NAV"). The Company takes into consideration the severity and duration of this excess when determining whether the cost method investment is impaired.

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 the following:

- Freestanding derivatives with positive estimated fair values which are described in "— Derivatives" below.
- Tax credit and renewable energy partnerships which derive a significant source of investment return in the form of income tax credits or other tax incentives. Where tax credits are guaranteed by a creditworthy third party, the investment is accounted for under the effective yield method. Otherwise, the investment is accounted for under the equity method.
- Loans to affiliates which are stated at unpaid principal balance and adjusted for any unamortized premium or discount.
- Leveraged leases which are recorded net of non-recourse debt. Income is recognized by applying the leveraged lease's estimated rate of return to the net investment in the lease. The Company regularly reviews residual values for impairment.
- Annuities funding structured settlement claims represent annuities funding claims assumed by the Company in its capacity as a structured settlements assignment company. The annuities are stated at their contract value, which represents the present value of the future periodic claim payments to be provided. The net investment income recognized reflects the amortization of discount of the annuity at its implied effective interest rate. See Note 4.
- Direct financing leases gross investment is equal to the minimum lease payments plus the unguaranteed residual value. Income is recorded by applying the pre-tax internal rate of return to the investment balance. The Company regularly reviews lease receivables for impairment.
- Funds withheld represent a receivable for amounts contractually withheld by ceding companies in accordance with reinsurance agreements. The Company recognizes interest on funds withheld at rates defined by the terms of the agreement which may be contractually specified or directly related to the underlying investments.
- Investment in an operating joint venture that engages in insurance underwriting activities accounted for under the equity method.

Securities Lending Program

Securities lending transactions, whereby blocks of securities are loaned to third parties, primarily brokerage firms and commercial banks, are treated as financing arrangements and the associated liability is recorded at the amount of cash received. The Company obtains collateral at the inception of the loan, 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. Securities loaned under such transactions may be sold or re-pledged by the transferee. The Company is liable to return to the counterparties the cash collateral received. Security collateral on deposit from counterparties in connection with securities lending transactions may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the Company's financial statements. The Company monitors the estimated fair value of the securities loaned on a daily basis and additional collateral is obtained as necessary throughout the duration of the loan. Income and expenses associated with securities lending transactions are reported as investment income and investment expense, respectively, within net investment income.

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

Derivatives

Freestanding Derivatives

Freestanding derivatives are carried on the Company's balance sheet either as assets within other invested assets or as liabilities within other liabilities at estimated fair value. The Company does not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

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

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 reported in net derivative gains (losses) except as follows:

Statement of Operations Presentation:	Derivative:
Policyholder benefits and claims	• Economic hedges of variable annuity guarantees included in future policy benefits
Net investment income	• Economic hedges of equity method investments in joint ventures • All derivatives held in relation to trading portfolios

Hedge Accounting

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. Hedge designation and financial statement presentation of changes in estimated fair value of the hedging derivatives are as follows:

- Fair value hedge (a hedge of the estimated fair value of a recognized asset or liability) - in net derivative gains (losses), consistent with the change in estimated fair value of the hedged item attributable to the designated risk being hedged.
- Cash flow hedge (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) - effectiveness in OCI (deferred gains or losses on the derivative are reclassified into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item); ineffectiveness in net derivative gains (losses).

The changes in estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported on the statement of operations within interest income or interest expense to match the location of the hedged item.

In its hedge 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 that 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 at least quarterly 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 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 on the balance sheet at its estimated fair value, with changes in estimated fair value recognized 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 OCI related to discontinued cash flow hedges are released into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried on the balance sheet 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 OCI 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 on the balance sheet, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

Embedded Derivatives

The Company sells variable annuities and issues certain insurance products and investment contracts and is a party to certain reinsurance agreements that have embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in earnings;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the balance sheet 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. 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.

Fair Value

Fair value is defined 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 determinable, unobservable inputs and/or adjustments to observable inputs requiring management judgment are used to determine the estimated fair value of assets and liabilities.

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

Employee Benefit Plans

The Company sponsors and administers various qualified and nonqualified defined benefit pension plans and other postretirement employee benefit plans covering eligible employees and sales representatives who meet specified eligibility requirements of the sponsor and its participating affiliates. A December 31 measurement date is used for all of the Company's defined benefit pension and other postretirement benefit plans.

The Company recognizes the funded status of each of its defined pension and postretirement benefit plans, measured as the difference between the fair value of plan assets and the benefit obligation, which is the projected benefit obligation ("PBO") for pension benefits and the accumulated postretirement benefit obligation ("APBO") for other postretirement benefits in other assets or other liabilities.

Actuarial gains and losses result from differences between the actual experience and the assumed experience on plan assets or PBO during a particular period and are recorded in accumulated OCI ("AOCI"). To the extent such gains and losses exceed 10% of the greater of the PBO or the estimated fair value of plan assets, the excess is amortized into net periodic benefit costs over the average projected future service years of the active employees. In addition, prior service costs (credit) are recognized in AOCI at the time of the amendment and then amortized to net periodic benefit costs over the average projected future service years of the active employees affected by the change.

Net periodic benefit costs are determined using management estimates and actuarial assumptions and are comprised of service cost, interest cost, settlement and curtailment costs, expected return on plan assets, amortization of net actuarial (gains) losses, and amortization of prior service costs (credit). Fair value is used to determine the expected return on plan assets.

The Company also sponsors defined contribution plans for substantially all U.S. employees under which a portion of participant contributions is matched. Applicable matching contributions are made each payroll period. Accordingly, the Company recognizes compensation cost for current matching contributions. As all contributions are transferred currently as earned to the defined contribution plans, no liability for matching contributions is recognized on the balance sheets.

Income Tax

Metropolitan Life Insurance Company and its includable subsidiaries join with MetLife, Inc. and its includable subsidiaries in filing a consolidated U.S. life and non-life federal income tax return in accordance with the provisions of the Internal Revenue Code of 1986, as amended. Current taxes (and the benefits of tax attributes such as losses) are allocated to Metropolitan Life Insurance Company and its subsidiaries under the consolidated tax return regulations and a tax sharing agreement. Under the consolidated tax return regulations, MetLife, Inc. has elected the "percentage method" (and 100% under such method) of reimbursing companies for tax attributes, e.g., net operating losses. As a result, 100% of tax attributes are reimbursed by MetLife, Inc. to the extent that consolidated federal income tax of the consolidated federal tax return group is reduced in a year by tax attributes. On an annual basis, each of the profitable subsidiaries pays to MetLife, Inc. the federal income tax which it would have paid based upon that year's taxable income. If Metropolitan Life Insurance Company or its includable subsidiaries has current or prior deductions and credits (including but not limited to losses) which reduce the consolidated tax liability of the consolidated federal tax return group, the deductions and credits are characterized as realized (or realizable) by Metropolitan Life Insurance Company and its includable subsidiaries when those tax attributes are realized (or realizable) by the consolidated federal tax return group, even if Metropolitan Life Insurance Company or its includable subsidiaries would not have realized the attributes on a stand-alone basis under a "wait and see" method.

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.

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

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. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. When making such determination the Company considers many factors, including:

- the nature, frequency, and amount of cumulative financial reporting income and losses in recent years;
- the jurisdiction in which the deferred tax asset was generated;
- the length of time that carryforward can be utilized in the various taxing jurisdiction;
- future taxable income exclusive of reversing temporary differences and carryforwards;
- future reversals of existing taxable temporary differences;
- taxable income in prior carryback years; and
- tax planning strategies.

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, the effect of changes in tax laws, tax regulations, or interpretations of such laws or regulations, is recognized in net income tax expense (benefit) in the period of change.

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 expense.

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. Except as otherwise disclosed in Note 17, legal costs are recognized 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 on the Company’s financial statements.

Other Accounting Policies

Stock-Based Compensation

Stock-based compensation recognized on the Company’s consolidated results of operations is allocated from MetLife, Inc. The accounting policies described below represent those that MetLife, Inc. applies in determining such allocated expenses.

MetLife, Inc. grants certain employees and directors stock-based compensation awards under various plans that are subject to specific vesting conditions. With the exception of performance shares granted in 2015, 2014 and 2013 which are re-measured quarterly, the cost of all stock-based transactions is measured at fair value at grant date and recognized over the period during which a grantee is required to provide services in exchange for the award. Although the terms of MetLife, Inc.’s stock-based plans do not accelerate vesting upon retirement, or the attainment of retirement eligibility, the requisite service period subsequent to attaining such eligibility is considered non-substantive. Accordingly, MetLife, Inc. recognizes compensation expense related to stock-based awards over the shorter of the requisite service period or the period to attainment of retirement eligibility. An estimation of future forfeitures of stock-based awards is incorporated into the determination of compensation expense when recognizing expense over the requisite service period.

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

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. The estimated life is generally 40 years for company occupied real estate property, from one to 25 years for leasehold improvements, and from three to seven years for all other property and equipment. The cost basis of the property, equipment and leasehold improvements was $1.2 billion and $1.3 billion at December 31, 2015 and 2014, respectively. Accumulated depreciation and amortization of property, equipment and leasehold improvements was $720 million and $721 million at December 31, 2015 and 2014, respectively. Related depreciation and amortization expense was $159 million, $123 million and $115 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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 $1.4 billion and $1.2 billion at December 31, 2015 and 2014, respectively. Accumulated amortization of capitalized software was $1.0 billion and $882 million at December 31, 2015 and 2014, respectively. Related amortization expense was $150 million, $145 million and $144 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Other Revenues

Other revenues include, in addition to items described elsewhere herein, advisory fees, broker-dealer commissions and fees, administrative service fees, and changes in account value relating to corporate-owned life insurance (“COLI”). Such fees and commissions are recognized in the period in which services are performed. Under certain COLI contracts, if the Company reports certain unlikely adverse results in its financial statements, withdrawals would not be immediately available and would be subject to market value adjustment, which could result in a reduction of the account value.

Policyholder Dividends

Policyholder dividends are approved annually by Metropolitan Life Insurance Company and its insurance subsidiaries’ boards of directors. The aggregate amount of policyholder dividends is related to actual interest, mortality, morbidity and expense experience for the year, as well as management’s judgment as to the appropriate level of statutory surplus to be retained by Metropolitan Life Insurance Company and its insurance subsidiaries.

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 revenues and expenses are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to OCI, 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.

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

Goodwill

Goodwill, which is included in other assets, represents the future economic benefits arising from net assets acquired in a business combination that are not individually identified and recognized. Goodwill is calculated as the excess of cost over the estimated fair value of such net assets acquired, is not amortized, and is tested for impairment based on a fair value approach at least annually or more frequently if events or circumstances 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.

The impairment test is performed at the reporting unit level, which 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, if the carrying value of a reporting unit exceeds its estimated fair value, there may 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 combination. 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.

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 an impact on the estimated fair value of these reporting units and could result in future impairments of goodwill.

Adoption of New Accounting Pronouncements

Effective November 18, 2014, the Company adopted new guidance on when, if ever, the cost of acquiring an entity should be used to establish a new accounting basis ("pushdown") in the acquired entity's separate financial statements. The guidance provides an acquired entity and its subsidiaries with an irrevocable option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. If a reporting entity elects to apply pushdown accounting, its stand-alone financial statements would reflect the acquirer's new basis in the acquired entity's assets and liabilities. The election to apply pushdown accounting should be determined by an acquired entity for each individual change-in-control event in which an acquirer obtains control of the acquired entity; however, an entity that does not elect to apply pushdown accounting in the period of a change-in-control can later elect to retrospectively apply pushdown accounting to the most recent change-in-control transaction as a change in accounting principle. The new guidance did not have a material impact on the consolidated financial statements upon adoption.

Effective January 1, 2014, the Company adopted new guidance regarding the presentation of an unrecognized tax benefit. The new guidance requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, when the carryforwards are not available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position or the applicable tax law does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit will be presented in the financial statements as a liability and will not be combined with the related deferred tax asset. The adoption was prospectively applied and resulted in a reduction to other liabilities and a corresponding increase to deferred income tax liability in the amount of $190 million.

Effective January 1, 2014, the Company adopted new guidance on other expenses. The objective of this standard is to address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. The amendments in this standard specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. In accordance with the adoption of the new accounting pronouncement, on January 1, 2014, the Company recorded $55 million in other liabilities, and a corresponding deferred cost, in other assets.

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

Effective July 17, 2013, the Company adopted guidance regarding derivatives that permits the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) to be used as a U.S. benchmark interest rate for hedge accounting purposes, in addition to the United States Treasury and London Interbank Offered Rate ("LIBOR"). Also, this new guidance removes the restriction on using different benchmark rates for similar hedges. The new guidance did not have a material impact on the consolidated financial statements upon adoption.

Effective January 1, 2013, the Company adopted guidance regarding comprehensive income that requires an entity to provide information about the amounts reclassified out of AOCI by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The adoption was prospectively applied and resulted in additional disclosures in Note 13.

Effective January 1, 2013, the Company adopted guidance regarding balance sheet offsetting disclosures which requires an entity to disclose information about offsetting and related arrangements for derivatives, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions, 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 adoption was retrospectively applied and resulted in additional disclosures related to derivatives in Note 9.

Future Adoption of New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance on leasing transactions (Accounting Standards Update ("ASU") 2016-02, *Leases - Topic 842*). The new guidance is effective for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and requires a modified retrospective transition approach which includes a number of optional practical expedients. Early adoption is permitted. The new guidance requires a lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current guidance, leases would be classified as finance or operating leases. However, unlike current guidance, the new guidance will require both types of leases to be recognized on the balance sheet. Lessor accounting will remain largely unchanged from current guidance except for certain targeted changes. The new guidance will also require new qualitative and quantitative disclosures. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In January 2016, the FASB issued new guidance (ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities)* on the recognition and measurement of financial instruments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the instrument-specific credit risk provision. The new guidance changes the current accounting guidance related to (i) the classification and measurement of certain equity investments, (ii) the presentation of changes in the fair value of financial liabilities measured under the FVO that are due to instrument-specific credit risk, and (iii) certain disclosures associated with the fair value of financial instruments. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2015, the FASB issued new guidance on short-duration insurance contracts (ASU 2015-09, *Financial Services - Insurance (Topic 944): Disclosures about Short-Duration Contracts)*. The amendments in this new guidance are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. The new guidance should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. The new guidance requires insurance entities to provide users of financial statements with more transparent information about initial claim estimates and subsequent adjustments to these estimates, including information on: (i) reconciling from the claim development table to the balance sheet liability, (ii) methodologies and judgments in estimating claims, and (iii) the timing, and frequency of claims. The adoption will not have an impact on the Company's consolidated financial statements other than expanded disclosures in Note 4.

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

In May 2015, the FASB issued new guidance on fair value measurement (ASU 2015‑07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent))*, effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years and which should be applied retrospectively to all periods presented. Earlier application is permitted. The amendments in this ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using NAV per share (or its equivalent) practical expedient. In addition, the amendments remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. The adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on accounting for fees paid in a cloud computing arrangement (ASU 2015-05, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement)*, effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the new guidance is permitted and an entity can elect to adopt the guidance either: (1) prospectively to all arrangements entered into or materially modified after the effective date; or (2) retrospectively. The new guidance provides that all software licenses included in cloud computing arrangements be accounted for consistent with other licenses of intangible assets. However, if a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract, the accounting for which did not change. The adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued certain amendments to the consolidation analysis to improve consolidation guidance for legal entities (ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*), effective for fiscal years beginning after December 15, 2015 and interim periods within those years and early adoption is permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in this ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current GAAP by reducing the number of consolidation models. The adoption of this new guidance will not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued a comprehensive new revenue recognition standard (ASU 2014‑09, *Revenue from Contracts with Customers (Topic 606))*, effective for fiscal years beginning after December 15, 2016 and interim periods within those years and should be applied retrospectively. In August 2015, the FASB amended the guidance to defer the effective date by one year, effective for the fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The new guidance will supersede nearly all existing revenue recognition guidance under GAAP; however, it will not impact the accounting for insurance contracts, leases, financial instruments and guarantees. For those contracts that are impacted by the new guidance, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Segment Information

In anticipation of the Separation, in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. These changes were applied retrospectively and did not have an impact on total consolidated net income (loss) or operating earnings in the prior periods.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. Additionally, on July 21, 2016, MetLife, Inc. announced that following the Separation, the separated business will be rebranded as “Brighthouse Financial.” On October 5, 2016, Brighthouse Financial, Inc., a subsidiary of MetLife, Inc. (“Brighthouse”), filed a registration statement on Form 10 (the “Form 10”) with the U.S. Securities and Exchange Commission (“SEC”). The information statement filed as an exhibit to the Form 10, disclosed that MetLife, Inc. intends to include MetLife Insurance Company USA (“MetLife USA”), New England Life Insurance Company (“NELICO”), a wholly-owned subsidiary of Metropolitan Life Insurance Company, First MetLife Investors Insurance Company (“First MetLife”), MetLife Advisers, LLC and certain captive reinsurance companies in the proposed separated business and distribute at least 80.1% of the shares of Brighthouse’s common stock on a *pro rata* basis to the holders of MetLife, Inc. common stock.

The ultimate form and timing of the Separation will be influenced by a number of factors, including regulatory considerations and economic conditions. MetLife continues to evaluate and pursue structural alternatives for the proposed Separation. The Separation remains subject to certain conditions, including among others, obtaining final approval from the MetLife, Inc. Board of Directors, receipt of a favorable ruling from the Internal Revenue Service (“IRS”) and an opinion from MetLife’s tax advisor regarding certain U.S. federal income tax matters, and an SEC declaration of the effectiveness of the Form 10.

U.S.

The U.S. segment offers a broad range of protection products and services aimed at serving the financial needs of customers throughout their lives. These products are sold to corporations and their respective employees, other institutions and their respective members, as well as individuals. The U.S. segment is organized into two businesses: Group Benefits and Retirement and Income Solutions.

- The Group Benefits business offers insurance products and services which include life, dental, group short- and long-term disability, individual disability, accidental death and dismemberment, critical illness, vision and accident & health coverages, as well as prepaid legal plans. This business also sells administrative services-only arrangements to some employers.

- The Retirement and Income Solutions business offers a broad range of annuity and investment products, including guaranteed interest contracts and other stable value products, income annuities and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This business also includes structured settlements and certain products to fund postretirement benefits and company-, bank- or trust-owned life insurance used to finance nonqualified benefit programs for executives.

MetLife Holdings

The MetLife Holdings segment consists of operations relating to products and businesses no longer actively marketed by the Company in the U.S. These products and businesses include variable life, universal life, term life, whole life, variable annuities, fixed annuities and index-linked annuities. The MetLife Holdings segment also includes the Company’s discontinued long-term care businesses.

Corporate & Other

Corporate & Other contains the excess capital, as well as certain charges and activities, not allocated to the segments, including enterprise-wide strategic initiative restructuring charges and various start-up businesses (including the investment management business through which the Company offers fee-based investment management services to institutional clients, as well as the direct to consumer portion of the U.S. Direct business). Corporate & Other also includes the Company’s ancillary international operations, the businesses of the Company that MetLife, Inc. plans to separate and include in Brighthouse Financial and interest expense related to the majority of the Company’s outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.

2. Segment Information (continued)

Financial Measures and Segment Accounting Policies

Operating earnings is used by management to evaluate performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, operating earnings is also the Company's GAAP measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for income (loss) from continuing operations, net of income tax. 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 allows analysis of the Company's performance and facilitates comparisons to industry results.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

The financial measures of operating revenues and operating expenses focus on the Company's primary businesses principally by excluding the impact of market volatility, which could distort trends, and revenues and costs related to non-core products and divested businesses and certain entities required to be consolidated under GAAP. Operating revenues also 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 investment hedge adjustments which represent earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method and (iv) 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 and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs") and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment;
- 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 noncontrolling interests and goodwill impairments.

The tax impact of the adjustments mentioned above are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company's effective tax rate.

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, 2015, 2014 and 2013 and at December 31, 2015 and 2014. 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 and the Company's business.

2. Segment Information (continued)

MetLife's economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon while applying an industry standard method for the inclusion of diversification benefits among risk types. MetLife's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

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 income (loss) from continuing operations, net of income tax.

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios 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 Results					
Year Ended December 31, 2015	**U.S.**	**MetLife Holdings**	**Corporate & Other**	**Total**	**Adjustments**	**Total Consolidated**
			(In millions)			
Revenues						
Premiums	$ 17,340	$ 4,527	$ 67	$ 21,934	$ —	$ 21,934
Universal life and investment-type product policy fees	941	1,294	249	2,484	100	2,584
Net investment income	6,037	5,902	94	12,033	(456)	11,577
Other revenues	729	135	672	1,536	—	1,536
Net investment gains (losses)	—	—	—	—	259	259
Net derivative gains (losses)	—	—	—	—	881	881
Total revenues	25,047	11,858	1,082	37,987	784	38,771
Expenses						
Policyholder benefits and claims and policyholder dividends	18,384	7,218	125	25,727	64	25,791
Interest credited to policyholder account balances	1,212	933	34	2,179	4	2,183
Capitalization of DAC	(71)	(409)	(2)	(482)	—	(482)
Amortization of DAC and VOBA	59	527	44	630	112	742
Interest expense on debt	5	4	113	122	—	122
Other expenses	2,724	1,825	1,324	5,873	3	5,876
Total expenses	22,313	10,098	1,638	34,049	183	34,232
Provision for income tax expense (benefit)	981	555	37	1,573	209	1,782
Operating earnings	$ 1,753	$ 1,205	$ (593)	2,365		
Adjustments to:						
Total revenues				784		
Total expenses				(183)		
Provision for income tax (expense) benefit				(209)		
Income (loss) from continuing operations, net of income tax				$ 2,757		$ 2,757

At December 31, 2015	**U.S**	**MetLife Holdings**	**Corporate & Other**	**Total**
		(In millions)		
Total assets	$ 231,653	$ 178,734	$ 39,133	$ 449,520
Separate account assets	$ 79,540	$ 48,478	$ 7,921	$ 135,939
Separate account liabilities	$ 79,540	$ 48,478	$ 7,921	$ 135,939

2. Segment Information (continued)

Year Ended December 31, 2014	Operating Results U.S.	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
				(In millions)		
Revenues						
Premiums	$ 16,771	$ 4,523	$ 90	$ 21,384	$ —	$ 21,384
Universal life and investment-type product policy fees	907	1,257	248	2,412	54	2,466
Net investment income	5,927	6,105	333	12,365	(472)	11,893
Other revenues	702	407	699	1,808	—	1,808
Net investment gains (losses)	—	—	—	—	143	143
Net derivative gains (losses)	—	—	—	—	1,037	1,037
Total revenues	24,307	12,292	1,370	37,969	762	38,731
Expenses						
Policyholder benefits and claims and policyholder dividends	17,825	7,102	123	25,050	45	25,095
Interest credited to policyholder account balances	1,164	966	33	2,163	11	2,174
Capitalization of DAC	(78)	(325)	(21)	(424)	—	(424)
Amortization of DAC and VOBA	54	467	58	579	116	695
Interest expense on debt	12	8	130	150	1	151
Other expenses	2,639	1,709	1,307	5,655	(6)	5,649
Total expenses	21,616	9,927	1,630	33,173	167	33,340
Provision for income tax expense (benefit)	954	762	(394)	1,322	210	1,532
Operating earnings	$ 1,737	$ 1,603	$ 134	3,474		
Adjustments to:						
Total revenues				762		
Total expenses				(167)		
Provision for income tax (expense) benefit				(210)		
Income (loss) from continuing operations, net of income tax				$ 3,859		$ 3,859

At December 31, 2014	U.S.	MetLife Holdings	Corporate & Other	Total
		(In millions)		
Total assets	$ 234,314	$ 183,508	$ 40,396	$ 458,218
Separate account assets	$ 79,602	$ 50,905	$ 8,828	$ 139,335
Separate account liabilities	$ 79,602	$ 50,905	$ 8,828	$ 139,335

2. Segment Information (continued)

Year Ended December 31, 2013	Operating Results U.S.	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 15,969	$ 4,450	$ 56	$ 20,475	$ —	$ 20,475
Universal life and investment-type product policy fees	899	1,139	258	2,296	67	2,363
Net investment income	5,704	5,936	577	12,217	(432)	11,785
Other revenues	675	306	718	1,699	—	1,699
Net investment gains (losses)	—	—	—	—	48	48
Net derivative gains (losses)	—	—	—	—	(1,070)	(1,070)
Total revenues	23,247	11,831	1,609	36,687	(1,387)	35,300
Expenses						
Policyholder benefits and claims and policyholder dividends	17,134	6,967	126	24,227	10	24,237
Interest credited to policyholder account balances	1,240	963	33	2,236	17	2,253
Capitalization of DAC	(75)	(481)	(6)	(562)	—	(562)
Amortization of DAC and VOBA	54	390	47	491	(230)	261
Interest expense on debt	11	7	132	150	3	153
Other expenses	2,486	2,229	1,390	6,105	31	6,136
Total expenses	20,850	10,075	1,722	32,647	(169)	32,478
Provision for income tax expense (benefit)	844	566	(294)	1,116	(435)	681
Operating earnings	$ 1,553	$ 1,190	$ 181	2,924		
Adjustments to:						
Total revenues				(1,387)		
Total expenses				169		
Provision for income tax (expense) benefit				435		
Income (loss) from continuing operations, net of income tax				$ 2,141		$ 2,141

The following table presents total premiums, universal life and investment-type product policy fees and other revenues by major product groups of the Company's segments, as well as Corporate & Other:

	Years Ended December 31, 2015	2014	2013
		(In millions)	
Life insurance	$ 13,811	$ 13,865	$ 13,482
Accident & health insurance	7,475	7,247	6,873
Annuities	4,548	4,352	4,007
Non-insurance	220	194	175
Total	$ 26,054	$ 25,658	$ 24,537

Substantially all of the Company's consolidated premiums, universal life and investment-type product policy fees and other revenues originated in the U.S.

Revenues derived from one U.S. customer were $2.7 billion, $2.8 billion and $2.5 billion for the years ended December 31, 2015, 2014 and 2013, respectively, which represented 10%, 11% and 10%, respectively, of consolidated premiums, universal life and investment-type product policy fees and other revenues. Revenues derived from any other customer did not exceed 10% of consolidated premiums, universal life and investment-type product policy fees and other revenues for the years ended December 31, 2015, 2014 and 2013.

3. Dispositions

In December 2014, Metropolitan Life Insurance Company distributed to MetLife, Inc., as a dividend, all of the issued and outstanding shares of common stock of its wholly-owned, broker-dealer subsidiary, New England Securities Corporation ("NES"). The net book value of NES at the time of the dividend was $35 million, which was recorded as a dividend of retained earnings of $35 million. As of the date of the dividend payment, the Company no longer consolidates the assets, liabilities and operations of NES.

4. Insurance

Insurance Liabilities

Insurance liabilities, including affiliated insurance liabilities on reinsurance assumed and ceded, are comprised of future policy benefits, policyholder account balances and other policy-related balances. Information regarding insurance liabilities by segment, as well as Corporate & Other, was as follows at:

	December 31,	
	2015	2014
	(In millions)	
U.S.	$ 119,806	$ 119,717
MetLife Holdings	98,346	97,032
Corporate & Other	2,383	2,395
Total	$ 220,535	$ 219,144

See Note 6 for discussion of affiliated reinsurance liabilities included in the table above.

Future policy benefits are measured as follows:

Product Type:	Measurement Assumptions:
Participating life	Aggregate of (i) net level premium reserves for death and endowment policy benefits (calculated based upon the non-forfeiture interest rate, ranging from 3% to 7%, and mortality rates guaranteed in calculating the cash surrender values described in such contracts); and (ii) the liability for terminal dividends.
Nonparticipating life	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 11%.
Individual and group traditional fixed annuities after annuitization	Present value of expected future payments. Interest rate assumptions used in establishing such liabilities range from 2% to 11%.
Non-medical health insurance	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%.
Disabled lives	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 2% to 8%.

Participating business represented 5% of the Company's life insurance in-force at both December 31, 2015 and 2014. Participating policies represented 27%, 27% and 28% of gross traditional life insurance premiums for the years ended December 31, 2015, 2014 and 2013, respectively.

Policyholder account balances are equal to: (i) policy account values, which consist of an accumulation of gross premium payments; and (ii) credited interest, ranging from less than 1% to 13%, less expenses, mortality charges and withdrawals.

4. Insurance (continued)

Guarantees

The Company issues variable annuity products with guaranteed minimum benefits. GMABs, the non-life-contingent portion of GMWBs and the portion of certain GMIBs that does not require annuitization are accounted for as embedded derivatives in policyholder account balances and are further discussed in Note 9. Guarantees accounted for as insurance liabilities include:

Guarantee:		Measurement Assumptions:
GMDBs	• A return of purchase payment upon death even if the account value is reduced to zero. • An enhanced death benefit may be available for an additional fee.	• Present value of expected death benefits in excess of the projected account balance recognizing the excess ratably over the accumulation period based on the present value of total expected assessments. • Assumptions are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. • Investment performance and volatility assumptions are consistent with the historical experience of the appropriate underlying equity index, such as the S&P 500 Index. • Benefit assumptions are based on the average benefits payable over a range of scenarios.
GMIBs	• After a specified period of time determined at the time of issuance of the variable annuity contract, a minimum accumulation of 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 contracts also provide for a guaranteed lump sum return of purchase premium in lieu of the annuitization benefit.	• Present value of expected 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 present value of total expected assessments. • Assumptions are consistent with those used for estimating GMDB liabilities. • Calculation incorporates an assumption for the percentage of the potential annuitizations that may be elected by the contractholder.
GMWBs	• A return of purchase payment via partial withdrawals, even if the account value is reduced to zero, provided that cumulative withdrawals in a contract year do not exceed a certain limit. • Certain contracts include guaranteed withdrawals that are life contingent.	• Expected value of the life contingent payments and expected assessments using assumptions consistent with those used for estimating the GMDB liabilities.

The Company also issues other annuity contracts that apply a lower rate on funds deposited if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize. These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Certain other annuity contracts contain guaranteed annuitization benefits that may be above what would be provided by the current account value of the contract. Additionally, the Company issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee or a guaranteed paid-up benefit.

4. Insurance (continued)

Information regarding the liabilities for guarantees (excluding base policy liabilities and embedded derivatives) relating to annuity and universal and variable life contracts was as follows:

	Annuity Contracts		Universal and Variable Life Contracts		
	GMDBs	GMIBs	Secondary Guarantees	Paid-Up Guarantees	Total
			(In millions)		
Direct					
Balance at January 1, 2013	$ 109	$ 332	$ 340	$ 68	$ 849
Incurred guaranteed benefits	44	58	77	6	185
Paid guaranteed benefits	(5)	—	—	—	(5)
Balance at December 31, 2013	148	390	417	74	1,029
Incurred guaranteed benefits	51	68	124	8	251
Paid guaranteed benefits	(3)	—	—	—	(3)
Balance at December 31, 2014	196	458	541	82	1,277
Incurred guaranteed benefits	37	80	86	9	212
Paid guaranteed benefits	(1)	—	—	—	(1)
Balance at December 31, 2015	$ 232	$ 538	$ 627	$ 91	$ 1,488
Ceded					
Balance at January 1, 2013	$ 86	$ 110	$ 265	$ 47	$ 508
Incurred guaranteed benefits	39	14	49	4	106
Paid guaranteed benefits	(5)	—	—	—	(5)
Balance at December 31, 2013	120	124	314	51	609
Incurred guaranteed benefits (1)	(80)	(100)	(9)	6	(183)
Paid guaranteed benefits	(3)	—	—	—	(3)
Balance at December 31, 2014	37	24	305	57	423
Incurred guaranteed benefits	14	2	49	6	71
Paid guaranteed benefits	(1)	—	—	—	(1)
Balance at December 31, 2015	$ 50	$ 26	$ 354	$ 63	$ 493
Net					
Balance at January 1, 2013	$ 23	$ 222	$ 75	$ 21	$ 341
Incurred guaranteed benefits	5	44	28	2	79
Paid guaranteed benefits	—	—	—	—	—
Balance at December 31, 2013	28	266	103	23	420
Incurred guaranteed benefits	131	168	133	2	434
Paid guaranteed benefits	—	—	—	—	—
Balance at December 31, 2014	159	434	236	25	854
Incurred guaranteed benefits	23	78	37	3	141
Paid guaranteed benefits	—	—	—	—	—
Balance at December 31, 2015	$ 182	$ 512	$ 273	$ 28	$ 995

(1) See Note 6.

4. Insurance (continued)

Information regarding the Company's guarantee exposure, which includes direct business, but excludes offsets from hedging or reinsurance, if any, was as follows at:

	December 31,			
	2015		2014	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
Annuity Contracts (1)				
Variable Annuity Guarantees				
Total account value (2)	$ 59,858	$ 27,648	$ 62,810	$ 29,474
Separate account value	$ 48,216	$ 26,530	$ 51,077	$ 28,347
Net amount at risk	$ 1,698 (3)	$ 379 (4)	$ 702 (3)	$ 244 (4)
Average attained age of contractholders	65 years	63 years	65 years	63 years
Other Annuity Guarantees				
Total account value (2)	N/A	$ 406	N/A	$ 456
Net amount at risk	N/A	$ 144 (5)	N/A	$ 153 (5)
Average attained age of contractholders	N/A	56 years	N/A	55 years

	December 31,			
	2015		2014	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(In millions)			
Universal and Variable Life Contracts (1)				
Total account value (2)	$ 8,166	$ 1,052	$ 8,213	$ 1,091
Net amount at risk (6)	$ 75,994	$ 7,658	$ 78,758	$ 8,164
Average attained age of policyholders	55 years	61 years	54 years	60 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) Includes the contractholder's investments in the general account and separate account, if applicable.

(3) Defined as the death benefit less the total 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 and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

(4) Defined as the amount (if any) that would be required to be added to the total 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 allow annuitization of the guaranteed amount only after the 10th anniversary of the contract, which not all contractholders have achieved.

(5) Defined as either the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date or the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. These amounts represent the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date.

(6) 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.

4. Insurance (continued)

Account balances of contracts with guarantees were invested in separate account asset classes as follows at:

	December 31,	
	2015	2014
	(In millions)	
Fund Groupings:		
Equity	$ 23,701	$ 24,995
Balanced	21,082	22,759
Bond	4,454	4,561
Money Market	132	150
Total	$ 49,369	$ 52,465

Obligations Assumed Under Structured Settlement Assignments

The Company assumes structured settlement claim obligations as an assignment company. These liabilities are measured at the present value of the periodic claims to be provided and reported as other policy-related balances. The Company receives a fee for assuming these claim obligations and, as the assignee of the claim, is legally obligated to ensure periodic payments are made to the claimant. The Company purchases annuities from affiliates to fund these periodic payment claim obligations and designates payments to be made directly to the claimant by the affiliated annuity writer. These annuities funding structured settlement claims are recorded as an investment. See Note 1.

See Note 8 for additional information on obligations assumed under structured settlement assignments.

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, 2015, 2014 and 2013, the Company issued $35.1 billion, $36.7 billion and $26.8 billion, respectively, and repaid $35.5 billion, $31.7 billion and $25.1 billion, respectively, of such funding agreements. At December 31, 2015 and 2014, liabilities for funding agreements outstanding, which are included in policyholder account balances, were $29.5 billion and $30.3 billion, respectively.

Metropolitan Life Insurance Company and General American Life Insurance Company ("GALIC"), a subsidiary, are members of regional banks in the Federal Home Loan Bank ("FHLB") system ("FHLBanks"). Holdings of common stock of FHLBanks, included in equity securities, were as follows at:

	December 31,	
	2015	2014
	(In millions)	
FHLB of NY	$ 666	$ 661
FHLB of Des Moines	$ 40	$ 50

4. Insurance (continued)

The Company has also entered into funding agreements with FHLBanks and the Federal Agricultural Mortgage Corporation, a federally chartered instrumentality of the U.S. (“Farmer Mac”). The liability for such funding agreements is included in policyholder account balances. Information related to such funding agreements was as follows at:

	Liability		Collateral	
	December 31,			
	2015	2014	2015	2014
	(In millions)			
FHLB of NY (1)	$ 12,570	$ 12,570	$ 14,085 (2)	$ 15,255 (2)
Farmer Mac (3)	$ 2,550	$ 2,550	$ 2,643	$ 2,932
FHLB of Des Moines (1)	$ 750	$ 1,000	$ 851 (2)	$ 1,141 (2)

(1) Represents funding agreements issued to the applicable FHLBank in exchange for cash and for which such FHLBank has been granted a lien on certain assets, some of which are in the custody of such FHLBank, including residential mortgage-backed securities (“RMBS”), to collateralize obligations under advances evidenced by funding agreements. The Company is permitted to withdraw any portion of the collateral in the custody of such FHLBank 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, such FHLBank’s recovery on the collateral is limited to the amount of the Company’s liability to such FHLBank.

(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 Farmer Mac. The obligations under these funding agreements are secured by a pledge of certain eligible agricultural real estate mortgage loans and may, under certain circumstances, be secured by other qualified collateral. 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,		
	2015	2014	2013
	(In millions)		
Balance at January 1,	$ 7,310	$ 7,022	$ 6,826
Less: Reinsurance recoverables	286	290	301
Net balance at January 1,	7,024	6,732	6,525
Incurred related to:			
Current year	5,316	5,099	4,762
Prior years	13	—	(12)
Total incurred	5,329	5,099	4,750
Paid related to:			
Current year	(3,415)	(3,228)	(3,035)
Prior years	(1,684)	(1,579)	(1,508)
Total paid	(5,099)	(4,807)	(4,543)
Net balance at December 31,	7,254	7,024	6,732
Add: Reinsurance recoverables	273	286	290
Balance at December 31,	$ 7,527	$ 7,310	$ 7,022

4. Insurance (continued)

Separate Accounts

Separate account assets and liabilities include two categories of account types: pass-through separate accounts totaling $79.7 billion and $83.8 billion at December 31, 2015 and 2014, respectively, for which the policyholder assumes all investment risk, and separate accounts for which the Company contractually guarantees either a minimum return or account value to the policyholder which totaled $56.2 billion and $55.5 billion at December 31, 2015 and 2014, respectively. The latter category consisted primarily of guaranteed interest contracts. The average interest rate credited on these contracts was 2.40% and 2.25% at December 31, 2015 and 2014, respectively.

For the years ended December 31, 2015, 2014 and 2013, there were no investment gains (losses) on transfers of assets from the general account to the separate accounts.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

See Note 1 for a description of capitalized acquisition costs.

Nonparticipating and Non-Dividend-Paying Traditional Contracts

The Company amortizes DAC and VOBA related to these contracts (term insurance, nonparticipating whole life insurance, traditional group life insurance, and non-medical health insurance) over the appropriate premium paying period in proportion to the actual and expected future gross premiums that were set at contract issue. The expected premiums are 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), include provisions for adverse deviation, and 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.

Participating, Dividend-Paying Traditional Contracts

The Company amortizes DAC and VOBA related to these 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 or acquisition 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. For participating contracts within the closed block (dividend-paying traditional contracts) future gross margins are also dependent upon changes in the policyholder dividend obligation. See Note 7. 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 and VOBA 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 and VOBA 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 and VOBA 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 and VOBA 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 and VOBA balances.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Fixed and Variable Universal Life Contracts and Fixed and Variable Deferred Annuity Contracts

The Company amortizes DAC and VOBA related to these 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.

Factors Impacting Amortization

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 assumptions primarily relate to 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.

Amortization of DAC and VOBA is attributed to net investment gains (losses) and net derivative gains (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.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Information regarding DAC and VOBA was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
DAC			
Balance at January 1,	$ 5,905	$ 6,338	$ 5,752
Capitalizations	482	424	562
Amortization related to:			
Net investment gains (losses) and net derivative gains (losses)	(111)	(104)	227
Other expenses	(624)	(583)	(478)
Total amortization	(735)	(687)	(251)
Unrealized investment gains (losses)	325	(170)	495
Other (1)	—	—	(220)
Balance at December 31,	5,977	5,905	6,338
VOBA			
Balance at January 1,	70	78	80
Amortization related to:			
Other expenses	(7)	(8)	(10)
Total amortization	(7)	(8)	(10)
Unrealized investment gains (losses)	3	—	8
Balance at December 31,	66	70	78
Total DAC and VOBA			
Balance at December 31,	$ 6,043	$ 5,975	$ 6,416

(1) The year ended December 31, 2013 includes ($220) million that was reclassified to DAC from other liabilities. The amounts reclassified related to affiliated reinsurance agreements accounted for using the deposit method of accounting and represented the DAC amortization on the expense allowances assumed on the agreements from inception. These amounts were previously included in the calculated value of the deposit payable on these agreements and were recorded within other liabilities.

Information regarding total DAC and VOBA by segment, as well as Corporate & Other, was as follows at:

	December 31,	
	2015	2014
	(In millions)	
U.S.	$ 418	$ 406
MetLife Holdings	5,000	4,894
Corporate & Other	625	675
Total	$ 6,043	$ 5,975

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Information regarding other intangibles was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
DSI			
Balance at January 1,	$ 122	$ 175	$ 180
Capitalization	8	10	15
Amortization	(21)	(28)	(20)
Unrealized investment gains (losses)	21	(35)	—
Balance at December 31,	$ 130	$ 122	$ 175
VODA and VOCRA			
Balance at January 1,	$ 295	$ 325	$ 353
Amortization	(30)	(30)	(28)
Balance at December 31,	$ 265	$ 295	$ 325
Accumulated amortization	$ 192	$ 162	$ 132

The estimated future amortization expense to be reported in other expenses for the next five years is as follows:

	VOBA	VODA and VOCRA
	(In millions)	
2016	$ 4	$ 30
2017	$ 6	$ 28
2018	$ 5	$ 26
2019	$ 5	$ 24
2020	$ 5	$ 21

6. Reinsurance

The Company enters into reinsurance agreements primarily as a purchaser of reinsurance for its various insurance products and also as a provider of reinsurance for some insurance products issued by affiliated and unaffiliated companies. The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks and provide additional capacity for future growth.

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 in Note 8.

U.S.

For certain policies within the Group Benefits business, the Company generally retains most of the risk and only cedes particular risks on certain client arrangements. The majority of the Company's reinsurance activity within this business relates to client agreements for employer sponsored captive programs, risk-sharing agreements and multinational pooling.

The Company's Retirement and Income Solutions business has periodically engaged in reinsurance activities on an opportunistic basis. The impact of these activities on the financial results of this business has not been significant and there were no significant transactions during the periods presented.

6. Reinsurance (continued)

MetLife Holdings

For its life products, the Company has historically reinsured the mortality risk primarily on an excess of retention basis or on a quota share basis. The Company currently reinsures 90% of the mortality risk in excess of $2 million for most 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 $20 million per life 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.

For annuities, the Company reinsures 100% of the living and death benefit guarantees issued in connection with certain variable annuities issued since 2004 to an affiliate and portions of the living and death benefit guarantees issued in connection with its variable annuities issued prior to 2004 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 value of the embedded derivatives on the ceded risk is determined using a methodology consistent with the guarantees directly written by the Company with the exception of the input for nonperformance risk that reflects the credit of the reinsurer. The Company also assumes 90% of the fixed annuities issued by certain affiliates and 100% of certain variable annuity risks issued by an affiliate.

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 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, 2015 and 2014, were not significant.

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 $2.4 billion and $2.3 billion of unsecured unaffiliated reinsurance recoverable balances at December 31, 2015 and 2014, respectively.

At December 31, 2015, the Company had $5.4 billion of net unaffiliated ceded reinsurance recoverables. Of this total, $4.2 billion, or 78%, were with the Company's five largest unaffiliated ceded reinsurers, including $1.6 billion of net unaffiliated ceded reinsurance recoverables which were unsecured. At December 31, 2014, the Company had $5.4 billion of net unaffiliated ceded reinsurance recoverables. Of this total, $4.4 billion, or 82%, were with the Company's five largest unaffiliated ceded reinsurers, including $1.8 billion of net unaffiliated ceded reinsurance recoverables which were unsecured.

The Company has reinsured with an unaffiliated third-party reinsurer, 59.25% of the closed block through a modified coinsurance agreement. The Company accounts for this agreement under the deposit method of accounting. The Company, having the right of offset, has offset the modified coinsurance deposit with the deposit recoverable.

6. Reinsurance (continued)

The amounts on the consolidated statements of operations include the impact of reinsurance. Information regarding the significant effects of reinsurance was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Premiums			
Direct premiums	$ 21,497	$ 20,963	$ 20,290
Reinsurance assumed	1,679	1,673	1,469
Reinsurance ceded	(1,242)	(1,252)	(1,284)
Net premiums	$ 21,934	$ 21,384	$ 20,475
Universal life and investment-type product policy fees			
Direct universal life and investment-type product policy fees	$ 3,050	$ 3,029	$ 2,913
Reinsurance assumed	58	48	41
Reinsurance ceded	(524)	(611)	(591)
Net universal life and investment-type product policy fees	$ 2,584	$ 2,466	$ 2,363
Other revenues			
Direct other revenues	$ 875	$ 1,040	$ 970
Reinsurance assumed	5	2	(2)
Reinsurance ceded	656	766	731
Net other revenues	$ 1,536	$ 1,808	$ 1,699
Policyholder benefits and claims			
Direct policyholder benefits and claims	$ 24,541	$ 23,978	$ 23,305
Reinsurance assumed	1,454	1,416	1,225
Reinsurance ceded	(1,468)	(1,539)	(1,498)
Net policyholder benefits and claims	$ 24,527	$ 23,855	$ 23,032
Interest credited to policyholder account balances			
Direct interest credited to policyholder account balances	$ 2,240	$ 2,227	$ 2,322
Reinsurance assumed	33	35	35
Reinsurance ceded	(90)	(88)	(104)
Net interest credited to policyholder account balances	$ 2,183	$ 2,174	$ 2,253
Other expenses			
Direct other expenses	$ 5,448	$ 5,132	$ 5,028
Reinsurance assumed	340	399	427
Reinsurance ceded	470	540	533
Net other expenses	$ 6,258	$ 6,071	$ 5,988

6. Reinsurance (continued)

The amounts on the consolidated balance sheets include the impact of reinsurance. Information regarding the significant effects of reinsurance was as follows at:

	December 31,							
	2015				2014			
	Direct	Assumed	Ceded	Total Balance Sheet	Direct	Assumed	Ceded	Total Balance Sheet
	(In millions)							
Assets								
Premiums, reinsurance and other receivables	$ 1,957	$ 667	$ 21,098	$ 23,722	$ 1,711	$ 649	$ 21,079	$ 23,439
Deferred policy acquisition costs and value of business acquired	5,973	458	(388)	6,043	6,002	391	(418)	5,975
Total assets	$ 7,930	$ 1,125	$ 20,710	$ 29,765	$ 7,713	$ 1,040	$ 20,661	$ 29,414
Liabilities								
Future policy benefits	$116,389	$ 2,530	$ (5)	$118,914	$115,143	$ 2,259	$ —	$117,402
Policyholder account balances	94,080	340	—	94,420	95,601	301	—	95,902
Other policy-related balances	6,766	392	43	7,201	5,353	455	32	5,840
Other liabilities	10,384	6,843	15,528	32,755	10,350	7,020	16,077	33,447
Total liabilities	$227,619	$ 10,105	$ 15,566	$253,290	$226,447	$ 10,035	$ 16,109	$252,591

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 $13.6 billion and $13.8 billion at December 31, 2015 and 2014, respectively. The deposit liabilities on reinsurance were $6.5 billion and $6.8 billion at December 31, 2015 and 2014, respectively.

Related Party Reinsurance Transactions

The Company has reinsurance agreements with certain MetLife, Inc. subsidiaries, including MetLife USA, First MetLife, MetLife Reinsurance Company of Charleston (“MRC”), MetLife Reinsurance Company of Vermont and Metropolitan Tower Life Insurance Company, all of which are related parties.

6. Reinsurance (continued)

Information regarding the significant effects of affiliated reinsurance included on the consolidated statements of operations was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Premiums			
Reinsurance assumed	$ 701	$ 681	$ 451
Reinsurance ceded	(40)	(36)	(45)
Net premiums	$ 661	$ 645	$ 406
Universal life and investment-type product policy fees			
Reinsurance assumed	$ 58	$ 48	$ 40
Reinsurance ceded	(141)	(240)	(221)
Net universal life and investment-type product policy fees	$ (83)	$ (192)	$ (181)
Other revenues			
Reinsurance assumed	$ 5	$ 2	$ (2)
Reinsurance ceded	607	713	675
Net other revenues	$ 612	$ 715	$ 673
Policyholder benefits and claims			
Reinsurance assumed	$ 652	$ 623	$ 402
Reinsurance ceded	(106)	(197)	(144)
Net policyholder benefits and claims	$ 546	$ 426	$ 258
Interest credited to policyholder account balances			
Reinsurance assumed	$ 32	$ 33	$ 31
Reinsurance ceded	(90)	(88)	(102)
Net interest credited to policyholder account balances	$ (58)	$ (55)	$ (71)
Other expenses			
Reinsurance assumed	$ 245	$ 298	$ 326
Reinsurance ceded	578	680	653
Net other expenses	$ 823	$ 978	$ 979

Information regarding the significant effects of affiliated reinsurance included on the consolidated balance sheets was as follows at:

	December 31,			
	2015		2014	
	Assumed	Ceded	Assumed	Ceded
		(In millions)		
Assets				
Premiums, reinsurance and other receivables	$ 280	$ 15,466	$ 257	$ 15,453
Deferred policy acquisition costs and value of business acquired	439	(193)	370	(231)
Total assets	$ 719	$ 15,273	$ 627	$ 15,222
Liabilities				
Future policy benefits	$ 1,436	$ (5)	$ 1,146	$ —
Policyholder account balances	326	—	288	—
Other policy-related balances	187	43	264	32
Other liabilities	6,463	13,000	6,610	13,545
Total liabilities	$ 8,412	$ 13,038	$ 8,308	$ 13,577

6. Reinsurance (continued)

The Company ceded two blocks of business to two affiliates on a 75% coinsurance with funds withheld basis. Certain contractual features of these agreements qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheets. The embedded derivatives related to the funds withheld associated with these reinsurance agreements are included within other liabilities and increased the funds withheld balance by $8 million and $20 million at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with these embedded derivatives were $12 million, ($39) million and $40 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company ceded risks to an affiliate related to guaranteed minimum benefit guarantees written directly by the Company. These ceded reinsurance agreements contain embedded derivatives and changes in their estimated 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 $712 million and $657 million at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with the embedded derivatives were $47 million, $497 million and ($1.7) billion for the years ended December 31, 2015, 2014 and 2013, respectively.

Certain contractual features of the closed block reinsurance agreement with MRC create an embedded derivative, which is 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 was included within other liabilities and increased the funds withheld balance by $694 million and $1.1 billion at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with the embedded derivative were $404 million, ($389) million and $664 million for the years ended December 31, 2015, 2014 and 2013, respectively.

In November 2014, MetLife Insurance Company of Connecticut ("MICC"), a wholly-owned subsidiary of MetLife, Inc., re-domesticated from Connecticut to Delaware, changed its name to MetLife Insurance Company USA and merged with its subsidiary, MetLife Investors USA Insurance Company, and its affiliate, MetLife Investors Insurance Company, each a U.S. insurance company that issued variable annuity products in addition to other products, and Exeter Reassurance Company, Ltd. ("Exeter"), a former offshore, captive reinsurance subsidiary of MetLife, Inc. and affiliate of MICC that mainly reinsured guarantees associated with variable annuity products (the "Mergers"). The surviving entity of the Mergers was MetLife USA. Effective January 1, 2014, following receipt of New York State Department of Financial Services approval, MICC withdrew its license to issue insurance policies and annuity contracts in New York.

Prior to the Mergers, certain related party transactions were consummated as summarized below. See Notes 8 and 9 for information regarding additional related party transactions.

- In January 2014, the Company entered into an agreement with MICC which reinsured all existing New York insurance policies and annuity contracts that include a separate account feature. As a result of this reinsurance agreement, the significant effects to the Company were increases in other invested assets of $192 million, in other liabilities of $572 million and in future policy benefits of $128 million at December 31, 2014. The Company received a one-time payment of cash and cash equivalents and total investments of $494 million from MICC. 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 this agreement is included within policyholder account balances and was $4 million at both December 31, 2015 and 2014. Net derivative gains (losses) associated with the embedded derivative were less than ($1) million and ($4) million for the years ended December 31, 2015 and 2014, respectively.

- In October 2014, the Company recaptured a block of universal life secondary guarantee business ceded to Exeter on a 75% coinsurance with funds withheld basis. As a result of this recapture, the significant effects to the Company were decreases in premiums, reinsurance and other receivables of $492 million, and in other liabilities of $432 million, as well as increases in DAC of $30 million and in other policy-related balances of $9 million.

6. Reinsurance (continued)

- In November 2014, the Company partially recaptured risks related to guaranteed minimum benefit guarantees on certain variable annuities previously ceded to Exeter. As a result of this recapture, the significant effects to the Company were decreases in premiums, reinsurance and other receivables of $719 million, and in other liabilities of $447 million, as well as increases in DAC of $7 million and in cash and cash equivalents of $324 million. There was also an increase in net income of $54 million which was reflected in other income.
- In November 2014, the Company entered into an agreement to assume 100% of certain variable annuities including guaranteed minimum benefit guarantees on a modified coinsurance basis from First MetLife. As a result of this reinsurance agreement, the significant effects to the Company were decreases in other liabilities of $269 million at December 31, 2014. The Company made a one-time payment of cash and cash equivalents to First MetLife of $218 million at December 31, 2014. 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 this agreement is included within policyholder account balances and was $122 million and $68 million at December 31, 2015 and 2014, respectively. Net derivative gains (losses) associated with the embedded derivative were ($54) million and ($38) million for the years ended December 31, 2015 and 2014, respectively.

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 $2.2 billion and $2.1 billion of unsecured affiliated reinsurance recoverable balances at December 31, 2015 and 2014, 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 $11.7 billion at both December 31, 2015 and 2014. The deposit liabilities on affiliated reinsurance were $6.5 billion and $6.7 billion at December 31, 2015 and 2014, respectively.

7. Closed Block

On April 7, 2000 (the "Demutualization Date"), Metropolitan Life Insurance Company converted from a mutual life insurance company to a stock life insurance company and became a wholly-owned subsidiary of MetLife, Inc. The conversion was pursuant to an order by the New York Superintendent of Insurance approving Metropolitan Life Insurance Company's plan of reorganization, as amended (the "Plan of Reorganization"). On the Demutualization Date, Metropolitan Life Insurance Company established a closed block for the benefit of holders of certain individual life insurance policies of Metropolitan Life Insurance Company. Assets have been allocated to the closed block in an amount that has been determined to produce cash flows which, together with anticipated revenues from the policies included in the closed block, are reasonably expected to be sufficient to support obligations and liabilities relating to these policies, including, but not limited to, provisions for the payment of claims and certain expenses and taxes, and to provide for the continuation of policyholder dividend scales in effect for 1999, if the experience underlying such dividend scales continues, and for appropriate adjustments in such scales if the experience changes. At least annually, the Company compares actual and projected experience against the experience assumed in the then-current dividend scales. Dividend scales are adjusted periodically to give effect to changes in experience.

The closed block assets, the cash flows generated by the closed block assets and the anticipated revenues from the policies in the closed block will benefit only the holders of the policies in the closed block. To the extent that, over time, cash flows from the assets allocated to the closed block and claims and other experience related to the closed block are, in the aggregate, more or less favorable than what was assumed when the closed block was established, total dividends paid to closed block policyholders in the future may be greater than or less than the total dividends that would have been paid to these policyholders if the policyholder dividend scales in effect for 1999 had been continued. Any cash flows in excess of amounts assumed will be available for distribution over time to closed block policyholders and will not be available to stockholders. If the closed block has insufficient funds to make guaranteed policy benefit payments, such payments will be made from assets outside of the closed block. The closed block will continue in effect as long as any policy in the closed block remains in-force. The expected life of the closed block is over 100 years.

The Company uses the same accounting principles to account for the participating policies included in the closed block as it used prior to the Demutualization Date. However, the Company establishes a policyholder dividend obligation for earnings that will be paid to policyholders as additional dividends as described below. The excess of closed block liabilities over closed block assets at the Demutualization Date (adjusted to eliminate the impact of related amounts in AOCI) represents the estimated maximum future earnings from the closed block expected to result from operations attributed to the closed block after income taxes. Earnings of the closed block are recognized in income over the period the policies and contracts in the closed block remain in-force. Management believes that over time the actual cumulative earnings of the closed block will approximately equal the expected cumulative earnings due to the effect of dividend changes. If, over the period the closed block remains in existence, the actual cumulative earnings of the closed block are greater than the expected cumulative earnings of the closed block, the Company will pay the excess of the actual cumulative earnings of the closed block over the expected cumulative earnings to closed block policyholders as additional policyholder dividends unless offset by future unfavorable experience of the closed block and, accordingly, will recognize only the expected cumulative earnings in income with the excess recorded as a policyholder dividend obligation. If over such period, the actual cumulative earnings of the closed block are less than the expected cumulative earnings of the closed block, the Company will recognize only the actual earnings in income. However, the Company may change policyholder dividend scales in the future, which would be intended to increase future actual earnings until the actual cumulative earnings equal the expected cumulative earnings.

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

7. Closed Block (continued)

Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item.

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

	December 31, 2015	December 31, 2014
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$ 41,278	$ 41,667
Other policy-related balances	249	265
Policyholder dividends payable	468	461
Policyholder dividend obligation	1,783	3,155
Current income tax payable	—	1
Other liabilities	380	646
Total closed block liabilities	44,158	46,195
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	27,556	29,199
Equity securities available-for-sale, at estimated fair value	111	91
Mortgage loans	6,022	6,076
Policy loans	4,642	4,646
Real estate and real estate joint ventures	462	666
Other invested assets	1,066	1,065
Total investments	39,859	41,743
Cash and cash equivalents	236	227
Accrued investment income	474	477
Premiums, reinsurance and other receivables	56	67
Current income tax recoverable	11	—
Deferred income tax assets	234	289
Total assets designated to the closed block	40,870	42,803
Excess of closed block liabilities over assets designated to the closed block	3,288	3,392
Amounts included in AOCI:		
Unrealized investment gains (losses), net of income tax	1,382	2,291
Unrealized gains (losses) on derivatives, net of income tax	76	28
Allocated to policyholder dividend obligation, net of income tax	(1,159)	(2,051)
Total amounts included in AOCI	299	268
Maximum future earnings to be recognized from closed block assets and liabilities	$ 3,587	$ 3,660

Information regarding the closed block policyholder dividend obligation was as follows:

	Years Ended December 31, 2015	2014	2013
		(In millions)	
Balance at January 1,	$ 3,155	$ 1,771	$ 3,828
Change in unrealized investment and derivative gains (losses)	(1,372)	1,384	(2,057)
Balance at December 31,	$ 1,783	$ 3,155	$ 1,771

7. Closed Block (continued)

Information regarding the closed block revenues and expenses was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Revenues			
Premiums	$ 1,850	$ 1,918	$ 1,987
Net investment income	1,982	2,093	2,130
Net investment gains (losses)	(23)	7	25
Net derivative gains (losses)	27	20	(6)
Total revenues	3,836	4,038	4,136
Expenses			
Policyholder benefits and claims	2,564	2,598	2,702
Policyholder dividends	1,015	988	979
Other expenses	143	155	165
Total expenses	3,722	3,741	3,846
Revenues, net of expenses before provision for income tax expense (benefit)	114	297	290
Provision for income tax expense (benefit)	41	104	101
Revenues, net of expenses and provision for income tax expense (benefit)	$ 73	$ 193	$ 189

Metropolitan Life Insurance Company charges the closed block with federal income taxes, state and local premium taxes and other state or local taxes, as well as investment management expenses relating to the closed block as provided in the Plan of Reorganization. Metropolitan Life Insurance Company also charges the closed block for expenses of maintaining the policies included in the closed block.

8. Investments

See Note 10 for information about the fair value hierarchy for investments and the related valuation methodologies.

Investment Risks and Uncertainties

Investments are exposed to the following primary sources of risk: credit, interest rate, liquidity, market valuation, currency and real estate risk. 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.

The determination of valuation allowances and impairments is highly subjective and is based upon periodic evaluations and assessments 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 securities, asset-backed securities (“ABS”), certain structured investment transactions and trading and FVO securities) is dependent upon certain factors such as prepayments and defaults, and changes in such factors could result in changes in amounts to be earned.

8. Investments (continued)

Fixed Maturity and Equity Securities AFS

Fixed Maturity and Equity Securities AFS by Sector

The following table presents the fixed maturity and equity securities AFS by sector. Redeemable preferred stock is reported within U.S. corporate and foreign corporate fixed maturity securities and non-redeemable preferred stock is reported within equity securities. Included within fixed maturity securities are structured securities including RMBS, commercial mortgage-backed securities ("CMBS") and ABS.

	December 31, 2015					December 31, 2014				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	Gross Unrealized OTTI Losses	Estimated Fair Value
	(In millions)									
Fixed maturity securities										
U.S. corporate	$ 59,305	$ 3,763	$ 1,511	$ —	$ 61,557	$ 59,532	$ 6,246	$ 421	$ —	$ 65,357
U.S. Treasury and agency	36,183	3,638	128	—	39,693	34,391	4,698	19	—	39,070
Foreign corporate	27,218	1,005	1,427	1	26,795	28,395	1,934	511	—	29,818
RMBS	23,195	1,008	252	36	23,915	26,893	1,493	157	66	28,163
State and political subdivision	6,070	935	29	2	6,974	5,329	1,197	6	—	6,520
CMBS	6,547	114	82	—	6,579	7,705	241	33	—	7,913
ABS	6,665	40	138	—	6,567	8,206	102	82	—	8,226
Foreign government	3,178	536	108	—	3,606	3,153	761	70	—	3,844
Total fixed maturity securities	$ 168,361	$ 11,039	$ 3,675	$ 39	$ 175,686	$ 173,604	$16,672	$ 1,299	$ 66	$ 188,911
Equity securities										
Common stock	$ 1,298	$ 46	$ 101	$ —	$ 1,243	$ 1,236	$ 142	$ 26	$ —	$ 1,352
Non-redeemable preferred stock	687	59	40	—	706	690	53	30	—	713
Total equity securities	$ 1,985	$ 105	$ 141	$ —	$ 1,949	$ 1,926	$ 195	$ 56	$ —	$ 2,065

The Company held non-income producing fixed maturity securities with an estimated fair value of $3 million and $6 million with unrealized gains (losses) of less than $1 million and $5 million at December 31, 2015 and 2014, respectively.

Methodology for Amortization of Premium and Accretion of Discount on Structured Securities

Amortization of premium and accretion of discount on structured securities 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 using inputs obtained from third-party specialists 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.

8. Investments (continued)

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date, were as follows at December 31, 2015:

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities	Total Fixed Maturity Securities
	(In millions)					
Amortized cost	$ 6,323	$ 38,390	$ 34,613	$ 52,628	$ 36,407	$ 168,361
Estimated fair value	$ 6,252	$ 39,432	$ 35,000	$ 57,941	$ 37,061	$ 175,686

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 presented in the year of final contractual maturity. Structured securities (RMBS, CMBS and ABS) are shown separately, as they are not due at a single maturity.

Continuous Gross Unrealized Losses for Fixed Maturity and Equity Securities AFS by Sector

The following table presents the estimated fair value and gross unrealized losses of fixed maturity and equity securities AFS in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position.

	December 31, 2015				December 31, 2014			
	Less than 12 Months		Equal to or Greater than 12 Months		Less than 12 Months		Equal to or Greater than 12 Months	
	Estimated Fair Value	Gross Unrealized Losses	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	$ 17,480	$ 1,078	$ 2,469	$ 433	$ 8,950	$ 260	$ 2,251	$ 161
U.S. Treasury and agency	11,683	125	248	3	3,933	6	982	13
Foreign corporate	8,823	669	4,049	759	7,052	397	1,165	114
RMBS	6,065	158	1,769	130	3,141	63	1,900	160
State and political subdivision	767	26	15	5	26	—	76	6
CMBS	2,266	42	509	40	772	20	461	13
ABS	3,211	54	1,817	84	3,147	45	732	37
Foreign government	961	91	87	17	327	32	265	38
Total fixed maturity securities	$ 51,256	$ 2,243	$ 10,963	$ 1,471	$ 27,348	$ 823	$ 7,832	$ 542
Equity securities								
Common stock	$ 182	$ 99	$ 19	$ 2	$ 98	$ 26	$ 1	$ —
Non-redeemable preferred stock	56	2	132	38	32	—	139	30
Total equity securities	$ 238	$ 101	$ 151	$ 40	$ 130	$ 26	$ 140	$ 30
Total number of securities in an unrealized loss position	4,167		807		1,997		642	

8. Investments (continued)

Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities

Evaluation and Measurement Methodologies

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 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 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 where the issuer, series of issuers or industry has suffered a catastrophic 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; (viii) the potential for impairments due to weakening of foreign currencies on non-functional currency denominated fixed maturity securities that are near maturity; and (ix) other subjective factors, including concentrations and information obtained from regulators and rating agencies.

The methodology and significant inputs used to determine the amount of credit loss on fixed maturity securities are as follows:

- The Company calculates the recovery value by performing a discounted cash flow analysis based on the present value of future cash flows. The discount rate is generally the effective interest rate of the security prior to impairment.
- When determining collectability and the period over which value is expected to recover, the Company applies 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: payment terms of the security; the likelihood that the issuer can service the 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.
- Additional considerations are made when assessing the unique features that apply to certain structured securities including, but not limited to: the quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying loans or assets backing a particular security, and the payment priority within the tranche structure of the security.
- When determining the amount of the credit loss for U.S. and foreign corporate securities, foreign government securities and state and political subdivision securities, the estimated fair value is considered 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 above, as well as any private and public sector programs to restructure such securities.

With respect to securities that have attributes of debt and equity (perpetual hybrid securities), consideration is given in the OTTI analysis as to whether there has been any deterioration in the credit of the issuer and the likelihood of recovery in value of the securities that are in a severe and extended unrealized loss position. Consideration is also given as to 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 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.

8. Investments (continued)

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 over the remaining term of the fixed maturity security in a prospective manner based on the amount and timing of estimated future cash flows.

Current Period Evaluation

Based on the Company's current evaluation of its AFS 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 concluded that these securities were not other-than-temporarily impaired at December 31, 2015. Future OTTI 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, collateral valuation, interest rates and credit spreads. If economic fundamentals deteriorate or if there are adverse changes in the above factors, OTTI may be incurred in upcoming periods.

Gross unrealized losses on fixed maturity securities increased $2.3 billion during the year ended December 31, 2015 to $3.7 billion. The increase in gross unrealized losses for the year ended December 31, 2015 was primarily attributable to widening credit spreads, an increase in interest rates and, to a lesser extent, the impact of weakening foreign currencies on non-functional currency denominated fixed maturity securities.

At December 31, 2015, $271 million of the total $3.7 billion of gross unrealized losses were from 50 fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater.

Investment Grade Fixed Maturity Securities

Of the $271 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $187 million, or 69%, were related to gross unrealized losses on 27 investment grade fixed maturity securities. Unrealized losses on investment grade fixed maturity securities are principally related to widening credit spreads and, with respect to fixed-rate fixed maturity securities, rising interest rates since purchase.

Below Investment Grade Fixed Maturity Securities

Of the $271 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $84 million, or 31%, were related to gross unrealized losses on 23 below investment grade fixed maturity securities. Unrealized losses on below investment grade fixed maturity securities are principally related to U.S. and foreign corporate securities (primarily utility and industrial securities) and non-agency RMBS (primarily alternative residential mortgage loans) and are the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over lower oil prices in the energy sector and valuations of residential real estate supporting non-agency RMBS. Management evaluates 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 issuers 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.

Equity Securities

Gross unrealized losses on equity securities increased $85 million during the year ended December 31, 2015 to $141 million. Of the $141 million, $31 million were from eight securities with gross unrealized losses of 20% or more of cost for 12 months or greater. Of the $31 million, 68% were rated A or better, and all were from financial services industry investment grade non-redeemable preferred stock.

8. Investments (continued)

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

	December 31,			
	2015		2014	
	Carrying Value	% of Total	Carrying Value	% of Total
	(In millions)		(In millions)	
Mortgage loans				
Commercial	$ 33,440	62.3%	$ 32,482	66.2%
Agricultural	11,663	21.7	11,033	22.5
Residential	8,562	15.9	5,494	11.2
Subtotal	53,665	99.9	49,009	99.9
Valuation allowances	(257)	(0.5)	(258)	(0.5)
Subtotal mortgage loans, net	53,408	99.4	48,751	99.4
Residential — FVO	314	0.6	308	0.6
Total mortgage loans, net	$ 53,722	100.0%	$ 49,059	100.0%

The Company originates and acquires unaffiliated mortgage loans and simultaneously sells a portion to affiliates under master participation agreements. The aggregate amount of unaffiliated mortgage loan participation interests sold by the Company to affiliates during the years ended December 31, 2015, 2014 and 2013 were $3.0 billion, $1.9 billion and $2.3 billion, respectively. In connection with the mortgage loan participations, the Company collected mortgage loan principal and interest payments from unaffiliated borrowers on behalf of affiliates and remitted such receipts to the affiliates in the amount of $1.8 billion, $1.3 billion and $1.8 billion during the years ended December 31, 2015, 2014 and 2013, respectively.

Purchases of mortgage loans from third parties were $3.9 billion and $4.7 billion for the years ended December 31, 2015 and 2014, respectively.

Information on commercial, agricultural and residential mortgage loans is presented in the tables below. Information on residential — FVO is presented in Note 10. The Company elects the FVO for certain residential mortgage loans that are managed on a total return basis.

Mortgage Loans, Valuation Allowance and Impaired Loans by Portfolio Segment

Mortgage loans by portfolio segment, by method of evaluation of credit loss, impaired mortgage loans including those modified in a troubled debt restructuring, and the related valuation allowances, were as follows at and for the years ended:

	Evaluated Individually for Credit Losses					Evaluated Collectively for Credit Losses		Impaired Loans	
	Impaired Loans with a Valuation Allowance			Impaired Loans without a Valuation Allowance					
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Unpaid Principal Balance	Recorded Investment	Recorded Investment	Valuation Allowances	Carrying Value	Average Recorded Investment
	(In millions)								
December 31, 2015									
Commercial	$ —	$ —	$ —	$ 57	$ 57	$ 33,383	$ 165	$ 57	$ 120
Agricultural	45	43	3	22	21	11,599	34	61	60
Residential	—	—	—	141	131	8,431	55	131	84
Total	$ 45	$ 43	$ 3	$ 220	$ 209	$ 53,413	$ 254	$ 249	$ 264
December 31, 2014									
Commercial	$ 75	$ 75	$ 24	$ 84	$ 84	$ 32,323	$ 158	$ 135	$ 298
Agricultural	47	45	2	14	13	10,975	33	56	76
Residential	—	—	—	40	37	5,457	41	37	17
Total	$ 122	$ 120	$ 26	$ 138	$ 134	$ 48,755	$ 232	$ 228	$ 391

8. Investments (continued)

The average recorded investment for impaired commercial, agricultural and residential mortgage loans was $430 million, $151 million and $2 million, respectively, for the year ended December 31, 2013.

Valuation Allowance Rollforward by Portfolio Segment

The changes in the valuation allowance, by portfolio segment, were as follows:

	Commercial	Agricultural	Residential	Total
		(In millions)		
Balance at January 1, 2013	$ 256	$ 48	$ —	$ 304
Provision (release)	(43)	3	19	(21)
Charge-offs, net of recoveries	—	(11)	—	(11)
Balance at December 31, 2013	213	40	19	272
Provision (release)	(8)	(4)	27	15
Charge-offs, net of recoveries	(23)	(1)	(5)	(29)
Balance at December 31, 2014	182	35	41	258
Provision (release)	2	2	30	34
Charge-offs, net of recoveries	(19)	—	(16)	(35)
Balance at December 31, 2015	$ 165	$ 37	$ 55	$ 257

Valuation Allowance Methodology

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 loan agreement. Specific valuation allowances are established using the same methodology for all three 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.

Commercial and Agricultural Mortgage Loan Portfolio Segments

The Company typically uses several years of historical experience in establishing non-specific valuation allowances 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 evaluations of agricultural mortgage 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. 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 commercial and agricultural mortgage loans.

8. Investments (continued)

All commercial mortgage 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. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher loan-to-value ratios and lower debt service coverage ratios. All agricultural mortgage loans are monitored on an ongoing basis. The monitoring process for agricultural mortgage loans is generally similar to the commercial mortgage loan monitoring process, with a focus on higher risk loans, including reviews on a geographic and property-type basis. Higher risk loans are reviewed individually on an ongoing basis for potential credit loss and specific valuation allowances are established using the methodology described above. 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 mortgage loans, the 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 mortgage loan portfolio. Loan-to-value ratios compare the unpaid principal balance of the loan to the estimated fair value of the underlying collateral. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt service coverage ratio and the values utilized in calculating the ratio are updated annually on a rolling basis, with a portion of the portfolio updated each quarter. In addition, the loan-to-value ratio is routinely updated for all but the lowest risk loans as part of the Company's ongoing review of its commercial mortgage loan portfolio.

For agricultural mortgage 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 mortgage loan portfolio and are routinely updated.

Residential Mortgage Loan Portfolio Segment

The Company's residential mortgage loan portfolio is comprised primarily of closed end, amortizing residential mortgage loans. For evaluations of residential mortgage loans, the key inputs of expected frequency and expected loss reflect current market conditions, with expected frequency adjusted, when appropriate, for differences from market conditions and the Company's historical experience. In contrast to the commercial and agricultural mortgage loan portfolios, residential mortgage loans are smaller-balance homogeneous loans that are collectively evaluated for impairment. Non-specific valuation allowances are established using the evaluation framework described above for pools of loans with similar risk characteristics from inputs that are unique to the residential segment of the loan portfolio. Loan specific valuation allowances are only established on residential mortgage loans when they have been restructured and are established using the methodology described above for all loan portfolio segments.

For residential mortgage loans, the Company's primary credit quality indicator is whether the loan is performing or nonperforming. The Company generally defines nonperforming residential mortgage loans as those that are 60 or more days past due and/or in non-accrual status which is assessed monthly. Generally, nonperforming residential mortgage loans have a higher risk of experiencing a credit loss.

8. Investments (continued)

Credit Quality of Commercial Mortgage Loans

The credit quality of commercial mortgage loans was as follows at:

	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, 2015							
Loan-to-value ratios							
Less than 65%	$ 28,828	$ 909	$ 408	$ 30,145	90.2%	$ 30,996	90.5%
65% to 75%	2,550	138	61	2,749	8.2	2,730	8.0
76% to 80%	—	—	—	—	—	—	—
Greater than 80%	208	115	223	546	1.6	519	1.5
Total	$ 31,586	$ 1,162	$ 692	$ 33,440	100.0%	$ 34,245	100.0%
December 31, 2014							
Loan-to-value ratios							
Less than 65%	$ 26,810	$ 746	$ 761	$ 28,317	87.2%	$ 29,860	87.7%
65% to 75%	2,783	391	86	3,260	10.0	3,322	9.8
76% to 80%	109	—	8	117	0.4	121	0.3
Greater than 80%	384	256	148	788	2.4	736	2.2
Total	$ 30,086	$ 1,393	$ 1,003	$ 32,482	100.0%	$ 34,039	100.0%

Credit Quality of Agricultural Mortgage Loans

The credit quality of agricultural mortgage loans was as follows at:

	December 31,			
	2015		2014	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(In millions)		(In millions)	
Loan-to-value ratios				
Less than 65%	$ 10,975	94.1%	$ 10,462	94.8%
65% to 75%	609	5.2	469	4.2
76% to 80%	21	0.2	17	0.2
Greater than 80%	58	0.5	85	0.8
Total	$ 11,663	100.0%	$ 11,033	100.0%

The estimated fair value of agricultural mortgage loans was $11.9 billion and $11.4 billion at December 31, 2015 and 2014, respectively.

8. Investments (continued)

Credit Quality of Residential Mortgage Loans

The credit quality of residential mortgage loans was as follows at:

	December 31,			
	2015		2014	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(In millions)		(In millions)	
Performance indicators				
Performing	$ 8,261	96.5%	$ 5,345	97.3%
Nonperforming	301	3.5	149	2.7
Total	$ 8,562	100.0%	$ 5,494	100.0%

The estimated fair value of residential mortgage loans was $8.8 billion and $5.6 billion at December 31, 2015 and 2014, respectively.

Past Due and Interest Accrual Status of Mortgage Loans

The Company has a high quality, well performing mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both December 31, 2015 and 2014. The Company defines delinquency consistent with industry practice, when mortgage loans are past due as follows: commercial and residential mortgage loans — 60 days and agricultural mortgage loans — 90 days. The past due and accrual status of mortgage loans at recorded investment, prior to valuation allowances, by portfolio segment, were as follows at:

	Past Due		Nonaccrual Status	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(In millions)			
Commercial	$ —	$ —	$ —	$ 75
Agricultural	103	1	46	41
Residential	301	149	301	149
Total	$ 404	$ 150	$ 347	$ 265

Mortgage Loans Modified in a Troubled Debt Restructuring

For a small portion of the mortgage loan portfolio, classified as troubled debt restructurings, concessions are granted related to borrowers experiencing 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. During the years ended December 31, 2015 and 2014, the Company did not have a significant amount of mortgage loans modified in a troubled debt restructuring.

Other Invested Assets

Other invested assets is comprised primarily of freestanding derivatives with positive estimated fair values (see Note 9) tax credit and renewable energy partnerships, loans to affiliates, leveraged leases, annuities funding structured settlement claims and direct financing leases. See "— Related Party Investment Transactions" for information regarding loans to affiliates and annuities funding structured settlement claims.

Tax Credit Partnerships

The carrying value of tax credit partnerships was $1.6 billion at both December 31, 2015 and 2014. Losses from tax credit partnerships included within net investment income were $163 million, $152 million, and $137 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Investments (continued)

Leveraged and Direct Financing Leases

Investment in leveraged and direct financing leases consisted of the following at:

	December 31,			
	2015		2014	
	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases
	(In millions)			
Rental receivables, net	$ 1,238	$ 376	$ 1,320	$ 406
Estimated residual values	755	57	827	57
Subtotal	1,993	433	2,147	463
Unearned income	(615)	(159)	(686)	(178)
Investment in leases, net of non-recourse debt	$ 1,378	$ 274	$ 1,461	$ 285

Rental receivables are generally due in periodic installments. The payment periods for leveraged leases generally range from one to 15 years but in certain circumstances can be over 30 years, while the payment periods for direct financing leases range from one to 21 years. For rental receivables, the primary credit quality indicator is whether the rental receivable is performing or nonperforming, which is assessed monthly. The Company generally defines nonperforming rental receivables as those that are 90 days or more past due. At December 31, 2015 and 2014, all leveraged lease receivables and direct financing rental receivables were performing.

The deferred income tax liability related to leveraged leases was $1.3 billion at both December 31, 2015 and 2014.

The components of income from investments in leveraged and direct financing leases, excluding net investment gains (losses), were as follows:

	Years Ended December 31,					
	2015		2014		2013	
	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases
	(In millions)					
Income from investment in leases	$ 48	$ 20	$ 51	$ 19	$ 60	$ 17
Less: Income tax expense on leases	17	7	18	7	21	6
Investment income after income tax	$ 31	$ 13	$ 33	$ 12	$ 39	$ 11

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 $3.9 billion and $1.0 billion at December 31, 2015 and 2014, respectively.

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity and equity securities AFS and the effect on DAC, VOBA, DSI, future policy benefits and the policyholder dividend obligation, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in AOCI.

8. Investments (continued)

The components of net unrealized investment gains (losses), included in AOCI, were as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Fixed maturity securities	$ 7,331	$ 15,374	$ 8,521
Fixed maturity securities with noncredit OTTI losses in AOCI	(39)	(66)	(149)
Total fixed maturity securities	7,292	15,308	8,372
Equity securities	27	173	83
Derivatives	2,208	1,649	361
Other	137	87	5
Subtotal	9,664	17,217	8,821
Amounts allocated from:			
Future policy benefits	(7)	(1,964)	(610)
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	—	(3)	5
DAC, VOBA and DSI	(572)	(918)	(721)
Policyholder dividend obligation	(1,783)	(3,155)	(1,771)
Subtotal	(2,362)	(6,040)	(3,097)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	14	25	51
Deferred income tax benefit (expense)	(2,542)	(3,928)	(2,070)
Net unrealized investment gains (losses)	4,774	7,274	3,705
Net unrealized investment gains (losses) attributable to noncontrolling interests	(1)	(1)	(1)
Net unrealized investment gains (losses) attributable to Metropolitan Life Insurance Company	$ 4,773	$ 7,273	$ 3,704

The changes in fixed maturity securities with noncredit OTTI losses included in AOCI were as follows:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Balance at January 1,	$ (66)	$ (149)
Noncredit OTTI losses and subsequent changes recognized	5	10
Securities sold with previous noncredit OTTI loss	105	41
Subsequent changes in estimated fair value	(83)	32
Balance at December 31,	$ (39)	$ (66)

8. Investments (continued)

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

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Balance at January 1,	$ 7,273	$ 3,704	$ 6,339
Fixed maturity securities on which noncredit OTTI losses have been recognized	27	83	107
Unrealized investment gains (losses) during the year	(7,580)	8,313	(11,205)
Unrealized investment gains (losses) relating to:			
Future policy benefits	1,957	(1,354)	4,510
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	3	(8)	(7)
DAC, VOBA and DSI	346	(197)	510
Policyholder dividend obligation	1,372	(1,384)	2,057
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	(11)	(26)	(35)
Deferred income tax benefit (expense)	1,386	(1,858)	1,428
Net unrealized investment gains (losses)	4,773	7,273	3,704
Net unrealized investment gains (losses) attributable to noncontrolling interests	—	—	—
Balance at December 31,	$ 4,773	$ 7,273	$ 3,704
Change in net unrealized investment gains (losses)	$ (2,500)	$ 3,569	$ (2,635)
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	—	—	—
Change in net unrealized investment gains (losses) attributable to Metropolitan Life Insurance Company	$ (2,500)	$ 3,569	$ (2,635)

Concentrations of Credit Risk

There were no investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, at both December 31, 2015 and 2014.

Securities Lending

Elements of the securities lending program are presented below at:

	December 31,	
	2015	2014
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 16,257	$ 19,099
Estimated fair value	$ 17,700	$ 21,185
Cash collateral on deposit from counterparties (2)	$ 18,053	$ 21,635
Security collateral on deposit from counterparties (3)	$ 22	$ 19
Reinvestment portfolio — estimated fair value	$ 18,138	$ 22,046

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

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

(3) Security collateral on deposit from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the consolidated financial statements.

8. Investments (continued)

The cash collateral liability by loaned security type and remaining tenor of the agreements were as follows at:

	December 31, 2015				
	Remaining Tenor of Securities Lending Agreements				
	Open (1)	1 Month or Less	1 to 6 Months	Total	% of Total
	(In millions)				
Cash collateral liability by loaned security type					
U.S. Treasury and agency	$ 6,260	$ 7,421	$ 4,303	$ 17,984	99.6%
U.S. corporate	1	41	—	42	0.3
Agency RMBS	—	6	21	27	0.1
Foreign corporate	—	—	—	—	—
Foreign government	—	—	—	—	—
Total	$ 6,261	$ 7,468	$ 4,324	$ 18,053	100.0%

	December 31, 2014				
	Remaining Tenor of Securities Lending Agreements				
	Open (1)	1 Month or Less	1 to 6 Months	Total	% of Total
	(In millions)				
Cash collateral liability by loaned security type					
U.S. Treasury and agency	$ 7,346	$ 7,401	$ 3,912	$ 18,659	86.2%
U.S. corporate	109	148	—	257	1.2
Agency RMBS	—	387	2,015	2,402	11.1
Foreign corporate	152	89	—	241	1.1
Foreign government	22	54	—	76	0.4
Total	$ 7,629	$ 8,079	$ 5,927	$ 21,635	100.0%

____

(1) The related loaned security could be returned to the Company on the next business day which would require the Company to immediately return the cash collateral.

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it 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 what otherwise would have been realized under normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at December 31, 2015 was $6.1 billion, over 99% of which were U.S. Treasury and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including U.S. Treasury and agency, agency RMBS, ABS, U.S. and foreign corporate securities) with 66% invested in U.S. Treasury and agency securities, agency RMBS, cash equivalents, short-term investments or held in cash. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

8. Investments (continued)

Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented below at estimated fair value for all asset classes, except mortgage loans, which are presented at carrying value at:

	December 31, 2015	December 31, 2014
	(In millions)	
Invested assets on deposit (regulatory deposits)	$ 1,245	$ 1,421
Invested assets pledged as collateral (1)	19,011	20,712
Total invested assets on deposit and pledged as collateral	$ 20,256	$ 22,133

(1) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 4), and derivative transactions (see Note 9).

See "— Securities Lending" for information regarding securities on loan and Note 7 for information regarding investments designated to the closed block.

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 ("PCI") 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.

8. Investments (continued)

The Company's PCI fixed maturity securities were as follows at:

	December 31,	
	2015	2014
	(In millions)	
Outstanding principal and interest balance (1)	$ 5,139	$ 4,614
Carrying value (2)	$ 3,937	$ 3,651

(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 PCI fixed maturity securities acquired during the periods indicated:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Contractually required payments (including interest)	$ 1,401	$ 820
Cash flows expected to be collected (1)	$ 1,222	$ 644
Fair value of investments acquired	$ 905	$ 433

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

The following table presents activity for the accretable yield on PCI fixed maturity securities for:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Accretable yield, January 1,	$ 1,883	$ 2,431
Investments purchased	317	211
Accretion recognized in earnings	(276)	(217)
Disposals	(48)	(47)
Reclassification (to) from nonaccretable difference	(92)	(495)
Accretable yield, December 31,	$ 1,784	$ 1,883

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 $10.2 billion at December 31, 2015. 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 $3.4 billion at December 31, 2015. 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 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. Aggregate net investment income from these equity method investments exceeded 10% of the Company's consolidated pre-tax income (loss) from continuing operations for only one of the three most recent annual periods: 2013. The Company is providing the following aggregated summarized financial data for such equity method investments, for the most recent annual periods, in order to provide comparative information. This aggregated summarized financial data does not represent the Company's proportionate share of the assets, liabilities, or earnings of such entities.

8. Investments (continued)

The aggregated summarized financial data presented below reflects the latest available financial information and is as of, and for, the years ended December 31, 2015, 2014 and 2013. Aggregate total assets of these entities totaled $397.9 billion and $351.0 billion at December 31, 2015 and 2014, respectively. Aggregate total liabilities of these entities totaled $64.1 billion and $32.1 billion at December 31, 2015 and 2014, respectively. Aggregate net income (loss) of these entities totaled $23.4 billion, $33.7 billion and $25.0 billion for the years ended December 31, 2015, 2014 and 2013, respectively. Aggregate net income (loss) from the underlying entities in which the Company invests is primarily comprised of investment income, including recurring investment income and realized and unrealized investment gains (losses).

Variable Interest Entities

The Company has invested in certain structured transactions (including consolidated securitization entities ("CSEs")) 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 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. 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.

Consolidated VIEs

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.

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, 2015 and 2014.

	December 31,			
	2015		2014	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Fixed maturity securities (1)	$ 104	$ 50	$ 163	$ 78
Other investments (2)	89	13	121	30
Total	$ 193	$ 63	$ 284	$ 108

(1) The Company consolidates certain fixed maturity securities purchased in an investment structure which was partially funded with affiliated long-term debt. The long-term debt bears interest primarily at variable rates, payable on a bi-annual basis. Interest expense related to these obligations, included in other expenses, was $2 million for each of the years ended December 31, 2015, 2014 and 2013.

(2) Other investments is comprised of other invested assets, other limited partnership interests, CSEs reported within FVO securities and real estate joint ventures. The Company consolidates CSEs which are entities that are structured as collateralized debt obligations. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company's exposure was limited to that of its remaining investment in these entities of less than $1 million at estimated fair value at both December 31, 2015 and 2014. The long-term debt bears interest primarily at variable rates, payable on a bi-annual basis. Interest expense related to these obligations, included in other expenses, was less than $1 million, $1 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Investments (continued)

Effective March 31, 2014, as a result of a quarterly reassessment in the first quarter of 2014, the Company deconsolidated an open ended core real estate fund, based on the terms of a revised partnership agreement. At December 31, 2013, the Company had consolidated this real estate fund. Assets of the real estate fund are a real estate investment trust which holds primarily traditional core income-producing real estate which has associated liabilities that are primarily non-recourse debt secured by certain real estate assets of the fund. As a result of the deconsolidation in 2014, supplemental disclosures of cash flow information on the consolidated statements of cash flows for the year ended December 31, 2014 includes reductions in redeemable noncontrolling interests, long-term debt and real estate and real estate joint ventures.

Unconsolidated VIEs

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows at:

	December 31,			
	2015		2014	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities AFS:				
Structured securities (RMBS, CMBS and ABS) (2)	$ 37,061	$ 37,061	$ 44,302	$ 44,302
U.S. and foreign corporate	1,593	1,593	1,919	1,919
Other limited partnership interests	2,874	3,672	3,722	4,833
Other invested assets	1,564	2,116	1,683	2,003
Real estate joint ventures	31	44	52	74
Total	$ 43,123	$ 44,486	$ 51,678	$ 53,131

(1) The maximum exposure to loss relating to fixed maturity securities AFS is equal to their carrying amounts or the carrying amounts of retained interests. The maximum exposure to loss relating to other limited partnership interests and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments. For certain of its investments in other invested assets, the Company's return is in the form of income tax credits which are guaranteed by creditworthy third parties. For such investments, the maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by income tax credits guaranteed by third parties of $179 million and $212 million at December 31, 2015 and 2014, respectively. 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 in mortgage-backed or asset-backed securities issued by trusts that do not have substantial equity.

As described in Note 17, 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, 2015, 2014 and 2013.

8. Investments (continued)

Net Investment Income

The components of net investment income were as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Investment income:			
Fixed maturity securities	$ 7,930	$ 8,260	$ 8,279
Equity securities	91	86	78
Trading and FVO securities — Actively traded and FVO general account securities (1)	(15)	23	43
Mortgage loans	2,514	2,378	2,405
Policy loans	435	448	440
Real estate and real estate joint ventures	743	725	699
Other limited partnership interests	519	721	633
Cash, cash equivalents and short-term investments	25	26	32
Operating joint venture	9	2	(4)
Other	202	61	21
Subtotal	12,453	12,730	12,626
Less: Investment expenses	876	838	844
Subtotal, net	11,577	11,892	11,782
FVO CSEs — interest income:			
Securities	—	1	3
Subtotal	—	1	3
Net investment income	$ 11,577	$ 11,893	$ 11,785

(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 ($18) million, ($14) million and $4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

See "— Variable Interest Entities" for discussion of CSEs.

See "— Related Party Investment Transactions" for discussion of affiliated net investment income and investment expenses.

The Company has a trading securities portfolio, principally invested in fixed maturity securities, to support investment strategies that involve the active and frequent purchase and sale of actively traded securities and the execution of short sale agreements. FVO securities include certain fixed maturity and equity securities held-for-investment by the general account to support asset/liability management strategies for certain insurance products and securities held by CSEs.

8. Investments (continued)

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

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

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Total gains (losses) on fixed maturity securities:			
Total OTTI losses recognized — by sector and industry:			
U.S. and foreign corporate securities — by industry:			
Consumer	$ (21)	$ (6)	$ (12)
Utility	(15)	—	(48)
Finance	—	—	(4)
Communications	—	—	(2)
Total U.S. and foreign corporate securities	(36)	(6)	(66)
RMBS	(17)	(20)	(62)
State and political subdivision	(1)	—	—
OTTI losses on fixed maturity securities recognized in earnings	(54)	(26)	(128)
Fixed maturity securities — net gains (losses) on sales and disposals	(114)	(99)	177
Total gains (losses) on fixed maturity securities	(168)	(125)	49
Total gains (losses) on equity securities:			
Total OTTI losses recognized — by sector:			
Common stock	(37)	(5)	(2)
Non-redeemable preferred stock	—	(16)	(17)
OTTI losses on equity securities recognized in earnings	(37)	(21)	(19)
Equity securities — net gains (losses) on sales and disposals	—	42	6
Total gains (losses) on equity securities	(37)	21	(13)
Trading and FVO securities — FVO general account securities	—	1	11
Mortgage loans	(90)	(36)	31
Real estate and real estate joint ventures	430	252	(15)
Other limited partnership interests	(66)	(69)	(41)
Other	(18)	(108)	5
Subtotal	51	(64)	27
FVO CSEs:			
Securities	—	—	2
Long-term debt — related to securities	—	(1)	(2)
Non-investment portfolio gains (losses)	208	208	21
Subtotal	208	207	21
Total net investment gains (losses)	$ 259	$ 143	$ 48

See "— Variable Interest Entities" for discussion of CSEs.

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 $125 million, $132 million and less than $1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Investments (continued)

Sales or Disposals and Impairments of Fixed Maturity and Equity Securities

Investment gains and losses on sales of securities are determined on a specific identification basis. 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.

	Years Ended December 31,					
	2015	2014	2013	2015	2014	2013
	Fixed Maturity Securities			Equity Securities		
	(In millions)					
Proceeds	$ 60,957	$ 44,906	$ 45,538	$ 105	$ 128	$ 144
Gross investment gains	$ 584	$ 260	$ 556	$ 28	$ 46	$ 25
Gross investment losses	(698)	(359)	(379)	(28)	(4)	(19)
OTTI losses	(54)	(26)	(128)	(37)	(21)	(19)
Net investment gains (losses)	$ (168)	$ (125)	$ 49	$ (37)	$ 21	$ (13)

Credit Loss Rollforward

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 OCI:

	Years Ended December 31,	
	2015	2014
	(In millions)	
Balance at January 1,	$ 263	$ 277
Additions:		
Initial impairments — credit loss OTTI on securities not previously impaired	14	1
Additional impairments — credit loss OTTI on securities previously impaired	15	15
Reductions:		
Sales (maturities, pay downs or prepayments) of securities previously impaired as credit loss OTTI	(102)	(30)
Increase in cash flows — accretion of previous credit loss OTTI	(2)	—
Balance at December 31,	$ 188	$ 263

Related Party Investment Transactions

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,		
	2015	2014	2013
	(In millions)		
Estimated fair value of invested assets transferred to affiliates	$ 1,003	$ 97	$ 781
Amortized cost of invested assets transferred to affiliates	$ 941	$ 89	$ 688
Net investment gains (losses) recognized on transfers	$ 62	$ 8	$ 93
Estimated fair value of invested assets transferred from affiliates	$ 237	$ 882	$ 882

In 2013, prior to the Mergers, the Company transferred invested assets to and from MICC of $751 million and $739 million, respectively, related to the establishment of a custodial account to secure certain policyholder liabilities, which is included in the table above. See Note 6 for additional information on the Mergers.

8. Investments (continued)

In July 2014, prior to the Mergers, the Company purchased from certain affiliates MetLife, Inc. affiliated loans with an unpaid principal balance of $400 million and estimated fair value of $437 million, which are included in the table above. The unpaid principal balance of MetLife, Inc. affiliated loans held by the Company totals $1.9 billion, bear interest at the following fixed rates, payable semiannually, and are due as follows: $250 million at 7.44% due on September 30, 2016, $500 million at 3.54% due on June 30, 2019, $250 million at 3.57% due on October 1, 2019, $445 million at 5.64% due on July 15, 2021 and $480 million at 5.86% due on December 16, 2021. The carrying value of these MetLife, Inc. affiliated loans totaled $2.0 billion at both December 31, 2015 and 2014 which are included in other invested assets. Net investment income from these affiliated loans was $95 million, $92 million and $90 million for the years ended December 31, 2015, 2014 and 2013, respectively.

As a structured settlements assignment company, the Company purchases annuities from affiliates to fund the periodic structured settlement claim payment obligations it assumes. Each annuity purchased is contractually designated to the assumed claim obligation it funds. The aggregate annuity contract values recorded, for which the Company has also recorded an unpaid claim obligation of equal amounts, were $1.3 billion at December 31, 2015. The related net investment income and corresponding policyholder benefits and claims recognized were $63 million for the year ended December 31, 2015.

The Company had a surplus note outstanding from American Life Insurance Company, an affiliate, which was included in other invested assets, totaling $100 million at both December 31, 2015 and 2014. The loan, which bears interest at a fixed rate of 3.17%, payable semiannually, is due on June 30, 2020. Net investment income from this surplus note was $3 million and less than $1 million for the years ended December 31, 2015 and 2014, respectively.

The Company provides investment administrative services to certain affiliates. The related investment administrative service charges to these affiliates were $157 million, $179 million and $172 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company also earned additional affiliated net investment income of $4 million for each of the years ended December 31, 2015, 2014 and 2013.

See "— Mortgage Loans — Mortgage Loans by Portfolio Segment" for discussion of mortgage loan participation agreements with affiliates.

9. Derivatives

Accounting for Derivatives

See Note 1 for a description of the Company's accounting policies for derivatives and Note 10 for information about the fair value hierarchy for derivatives.

Derivative Strategies

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. The Company uses a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values 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. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC-cleared"), while others are bilateral contracts between two counterparties ("OTC-bilateral"). The types of derivatives the Company uses include swaps, forwards, futures and option contracts. To a lesser extent, the Company uses credit default swaps and structured interest rate swaps to synthetically replicate investment risks and returns which are not readily available in the cash market.

Interest Rate Derivatives

The Company uses a variety of interest rate derivatives to reduce its exposure to changes in interest rates, including interest rate swaps, caps, floors, swaptions, futures and forwards.

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 amount. The Company utilizes interest rate swaps in fair value, cash flow and nonqualifying hedging relationships.

9. Derivatives (continued)

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

The Company purchases interest rate caps and floors primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities, 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 nonqualifying hedging relationships.

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

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 hedging relationships.

To a lesser extent, the Company uses exchange-traded interest rate futures in nonqualifying hedging relationships.

Foreign Currency Exchange Rate Derivatives

The Company uses foreign currency exchange rate derivatives, including foreign currency swaps and foreign currency forwards, 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 notional amount. The notional 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 nonqualifying 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 at the specified future date. The Company utilizes foreign currency forwards in nonqualifying hedging relationships.

Credit Derivatives

The Company enters into purchased credit default swaps to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party to pay, at specified intervals, a premium to hedge credit risk. If a credit event occurs, as defined by the contract, 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 amount in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. Credit events vary by type of issuer but typically include bankruptcy, failure to pay debt obligations, repudiation, moratorium, involuntary restructuring or governmental intervention. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association, Inc. ("ISDA") deems that a credit event has occurred. The Company utilizes credit default swaps in nonqualifying hedging relationships.

The Company enters into written credit default swaps 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 also enters into certain purchased and written credit default swaps held in relation to trading portfolios for the purpose of generating profits on short-term differences in price. These credit default swaps are not designated as hedging instruments.

9. Derivatives (continued)

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 transactions as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

Equity Derivatives

The Company uses a variety of equity derivatives to reduce its exposure to equity market risk, including equity index options, equity variance swaps, exchange-traded equity futures and total rate of return swaps ("TRRs").

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

9. Derivatives (continued)

Primary Risks Managed by Derivatives

The following table presents the gross notional amount, estimated fair value and primary underlying risk exposure of the Company's derivatives, excluding embedded derivatives, held at:

		December 31,					
		2015			2014		
			Estimated Fair Value			Estimated Fair Value	
	Primary Underlying Risk Exposure	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
		(In millions)					
Derivatives Designated as Hedging Instruments							
Fair value hedges:							
Interest rate swaps	Interest rate	$ 5,089	$ 2,177	$ 11	$ 5,632	$ 2,031	$ 18
Foreign currency swaps	Foreign currency exchange rate	2,133	61	159	2,709	65	101
Subtotal		7,222	2,238	170	8,341	2,096	119
Cash flow hedges:							
Interest rate swaps	Interest rate	1,960	426	—	2,191	447	—
Interest rate forwards	Interest rate	70	15	—	70	18	—
Foreign currency swaps	Foreign currency exchange rate	18,743	1,132	1,376	14,895	501	614
Subtotal		20,773	1,573	1,376	17,156	966	614
Total qualifying hedges		27,995	3,811	1,546	25,497	3,062	733
Derivatives Not Designated or Not Qualifying as Hedging Instruments							
Interest rate swaps	Interest rate	51,489	2,613	1,197	56,394	2,213	1,072
Interest rate floors	Interest rate	13,701	252	10	36,141	319	108
Interest rate caps	Interest rate	55,136	67	2	41,227	134	1
Interest rate futures	Interest rate	2,023	—	2	70	—	—
Interest rate options	Interest rate	2,295	227	4	6,399	379	15
Synthetic GICs	Interest rate	4,216	—	—	4,298	—	—
Foreign currency swaps	Foreign currency exchange rate	8,095	600	94	8,774	359	176
Foreign currency forwards	Foreign currency exchange rate	3,014	83	36	3,985	92	80
Credit default swaps — purchased	Credit	819	28	8	857	8	11
Credit default swaps — written	Credit	6,577	51	11	7,419	130	5
Equity futures	Equity market	1,452	15	—	954	10	—
Equity index options	Equity market	7,364	326	349	7,698	328	352
Equity variance swaps	Equity market	5,676	62	160	5,678	60	146
TRRs	Equity market	952	11	9	911	10	33
Total non-designated or nonqualifying derivatives		162,809	4,335	1,882	180,805	4,042	1,999
Total		$ 190,804	$ 8,146	$ 3,428	$ 206,302	$ 7,104	$ 2,732

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both December 31, 2015 and 2014. The Company's use of derivatives includes (i) derivatives that serve as macro hedges of the Company's exposure to various risks and that generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities that contain mortality or morbidity risk and that generally do not qualify for hedge accounting because the lack of these risks in the derivatives cannot support an expectation of a highly effective hedging relationship; (iii) derivatives that economically hedge embedded derivatives that do not qualify for hedge accounting because the changes in estimated fair value of the embedded derivatives are already recorded in net income; and (iv) written credit default swaps that are used to synthetically create credit investments and that do not qualify for hedge accounting because they do not involve a hedging relationship. For these nonqualified derivatives, changes in market factors can lead to the recognition of fair value changes on the statement of operations without an offsetting gain or loss recognized in earnings for the item being hedged.

9. Derivatives (continued)

Net Derivative Gains (Losses)

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

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Freestanding derivatives and hedging gains (losses) (1)	$ 463	$ 1,207	$ (1,205)
Embedded derivatives gains (losses)	418	(170)	135
Total net derivative gains (losses)	$ 881	$ 1,037	$ (1,070)

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

The following table presents earned income on derivatives:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Qualifying hedges:			
Net investment income	$ 227	$ 162	$ 129
Interest credited to policyholder account balances	28	106	148
Nonqualifying hedges:			
Net investment income	(5)	(4)	(6)
Net derivative gains (losses)	518	484	450
Policyholder benefits and claims	2	8	—
Total	$ 770	$ 756	$ 721

9. Derivatives (continued)

Nonqualifying Derivatives and Derivatives for Purposes Other Than Hedging

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)	
Year Ended December 31, 2015			
Interest rate derivatives	$ (243)	$ —	$ —
Foreign currency exchange rate derivatives	678	—	—
Credit derivatives — purchased	17	(3)	—
Credit derivatives — written	(57)	—	—
Equity derivatives	(152)	(11)	—
Total	$ 243	$ (14)	$ —
Year Ended December 31, 2014			
Interest rate derivatives	$ 314	$ —	$ —
Foreign currency exchange rate derivatives	554	—	—
Credit derivatives — purchased	(2)	—	—
Credit derivatives — written	(1)	—	—
Equity derivatives	11	(10)	(10)
Total	$ 876	$ (10)	$ (10)
Year Ended December 31, 2013			
Interest rate derivatives	$ (1,753)	$ —	$ —
Foreign currency exchange rate derivatives	(69)	—	—
Credit derivatives — purchased	(6)	(14)	—
Credit derivatives — written	100	1	—
Equity derivatives	—	(22)	—
Total	$ (1,728)	$ (35)	$ —

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

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

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 assets and liabilities to floating rate assets and liabilities; and (ii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated assets and liabilities.

9. Derivatives (continued)

The Company recognizes gains and losses on derivatives and the related hedged items in fair value hedges within net derivative gains (losses). The following table 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)	
Year Ended December 31, 2015				
Interest rate swaps:	Fixed maturity securities	$ 4	$ —	$ 4
	Policyholder liabilities (1)	(4)	(6)	(10)
Foreign currency swaps:	Foreign-denominated fixed maturity securities	14	(5)	9
	Foreign-denominated policyholder account balances (2)	(240)	231	(9)
Total		$ (226)	$ 220	$ (6)
Year Ended December 31, 2014				
Interest rate swaps:	Fixed maturity securities	$ 4	$ (1)	$ 3
	Policyholder liabilities (1)	649	(635)	14
Foreign currency swaps:	Foreign-denominated fixed maturity securities	13	(11)	2
	Foreign-denominated policyholder account balances (2)	(283)	270	(13)
Total		$ 383	$ (377)	$ 6
Year Ended December 31, 2013				
Interest rate swaps:	Fixed maturity securities	$ 34	$ (33)	$ 1
	Policyholder liabilities (1)	(800)	807	7
Foreign currency swaps:	Foreign-denominated fixed maturity securities	13	(12)	1
	Foreign-denominated policyholder account balances (2)	(98)	112	14
Total		$ (851)	$ 874	$ 23

(1) Fixed rate liabilities reported in policyholder account balances or future policy benefits.

(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 assets and liabilities to fixed rate assets and liabilities; (ii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated assets and liabilities; (iii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (iv) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments; and (v) interest rate forwards to hedge forecasted fixed-rate borrowings.

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions were no longer probable of occurring. Because certain of the forecasted transactions also were not probable of occurring within two months of the anticipated date, the Company reclassified amounts from AOCI into net derivative gains (losses). These amounts were $14 million and ($14) million for the years ended December 31, 2015 and 2014, respectively, and were not significant for the year ended December 31, 2013.

At December 31, 2015 and 2014, 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.

9. Derivatives (continued)

At December 31, 2015 and 2014, the balance in AOCI associated with cash flow hedges was $2.2 billion and $1.6 billion, respectively.

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

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses)Deferred in AOCI on Derivatives	Amount and Location of Gains (Losses) Reclassified from AOCI into Income (Loss)		Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)		(Ineffective Portion)
		Net Derivative Gains (Losses)	Net Investment Income	Net Derivative Gains (Losses)
	(In millions)			
Year Ended December 31, 2015				
Interest rate swaps	$ 76	$ 83	$ 11	$ 2
Interest rate forwards	(3)	4	2	—
Foreign currency swaps	(92)	(679)	(1)	7
Credit forwards	—	1	1	—
Total	$ (19)	$ (591)	$ 13	$ 9
Year Ended December 31, 2014				
Interest rate swaps	$ 587	$ 41	$ 9	$ 3
Interest rate forwards	34	(8)	2	—
Foreign currency swaps	(15)	(725)	(2)	2
Credit forwards	—	—	1	—
Total	$ 606	$ (692)	$ 10	$ 5
Year Ended December 31, 2013				
Interest rate swaps	$ (511)	$ 20	$ 8	$ (3)
Interest rate forwards	(43)	1	2	—
Foreign currency swaps	(120)	(15)	(3)	2
Credit forwards	(3)	—	1	—
Total	$ (677)	$ 6	$ 8	$ (1)

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

At December 31, 2015, $93 million of deferred net gains (losses) on derivatives in AOCI was expected to be reclassified to earnings within the next 12 months.

Credit Derivatives

In connection with synthetically created credit investment transactions and credit default swaps held in relation to the trading portfolio, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the nonqualifying 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 $6.6 billion and $7.4 billion at December 31, 2015 and 2014, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current estimated fair value of the credit default swaps. At December 31, 2015 and 2014, the Company would have received $40 million and $125 million, respectively, to terminate all of these contracts.

9. Derivatives (continued)

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,					
	2015			2014		
Rating Agency Designation of Referenced Credit Obligations (1)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)
	(In millions)			(In millions)		
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 2	$ 245	2.5	$ 5	$ 415	2.2
Credit default swaps referencing indices	5	1,366	3.3	10	1,566	2.7
Subtotal	7	1,611	3.2	15	1,981	2.6
Baa						
Single name credit default swaps (corporate)	5	752	2.6	15	1,002	2.8
Credit default swaps referencing indices	21	3,452	4.8	59	3,687	4.5
Subtotal	26	4,204	4.4	74	4,689	4.1
Ba						
Single name credit default swaps (corporate)	(2)	60	2.2	—	60	3.0
Credit default swaps referencing indices	(1)	100	1.0	(1)	100	2.0
Subtotal	(3)	160	1.4	(1)	160	2.4
B						
Single name credit default swaps (corporate)	—	—	—	—	—	—
Credit default swaps referencing indices	10	602	4.9	37	589	4.9
Subtotal	10	602	4.9	37	589	4.9
Total	$ 40	$ 6,577	4.1	$ 125	$ 7,419	3.8

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

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

The Company has also entered into credit default swaps to purchase credit protection on certain of the referenced credit obligations in the table above. As a result, the maximum amounts of potential future recoveries available to offset the $6.6 billion and $7.4 billion from the table above were $70 million and $60 million at December 31, 2015 and 2014, respectively.

Written credit default swaps held in relation to the trading portfolio amounted to $20 million and $15 million in gross notional amount and ($2) million and $1 million in estimated fair value at December 31, 2015 and 2014, respectively.

9. Derivatives (continued)

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Company's derivatives is limited to the net positive estimated fair value of derivatives at the reporting date after taking into consideration the existence of master netting or similar agreements and any collateral received pursuant to such agreements.

The Company manages its credit risk related to derivatives by entering into transactions with creditworthy counterparties and establishing and monitoring exposure limits. The Company's OTC-bilateral derivative transactions are generally governed by ISDA Master Agreements which provide for legally enforceable set-off and close-out netting of exposures to specific counterparties in the event of early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from the counterparty against payables to the same counterparty arising out of all included transactions. Substantially all of the Company's ISDA Master Agreements also include Credit Support Annex provisions which require both the pledging and accepting of collateral in connection with its OTC-bilateral derivatives.

The Company's OTC-cleared derivatives are effected through central clearing counterparties and its exchange-traded derivatives are effected through regulated exchanges. Such positions are marked to market and margined on a daily basis (both initial margin and variation margin), and the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivatives.

See Note 10 for a description of the impact of credit risk on the valuation of derivatives.

The estimated fair values of the Company's net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

	December 31,			
	2015		2014	
Derivatives Subject to a Master Netting Arrangement or a Similar Arrangement	Assets	Liabilities	Assets	Liabilities
	(In millions)			
Gross estimated fair value of derivatives:				
OTC-bilateral (1)	$ 7,368	$ 2,667	$ 6,497	$ 2,092
OTC-cleared (1)	909	783	740	682
Exchange-traded	15	2	10	—
Total gross estimated fair value of derivatives (1)	8,292	3,452	7,247	2,774
Amounts offset on the consolidated balance sheets	—	—	—	—
Estimated fair value of derivatives presented on the consolidated balance sheets (1)	8,292	3,452	7,247	2,774
Gross amounts not offset on the consolidated balance sheets:				
Gross estimated fair value of derivatives: (2)				
OTC-bilateral	(2,117)	(2,117)	(1,742)	(1,742)
OTC-cleared	(776)	(776)	(638)	(638)
Exchange-traded	—	—	—	—
Cash collateral: (3), (4)				
OTC-bilateral	(3,705)	(3)	(2,470)	(2)
OTC-cleared	(119)	—	(97)	(40)
Exchange-traded	—	—	—	—
Securities collateral: (5)				
OTC-bilateral	(1,345)	(541)	(2,161)	(333)
OTC-cleared	—	—	—	(3)
Exchange-traded	—	—	—	—
Net amount after application of master netting agreements and collateral	$ 230	$ 15	$ 139	$ 16

9. Derivatives (continued)

(1) At December 31, 2015 and 2014, derivative assets included income or expense accruals reported in accrued investment income or in other liabilities of $146 million and $143 million, respectively, and derivative liabilities included income or expense accruals reported in accrued investment income or in other liabilities of $24 million and $42 million, respectively.

(2) Estimated fair value of derivatives is limited to the amount that is subject to set-off and includes income or expense accruals.

(3) Cash collateral received by the Company for OTC-bilateral and OTC-cleared derivatives is included in cash and cash equivalents, short-term investments or in fixed maturity securities, and the obligation to return it is included in payables for collateral under securities loaned and other transactions on the balance sheet. In certain instances, cash collateral pledged to the Company as initial margin for OTC-bilateral derivatives is held in separate custodial accounts and is not recorded on the Company's balance sheet because the account title is in the name of the counterparty (but segregated for the benefit of the Company). The amount of this off-balance sheet collateral was $0 and $138 million at December 31, 2015 and 2014, respectively.

(4) The receivable for the return of cash collateral provided by the Company is inclusive of initial margin on exchange-traded and OTC-cleared derivatives and is included in premiums, reinsurance and other receivables on the balance sheet. The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements. At December 31, 2015 and 2014, the Company received excess cash collateral of $17 million and $0, respectively, and provided excess cash collateral of $58 million and $31 million, respectively, which is not included in the table above due to the foregoing limitation.

(5) Securities collateral received by the Company is held in separate custodial accounts and is not recorded on the balance sheet. Subject to certain constraints, the Company is permitted by contract to sell or re-pledge this collateral, but at December 31, 2015 none of the collateral had been sold or re-pledged. Securities collateral pledged by the Company is reported in fixed maturity securities on the balance sheet. Subject to certain constraints, the counterparties are permitted by contract to sell or re-pledge this collateral. The amount of securities collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements and cash collateral. At December 31, 2015 and 2014, the Company received excess securities collateral with an estimated fair value of $71 million and $243 million, respectively, for its OTC-bilateral derivatives, which are not included in the table above due to the foregoing limitation. At December 31, 2015 and 2014, the Company provided excess securities collateral with an estimated fair value of $81 million and $57 million, respectively, for its OTC-bilateral derivatives, and $239 million and $155 million, respectively, for its OTC-cleared derivatives, and $15 million and $17 million, respectively, for its exchange-traded derivatives, which are not included in the table above due to the foregoing limitation.

The Company's collateral arrangements for its OTC-bilateral derivatives generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the estimated fair value of that counterparty's derivatives reaches a pre-determined threshold. Certain of these arrangements also include financial strength-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 financial strength ratings of Metropolitan Life Insurance Company, or its subsidiaries, as applicable, and/or the credit ratings of the counterparty. In addition, certain of the Company's netting agreements for derivatives contain provisions that require both Metropolitan Life Insurance Company, or its subsidiaries, as applicable, and the counterparty to maintain a specific investment grade financial strength or credit rating from each of Moody's and S&P. If a party's financial strength or credit ratings were to fall below that specific investment grade financial strength or credit rating, that party would be in violation of these provisions, and the other party to the derivatives could terminate the transactions and demand immediate settlement and payment based on such party's reasonable valuation of the derivatives.

9. Derivatives (continued)

The following table presents the estimated fair value of the Company's OTC-bilateral 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 Metropolitan Life Insurance Company, or its subsidiaries, as applicable, would be required to provide if there was a one-notch downgrade in such companies' financial strength rating at the reporting date or if such companies' financial strength rating sustained a downgrade to a level that triggered full overnight collateralization or termination of the derivative position at the reporting date. OTC-bilateral derivatives that are not subject to collateral agreements are excluded from this table.

	December 31,					
	2015			2014		
	Derivatives Subject to Financial Strength-Contingent Provisions	Derivatives Not Subject to Financial Strength-Contingent Provisions	Total	Derivatives Subject to Financial Strength-Contingent Provisions	Derivatives Not Subject to Financial Strength-Contingent Provisions	Total
	(In millions)					
Estimated fair value of derivatives in a net liability position (1)	$ 547	$ 3	$ 550	$ 334	$ 4	$ 338
Estimated Fair Value of Collateral Provided						
Fixed maturity securities	$ 622	$ —	$ 622	$ 390	$ —	$ 390
Cash	$ —	$ 4	$ 4	$ —	$ 2	$ 2
Fair Value of Incremental Collateral Provided Upon						
One-notch downgrade in financial strength rating	$ —	$ —	$ —	$ —	$ —	$ —
Downgrade in financial strength rating to a level that triggers full overnight collateralization or termination of the derivative position	$ —	$ —	$ —	$ —	$ —	$ —

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

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, GMABs, and certain GMIBs; funds withheld on ceded reinsurance and affiliated funds withheld on ceded reinsurance; funding agreements with equity or bond indexed crediting rates; and certain debt and equity securities.

9. Derivatives (continued)

The following table presents the estimated fair value and balance sheet location of the Company's embedded derivatives that have been separated from their host contracts at:

	Balance Sheet Location	December 31, 2015	December 31, 2014
		(In millions)	
Net embedded derivatives within asset host contracts:			
Ceded guaranteed minimum benefits	Premiums, reinsurance and other receivables	$ 712	$ 657
Options embedded in debt or equity securities	Investments	(142)	(150)
Net embedded derivatives within asset host contracts		$ 570	$ 507
Net embedded derivatives within liability host contracts:			
Direct guaranteed minimum benefits	Policyholder account balances	$ (284)	$ (548)
Assumed guaranteed minimum benefits	Policyholder account balances	126	72
Funds withheld on ceded reinsurance	Other liabilities	687	1,200
Other	Policyholder account balances	(3)	7
Net embedded derivatives within liability host contracts		$ 526	$ 731

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

	Years Ended December 31, 2015	2014	2013
		(In millions)	
Net derivative gains (losses) (1), (2)	$ 418	$ (170)	$ 135

(1) The valuation of direct and assumed guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were $29 million, $14 million and ($42) million for the years ended December 31, 2015, 2014 and 2013, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were ($4) million, ($9) million and $125 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(2) See Note 6 for discussion of affiliated net derivative gains (losses).

Related Party Freestanding Derivative Transactions

In November 2014, as part of the settlement of related party reinsurance transactions, the Company acquired derivatives from an affiliate. The estimated fair value of freestanding derivative assets and liabilities acquired were $740 million and $754 million, respectively. See Note 6 for additional information regarding related party reinsurance transactions in connection with the Mergers.

10. Fair Value

When developing estimated fair values, 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 determination of 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.

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.

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.

10. Fair Value (continued)

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy, including those items for which the Company has elected the FVO, are presented below.

	December 31, 2015			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 56,848	$ 4,709	$ 61,557
U.S. Treasury and agency	23,015	16,678	—	39,693
Foreign corporate	—	23,222	3,573	26,795
RMBS	—	20,585	3,330	23,915
State and political subdivision	—	6,941	33	6,974
CMBS	—	6,361	218	6,579
ABS	—	5,699	868	6,567
Foreign government	—	3,331	275	3,606
Total fixed maturity securities	23,015	139,665	13,006	175,686
Equity securities	424	1,197	328	1,949
Trading and FVO securities:				
Actively traded securities	—	400	4	404
FVO general account securities	—	—	15	15
FVO securities held by CSEs	—	2	10	12
Total trading and FVO securities	—	402	29	431
Short-term investments	1,513	3,882	200	5,595
Residential mortgage loans — FVO	—	—	314	314
Derivative assets: (1)				
Interest rate	—	5,762	15	5,777
Foreign currency exchange rate	—	1,876	—	1,876
Credit	—	72	7	79
Equity market	15	282	117	414
Total derivative assets	15	7,992	139	8,146
Net embedded derivatives within asset host contracts (2)	—	—	712	712
Separate account assets (3)	23,498	110,921	1,520	135,939
Total assets	$ 48,465	$ 264,059	$ 16,248	$ 328,772
Liabilities				
Derivative liabilities: (1)				
Interest rate	$ 2	$ 1,224	$ —	$ 1,226
Foreign currency exchange rate	—	1,665	—	1,665
Credit	—	17	2	19
Equity market	—	358	160	518
Total derivative liabilities	2	3,264	162	3,428
Net embedded derivatives within liability host contracts (2)	—	—	526	526
Long-term debt	—	50	36	86
Long-term debt of CSEs — FVO	—	—	11	11
Trading liabilities (4)	103	50	—	153
Total liabilities	$ 105	$ 3,364	$ 735	$ 4,204

10. Fair Value (continued)

	December 31, 2014			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 60,420	$ 4,937	$ 65,357
U.S. Treasury and agency	21,625	17,445	—	39,070
Foreign corporate	—	26,227	3,591	29,818
RMBS	—	24,534	3,629	28,163
State and political subdivision	—	6,520	—	6,520
CMBS	—	7,464	449	7,913
ABS	—	6,734	1,492	8,226
Foreign government	—	3,642	202	3,844
Total fixed maturity securities	21,625	152,986	14,300	188,911
Equity securities	584	1,266	215	2,065
Trading and FVO securities:				
Actively traded securities	22	627	5	654
FVO general account securities	—	22	14	36
FVO securities held by CSEs	—	3	12	15
Total trading and FVO securities	22	652	31	705
Short-term investments (5)	860	3,091	230	4,181
Residential mortgage loans — FVO	—	—	308	308
Derivative assets: (1)				
Interest rate	—	5,524	17	5,541
Foreign currency exchange rate	—	1,010	7	1,017
Credit	—	125	13	138
Equity market	10	279	119	408
Total derivative assets	10	6,938	156	7,104
Net embedded derivatives within asset host contracts (2)	—	—	657	657
Separate account assets (3)	26,119	111,601	1,615	139,335
Total assets	$ 49,220	$ 276,534	$ 17,512	$ 343,266
Liabilities				
Derivative liabilities: (1)				
Interest rate	$ —	$ 1,214	$ —	$ 1,214
Foreign currency exchange rate	—	971	—	971
Credit	—	15	1	16
Equity market	—	382	149	531
Total derivative liabilities	—	2,582	150	2,732
Net embedded derivatives within liability host contracts (2)	—	7	724	731
Long-term debt	—	82	35	117
Long-term debt of CSEs — FVO	—	—	13	13
Trading liabilities (4)	215	24	—	239
Total liabilities	$ 215	$ 2,695	$ 922	$ 3,832

____

(1) Derivative assets are presented within other invested assets on the consolidated balance sheets and derivative liabilities are presented within other liabilities on the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation on 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.

10. Fair Value (continued)

(2) Net embedded derivatives within asset host contracts are presented primarily within premiums, reinsurance and other receivables on the consolidated balance sheets. Net embedded derivatives within liability host contracts are presented within policyholder account balances and other liabilities on the consolidated balance sheets. At December 31, 2015 and 2014, debt and equity securities also included embedded derivatives of ($142) million and ($150) million, respectively.

(3) 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.

(4) Trading liabilities are presented within other liabilities on the consolidated balance sheets.

(5) Short-term investments as presented in the tables above differ from the amounts presented on the consolidated balance sheets because certain short-term investments are not measured at estimated fair value on a recurring basis.

The following describes the valuation methodologies used to measure assets and liabilities at fair value. The description includes the valuation techniques and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy.

Investments

Valuation Controls and Procedures

On behalf of the Company and MetLife, Inc.'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 quarterly 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, and determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time. This committee also 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 of the Board of Directors of each of MetLife, Inc. and Metropolitan Life Insurance Company regarding 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 considering such pricing relative to 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 1% of the total estimated fair value of fixed maturity securities and 5% of the total estimated fair value of Level 3 fixed maturity securities at December 31, 2015.

10. Fair Value (continued)

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 were not 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, Long-term Debt, Long-term Debt of CSEs — FVO and Trading Liabilities

When available, the estimated fair value of these financial instruments is 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 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 FVO securities held by CSEs, long-term debt, long-term debt of CSEs — FVO and trading liabilities is determined on a basis consistent with the methodologies described herein for securities.

10. Fair Value (continued)

The valuation of most instruments listed below is determined using independent pricing sources, matrix pricing, discounted cash flow methodologies or other similar techniques that use either observable market inputs or unobservable inputs.

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Fixed Maturity Securities		
U.S. corporate and Foreign corporate securities		

	Valuation Techniques: Principally the market and income approaches.
	Key Inputs:
	• quoted prices in markets that are not active
	• benchmark yields; spreads off benchmark yields; new issuances; issuer rating
	• trades of identical or comparable securities; duration
	• Privately-placed securities are valued using the additional key inputs:
	  • market yield curve; call provisions
	  • observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer
	  • delta spread adjustments to reflect specific credit-related issues
		Valuation Techniques: Principally the market approach.
		Key Inputs:
		• illiquidity premium
		• delta spread adjustments to reflect specific credit-related issues
		• credit spreads
		• quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2
		• independent non-binding broker quotations

U.S. Treasury and agency, State and political subdivision and Foreign government securities		
	Valuation Techniques: Principally the market approach. Key Inputs: • quoted prices in markets that are not active • benchmark U.S. Treasury yield or other yields • the spread off the U.S. Treasury yield curve for the identical security • issuer ratings and issuer spreads; broker-dealer quotes • comparable securities that are actively traded	Valuation Techniques: Principally the market approach. Key Inputs: • independent non-binding broker quotations • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • credit spreads
Structured securities comprised of RMBS, CMBS and ABS		

	Valuation Techniques: Principally the market and income approaches.
	Key Inputs:
	• quoted prices in markets that are not active
	• spreads for actively traded securities; spreads off benchmark yields
	• expected prepayment speeds and volumes
	• current and forecasted loss severity; ratings; geographic region
	• weighted average coupon and weighted average maturity
	• average delinquency rates; debt-service coverage ratios
	• issuance-specific information, including, but not limited to:
	  • collateral type; structure of the security; vintage of the loans
	  • payment terms of the underlying assets
	  • payment priority within the tranche; deal performance
		Valuation Techniques: Principally the market and income approaches.
		Key Inputs:
		• credit spreads
		• quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2
		• independent non-binding broker quotations

10. Fair Value (continued)

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Equity Securities		
	Valuation Techniques: Principally the market approach. Key Input: • quoted prices in markets that are not considered active	Valuation Techniques: Principally the market and income approaches. Key Inputs: • credit ratings; issuance structures • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations
Trading and FVO securities and Short-term investments		
	• Trading and FVO securities and short-term investments are of a similar nature and class to the fixed maturity and equity securities described above; accordingly, the valuation techniques and observable inputs used in their valuation are also similar to those described above.	• Trading and FVO securities and short-term investments are of a similar nature and class to the fixed maturity and equity securities described above; accordingly, the valuation techniques and unobservable inputs used in their valuation are also similar to those described above.
Mortgage Loans — FVO		
Residential mortgage loans — FVO		
	• N/A	Valuation Techniques: Principally the market approach, including matrix pricing or other similar techniques. Key Inputs: Inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data
Separate Account Assets (1)		
Mutual funds and hedge funds without readily determinable fair values as prices are not published publicly		
	Key Input: • quoted prices or reported NAV provided by the fund managers	• N/A
Other limited partnership interests		
	• N/A	Valuation Techniques: Valued giving consideration to the underlying holdings of the partnerships and by applying a premium or discount, if appropriate. Key Inputs: • liquidity; bid/ask spreads; performance record of the fund manager • other relevant variables that may impact the exit value of the particular partnership interest

(1) Estimated fair value equals carrying value, based on the value of the underlying assets, including: mutual fund interests, fixed maturity securities, equity securities, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents. Fixed maturity securities, equity securities, derivatives, short-term investments and cash and cash equivalents are similar in nature to the instruments described under "— Securities, Short-term Investments, Other Investments, Long-term Debt of CSEs — FVO and Trading Liabilities" and "— Derivatives — Freestanding Derivatives Valuation Techniques and Key Inputs."

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-bilateral and OTC-cleared 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 controls and procedures for derivatives are described in "— Investments."

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared 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. 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.

10. Fair Value (continued)

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made 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.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared 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 OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, 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.

Freestanding Derivatives Valuation Techniques and Key Inputs

Level 2

This level includes all types of derivatives utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivatives with unobservable inputs as described in Level 3.

Level 3

These valuation methodologies generally use the same inputs as described in the corresponding sections 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.

Freestanding 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. Key inputs are as follows:

Instrument	Interest Rate	Foreign Currency Exchange Rate	Credit	Equity Market
Inputs common to Level 2 and Level 3 by instrument type	• swap yield curve • basis curves • interest rate volatility (1)	• swap yield curve • basis curves • currency spot rates • cross currency basis curves	• swap yield curve • credit curves • recovery rates	• swap yield curve • spot equity index levels • dividend yield curves • equity volatility (1)
Level 3	• swap yield curve (2) • basis curves (2)	• swap yield curve (2) • basis curves (2) • cross currency basis curves (2) • currency correlation	• swap yield curve (2) • credit curves (2) • credit spreads • repurchase rates • independent non-binding broker quotations	• dividend yield curves (2) • equity volatility (1), (2) • correlation between model inputs (1)

(1) Option-based only.

(2) Extrapolation beyond the observable limits of the curve(s).

10. Fair Value (continued)

Embedded Derivatives

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees, certain affiliated ceded reinsurance agreements related to such variable annuity guarantees, equity or bond indexed crediting rates within certain funding agreements and those related to funds withheld on ceded reinsurance agreements. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

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

The Company's actuarial department calculates the fair value of these embedded derivatives, which are 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. 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 nonperformance risk adjustments and adjustments 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, Inc.'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, Inc.

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 ceded the risk associated with certain of the GMIBs, GMABs and GMWBs previously described. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also ceded 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 on the consolidated balance sheets 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.

10. Fair Value (continued)

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 "— Investments — Securities, Short-term Investments, Long-term Debt of CSEs — FVO and Trading Liabilities." The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities on the consolidated balance sheets with changes in estimated fair value recorded in net derivative gains (losses). Changes in the credit spreads on the underlying assets, interest rates and market volatility may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

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

Embedded Derivatives Within Asset and Liability Host Contracts

Level 3 Valuation Techniques and Key Inputs:

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.

Embedded derivatives within funds withheld related to certain ceded reinsurance

These embedded derivatives are principally valued using the income approach. The 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.

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:

For assets and liabilities measured at estimated fair value and still held at December 31, 2015, transfers between Levels 1 and 2 were not significant. For assets and liabilities measured at estimated fair value and still held at December 31, 2014, there were no transfers between Levels 1 and 2.

10. Fair Value (continued)

Transfers into or out of Level 3:

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.

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, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at:

			December 31, 2015				December 31, 2014				
	Valuation Techniques	Significant Unobservable Inputs	Range			Weighted Average (1)	Range			Weighted Average (1)	Impact of Increase in Input on Estimated Fair Value (2)
Fixed maturity securities (3)											
U.S. corporate and foreign corporate	• Matrix pricing	• Delta spread adjustments (4)	(65)	-	240	37	(40)	-	240	39	Decrease
		• Offered quotes (5)	39	-	96	60	64	-	130	96	Increase
	• Market pricing	• Quoted prices (5)	—	-	385	125	—	-	590	126	Increase
	• Consensus pricing	• Offered quotes (5)	100	-	119	103	98	-	126	101	Increase
RMBS	• Market pricing	• Quoted prices (5)	19	-	121	92	22	-	120	97	Increase (6)
ABS	• Market pricing	• Quoted prices (5)	16	-	103	100	15	-	110	100	Increase (6)
	• Consensus pricing	• Offered quotes (5)	97	-	105	99	56	-	106	98	Increase (6)
Derivatives											
Interest rate	• Present value techniques	• Swap yield (7)	307	-	307		290	-	290		Increase (11)
Foreign currency exchange rate	• Present value techniques	• Correlation (8)	—	-	—		40%	-	55%		Increase (11)
Credit	• Present value techniques	• Credit spreads (9)	98	-	100		98	-	100		Decrease (9)
	• Consensus pricing	• Offered quotes (10)									
Equity market	• Present value techniques or option pricing models	• Volatility (12)	17%	-	36%		15%	-	27%		Increase (11)
		• Correlation (8)	70%	-	70%		70%	-	70%		
Embedded derivatives											
Direct, assumed and ceded guaranteed minimum benefits	• Option pricing techniques	• Mortality rates:									
		Ages 0 - 40	0%	-	0.09%		0%	-	0.10%		Decrease (13)
		Ages 41 - 60	0.04%	-	0.65%		0.04%	-	0.65%		Decrease (13)
		Ages 61 - 115	0.26%	-	100%		0.26%	-	100%		Decrease (13)
		• Lapse rates:									
		Durations 1 - 10	0.25%	-	100%		0.50%	-	100%		Decrease (14)
		Durations 11 - 20	3%	-	100%		3%	-	100%		Decrease (14)
		Durations 21 - 116	3%	-	100%		3%	-	100%		Decrease (14)
		• Utilization rates	0%	-	25%		20%	-	50%		Increase (15)
		• Withdrawal rates	0.25%	-	10%		0.07%	-	10%		(16)
		• Long-term equity volatilities	17.40%	-	25%		17.40%	-	25%		Increase (17)
		• Nonperformance risk spread	0.04%	-	0.52%		0.03%	-	0.46%		Decrease (18)

(1) The weighted average for fixed maturity securities is determined based on the estimated fair value of the securities.

10. Fair Value (continued)

(2) The impact of a decrease in input would have the opposite impact on the estimated fair value. For embedded derivatives, changes to direct guaranteed minimum benefits are based on liability positions and changes to ceded guaranteed minimum benefits are based on asset positions.

(3) Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations.

(4) Range and weighted average are presented in basis points.

(5) Range and weighted average are presented in accordance with the market convention for fixed maturity securities of dollars per hundred dollars of par.

(6) 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 assumptions used for prepayment rates.

(7) Ranges represent the rates across different yield curves and are presented in basis points. The swap yield curve is utilized among different types of derivatives to project cash flows, as well as to discount future cash flows to present value. Since this valuation methodology uses a range of inputs across a yield curve to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.

(8) Ranges represent the different correlation factors utilized as components within the valuation methodology. Presenting a range of correlation factors is more representative of the unobservable input used in the valuation. Increases (decreases) in correlation in isolation will increase (decrease) the significance of the change in valuations.

(9) Represents the risk quoted in basis points of a credit default event on the underlying instrument. Credit derivatives with significant unobservable inputs are primarily comprised of written credit default swaps.

(10) At both December 31, 2015 and 2014, independent non-binding broker quotations were used in the determination of less than 1% of the total net derivative estimated fair value.

(11) Changes are based on long U.S. dollar net asset positions and will be inversely impacted for short U.S. dollar net asset positions.

(12) Ranges represent the underlying equity volatility quoted in percentage points. Since this valuation methodology uses a range of inputs across multiple volatility surfaces to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.

(13) Mortality rates vary by age and by demographic characteristics such as gender. Mortality rate assumptions are based on company experience. A mortality improvement assumption is also applied. For any given contract, mortality rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(14) Base lapse rates are adjusted at the contract level based on a comparison of the actuarially calculated guaranteed values and the current policyholder account value, as well as other factors, such as the applicability of any surrender charges. A dynamic lapse function reduces the base lapse rate when the guaranteed amount is greater than the account value as in the money contracts are less likely to lapse. Lapse rates are also generally assumed to be lower in periods when a surrender charge applies. For any given contract, lapse rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(15) The utilization rate assumption estimates the percentage of contract holders with a GMIB or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible. The rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder. For any given contract, utilization rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(16) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For GMWBs, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For GMABs and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.

10. Fair Value (continued)

(17) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(18) Nonperformance risk spread varies by duration and by currency. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the embedded derivative.

The following is a summary of the valuation techniques and significant unobservable inputs used in the fair value measurement of assets and liabilities classified within Level 3 that are not included in the preceding table. Generally, all other classes of securities classified within Level 3, including those within separate account assets and embedded derivatives within funds withheld related to certain ceded reinsurance, use the same valuation techniques and significant unobservable inputs as previously described for Level 3 securities. This includes matrix pricing and discounted cash flow 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. The residential mortgage loans — FVO, long-term debt, and long-term debt of CSEs — FVO are valued using independent non-binding broker quotations and internal models including matrix pricing and discounted cash flow methodologies using current interest rates. The sensitivity of the estimated fair value to changes in the significant unobservable inputs for these other assets and liabilities is similar in nature to that described in the preceding table. The valuation techniques and significant unobservable inputs used in the fair value measurement for the more significant assets measured at estimated fair value on a nonrecurring basis and determined using significant unobservable inputs (Level 3) are summarized in "— Nonrecurring Fair Value Measurements."

10. Fair Value (continued)

The following tables summarize the change of all assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
	Fixed Maturity Securities						
	Corporate (1)	U.S. Treasury and Agency	Structured (2)	State and Political Subdivision	Foreign Government	Equity Securities	Trading and FVO Securities (3)
	(In millions)						
Balance, January 1, 2014	$ 8,467	$ 62	$ 5,469	$ —	$ 274	$ 328	$ 26
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(5)	—	12	—	(49)	7	—
Total realized/unrealized gains (losses) included in AOCI	218	—	103	—	22	2	—
Purchases (6)	1,763	—	2,740	—	—	19	5
Sales (6)	(1,154)	—	(1,306)	—	(115)	(59)	(8)
Issuances (6)	—	—	—	—	—	—	—
Settlements (6)	—	—	—	—	—	—	—
Transfers into Level 3 (7)	206	—	84	—	70	—	13
Transfers out of Level 3 (7)	(967)	(62)	(1,532)	—	—	(82)	(5)
Balance, December 31, 2014	8,528	—	5,570	—	202	215	31
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	38	—	101	—	1	12	(1)
Total realized/unrealized gains (losses) included in AOCI	(399)	—	(67)	—	(1)	(53)	—
Purchases (6)	1,546	—	1,393	33	120	127	—
Sales (6)	(1,018)	—	(1,205)	—	(1)	(61)	(1)
Issuances (6)	—	—	—	—	—	—	—
Settlements (6)	—	—	—	—	—	—	—
Transfers into Level 3 (7)	635	—	32	—	—	88	—
Transfers out of Level 3 (7)	(1,048)	—	(1,408)	—	(46)	—	—
Balance, December 31, 2015	$ 8,282	$ —	$ 4,416	$ 33	$ 275	$ 328	$ 29
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2013: (8)	$ (39)	$ —	$ 31	$ —	$ 4	$ (17)	$ 5
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2014: (8)	$ (4)	$ —	$ 42	$ —	$ 1	$ (5)	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2015: (8)	$ 7	$ —	$ 102	$ —	$ 1	$ —	$ —
Gains (Losses) Data for the year ended December 31, 2013							
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	$ (56)	$ —	$ 31	$ —	$ 6	$ (10)	$ 11
Total realized/unrealized gains (losses) included in AOCI	$ (33)	$ (3)	$ 115	$ —	$ (45)	$ 79	$ —

10. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
	Short-term Investments	Residential Mortgage Loans - FVO	Separate Account Assets (9)	Net Derivatives (10)	Net Embedded Derivatives (11)	Long-term Debt	Long-term Debt of CSEs - FVO
	(In millions)						
Balance, January 1, 2014	$ 175	$ 338	$ 1,209	$ 36	$ 48	$ (43)	$ (28)
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(1)	20	102	1	(144)	—	(1)
Total realized/unrealized gains (losses) included in AOCI	—	—	—	40	—	—	—
Purchases (6)	230	124	527	111	—	—	—
Sales (6)	(156)	(120)	(376)	—	—	—	—
Issuances (6)	—	—	81	(159)	—	(30)	—
Settlements (6)	—	(54)	(28)	(23)	29	20	16
Transfers into Level 3 (7)	—	—	144	—	—	—	—
Transfers out of Level 3 (7)	(18)	—	(44)	—	—	18	—
Balance, December 31, 2014	230	308	1,615	6	(67)	(35)	(13)
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	—	20	15	(27)	447	—	—
Total realized/unrealized gains (losses) included in AOCI	—	—	—	(2)	—	—	—
Purchases (6)	200	136	348	3	—	—	—
Sales (6)	—	(121)	(344)	—	—	—	—
Issuances (6)	—	—	98	—	—	(38)	—
Settlements (6)	—	(29)	(60)	(3)	(194)	37	2
Transfers into Level 3 (7)	—	—	1	—	—	—	—
Transfers out of Level 3 (7)	(230)	—	(153)	—	—	—	—
Balance, December 31, 2015	$ 200	$ 314	$ 1,520	$ (23)	$ 186	$ (36)	$ (11)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2013: (8)	$ 1	$ 1	$ —	$ (29)	$ 115	$ —	$ (2)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2014: (8)	$ —	$ 20	$ —	$ 8	$ (115)	$ —	$ (1)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2015: (8)	$ —	$ 20	$ —	$ (24)	$ 461	$ —	$ —
Gains (Losses) Data for the year ended December 31, 2013							
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	$ (23)	$ 1	$ 42	$ (35)	$ 102	$ —	$ (2)
Total realized/unrealized gains (losses) included in AOCI	$ 19	$ —	$ —	$ (44)	$ —	$ —	$ —

____

(1) Comprised of U.S. and foreign corporate securities.

(2) Comprised of RMBS, CMBS, and ABS.

(3) Comprised of Actively traded securities, FVO general account securities and FVO securities held by CSEs.

(4) Amortization of premium/accretion of discount is included within net investment income. Impairments charged to net income (loss) on securities are included in net investment gains (losses), while changes in estimated fair value of residential mortgage loans — FVO are included in net investment income. Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income for net derivatives and net embedded derivatives are reported in net derivatives gains (losses).

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

10. Fair Value (continued)

(6) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.

(7) Gains and losses, in net income (loss) and OCI, are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and then out of Level 3 in the same period are excluded from the rollforward.

(8) Changes in unrealized gains (losses) included in net income (loss) relate to assets and liabilities still held at the end of the respective periods. Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

(9) 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).

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

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

Fair Value Option

The following table presents information for residential mortgage loans, which are accounted for under the FVO, and were initially measured at fair value.

	December 31, 2015	December 31, 2014
	(In millions)	
Unpaid principal balance	$ 436	$ 436
Difference between estimated fair value and unpaid principal balance	(122)	(128)
Carrying value at estimated fair value	$ 314	$ 308
Loans in non-accrual status	$ 122	$ 125

The following table presents information for long-term debt, which is accounted for under the FVO, and was initially measured at fair value.

	Long-term Debt		Long-term Debt of CSEs - FVO	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(In millions)			
Contractual principal balance	$ 82	$ 115	$ 24	$ 26
Difference between estimated fair value and contractual principal balance	4	2	(13)	(13)
Carrying value at estimated fair value (1)	$ 86	$ 117	$ 11	$ 13

(1) Changes in estimated fair value are recognized in net investment gains (losses). Interest expense is recognized in other expenses.

10. Fair Value (continued)

Nonrecurring Fair Value Measurements

The following table presents information for assets measured at estimated fair value on a nonrecurring basis during the periods and still held at the reporting dates (for example, when there is evidence of impairment). The estimated fair values for these assets were determined using significant unobservable inputs (Level 3).

	At December 31,			Years Ended December 31,		
	2015	2014	2013	2015	2014	2013
	Carrying Value After Measurement			Gains (Losses)		
	(In millions)					
Mortgage loans (1)	$ 40	$ 94	$ 175	$ (1)	$ 2	$ 24
Other limited partnership interests (2)	$ 57	$ 109	$ 71	$ (31)	$ (70)	$ (40)

____

(1) Estimated fair values for impaired mortgage loans are based on independent broker quotations or valuation models using unobservable inputs or, if the loans are in foreclosure or are otherwise determined to be collateral dependent, are based on the estimated fair value of the underlying collateral or the present value of the expected future cash flows.

(2) For these cost method investments, estimated fair value is determined from information provided in the financial statements of the underlying entities including NAV data. 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. 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 at both December 31, 2015 and 2014 were not significant.

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income, payables for collateral under securities loaned and other transactions, short-term debt and those short-term investments that are not securities, such as time deposits, and therefore are not included in the three level hierarchy table disclosed in the "— Recurring Fair Value Measurements" section. The estimated fair value of the excluded financial instruments, which are primarily classified in Level 2, approximates 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. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

10. Fair Value (continued)

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

	December 31, 2015				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)				
Assets					
Mortgage loans	$ 53,408	$ —	$ —	$ 54,969	$ 54,969
Policy loans	$ 8,134	$ —	$ 330	$ 9,539	$ 9,869
Real estate joint ventures	$ 12	$ —	$ —	$ 39	$ 39
Other limited partnership interests	$ 467	$ —	$ —	$ 553	$ 553
Other invested assets	$ 2,372	$ —	$ 2,197	$ 202	$ 2,399
Premiums, reinsurance and other receivables	$ 13,879	$ —	$ 229	$ 14,610	$ 14,839
Liabilities					
Policyholder account balances	$ 71,331	$ —	$ —	$ 73,506	$ 73,506
Long-term debt	$ 1,618	$ —	$ 1,912	$ —	$ 1,912
Other liabilities	$ 19,545	$ —	$ 323	$ 19,882	$ 20,205
Separate account liabilities	$ 60,767	$ —	$ 60,767	$ —	$ 60,767

	December 31, 2014				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)				
Assets					
Mortgage loans	$ 48,751	$ —	$ —	$ 50,992	$ 50,992
Policy loans	$ 8,491	$ —	$ 796	$ 9,614	$ 10,410
Real estate joint ventures	$ 30	$ —	$ —	$ 54	$ 54
Other limited partnership interests	$ 635	$ —	$ —	$ 819	$ 819
Other invested assets	$ 2,385	$ —	$ 2,270	$ 220	$ 2,490
Premiums, reinsurance and other receivables	$ 13,845	$ —	$ 94	$ 14,607	$ 14,701
Liabilities					
Policyholder account balances	$ 73,225	$ —	$ —	$ 75,481	$ 75,481
Long-term debt	$ 1,897	$ —	$ 2,029	$ 268	$ 2,297
Other liabilities	$ 20,139	$ —	$ 609	$ 20,133	$ 20,742
Separate account liabilities	$ 60,840	$ —	$ 60,840	$ —	$ 60,840

10. Fair Value (continued)

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 is primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk, or is determined from pricing for similar loans.

Policy Loans

Policy loans with fixed interest rates are classified within Level 3. The estimated fair values for these loans 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. 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 estimated fair values of these cost method investments 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

These other invested assets are principally 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 are principally comprised of certain amounts recoverable under reinsurance agreements, amounts on deposit with financial institutions to facilitate daily settlements related to certain derivatives 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 as Level 3. The valuation is based on discounted cash flow 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.

Policyholder Account Balances

These policyholder account balances include investment contracts which primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts ("TCA"). The valuation of these investment contracts is based on discounted cash flow 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.

10. Fair Value (continued)

Long-term Debt

The estimated fair value of long-term debt is principally determined using market standard valuation methodologies.

Valuations of instruments classified as Level 2 are based primarily on quoted prices in markets that are not active or using matrix pricing 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 discounted cash flow methodologies use standard market observable inputs including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues.

Valuations of instruments classified as Level 3 are based primarily on discounted cash flow methodologies that utilize unobservable discount rates that can vary significantly based upon the specific terms of each individual arrangement.

Other Liabilities

Other liabilities consist primarily of interest payable, amounts due for securities purchased but not yet settled, funds withheld amounts payable, which are contractually withheld by the Company in accordance with the terms of the reinsurance agreements, and amounts payable under certain assumed reinsurance agreements, which 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, with the exception of certain deposit type reinsurance payables. For such payables, the estimated fair value is determined as the present value of expected future cash flows, which are discounted using an interest rate determined to reflect the appropriate credit standing of the assuming counterparty.

Separate Account Liabilities

Separate account liabilities 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, funding agreements related to group life contracts 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.

11. Goodwill

Goodwill, which is included in other assets, is the excess of cost over the estimated fair value of net assets acquired. 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 goodwill impairment process requires a comparison of the estimated fair value of a reporting unit to its carrying value. The Company tests goodwill for impairment by either performing a qualitative assessment or a two-step quantitative test. The qualitative assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company may elect not to perform the qualitative assessment for some or all of its reporting units and perform a two-step quantitative impairment test. In performing the two-step quantitative impairment test, the Company may use a market multiple valuation approach and a discounted cash flow valuation approach. For reporting units which are particularly sensitive to market assumptions, the Company may use additional valuation methodologies to estimate the reporting units' fair values.

11. Goodwill (continued)

The market multiple valuation approach utilizes market multiples of companies with similar businesses and the projected operating earnings of the reporting unit. The discounted cash flow valuation approach requires judgments about revenues, operating earnings projections, capital market assumptions and discount rates. The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected operating earnings, current book value, the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, control premium, 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 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.

For the 2015 annual goodwill impairment tests, the Company utilized the qualitative assessment for all of its reporting units and determined it was not more likely than not that the fair value of any of the reporting units was less than its carrying amount, and, therefore no further testing was needed for these reporting units.

In anticipation of the Separation, in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings.

Information regarding goodwill by segment, was as follows:

	U.S.	MetLife Holdings	Total
		(In millions)	
Balance at January 1, 2013			
Goodwill	$ 70	$ 41	$ 111
Accumulated impairment	—	(10)	(10)
Total goodwill, net	70	31	101
Balance at December 31, 2013			
Goodwill	70	41	111
Accumulated impairment	—	(10)	(10)
Total goodwill, net	70	31	101
Balance at December 31, 2014			
Goodwill	70	41	111
Accumulated impairment	—	(10)	(10)
Total goodwill, net	70	31	101
Balance at December 31, 2015			
Goodwill	70	41	111
Accumulated impairment	—	(10)	(10)
Total goodwill, net	$ 70	$ 31	$ 101

12. Long-term and Short-term Debt

Long-term and short-term debt outstanding was as follows:

	Interest Rates (1)		Maturity	December 31,	
	Range	Weighted Average		2015	2014
				(In millions)	
Surplus notes - affiliated	3.00% - 7.38%	6.59%	2037	$ 695	$ 883
Surplus notes	7.63% - 7.88%	7.80%	2024 - 2025	502	701
Mortgage loans - affiliated	2.13% - 7.26%	4.10%	—	—	242
Senior notes - affiliated	0.92% - 2.78%	2.09%	2021 - 2022	50	78
Other notes	1.36% - 8.00%	3.12%	2016 - 2030	457	110
Total long-term debt (2)				1,704	2,014
Total short-term debt				100	100
Total				$ 1,804	$ 2,114

____

(1) Range of interest rates and weighted average interest rates are for the year ended December 31, 2015.

(2) Excludes $11 million and $13 million of long-term debt relating to CSEs — FVO at December 31, 2015 and 2014, respectively. See Note 10.

The aggregate maturities of long-term debt at December 31, 2015 for the next five years and thereafter are $20 million in 2016, $0 in each of 2017 through 2019, $350 million in 2020 and $1.3 billion thereafter.

Mortgage loans are collateralized and rank highest in priority, followed by unsecured senior debt which consists of senior notes and other notes. Payments of interest and principal on the Company's surplus notes are subordinate to all other obligations and may be made only with the prior approval of the insurance department of the state of domicile.

Debt Issuance - Other Notes

In December 2015, MetLife Private Equity Holdings, LLC ("MPEH"), a wholly-owned indirect investment subsidiary of Metropolitan Life Insurance Company, entered into a five-year credit agreement (the "MPEH Credit Agreement") and borrowed $350 million under term loans that mature in December 2020. The loans bear interest at a variable rate of three-month LIBOR plus 3.70%, payable quarterly. In connection with the borrowing, $6 million of costs were incurred which have been capitalized and included in other assets. These costs are being amortized over the term of the loans. Additionally, the MPEH Credit Agreement provides for MPEH to borrow up to $100 million on a revolving basis at a variable rate of three-month LIBOR plus 3.70%, payable quarterly. There were no revolving loans outstanding under the MPEH Credit Agreement at December 31, 2015. Term loans and revolving loans borrowed under the MPEH Credit Agreement are non-recourse to Metropolitan Life Insurance Company.

12. Long-term and Short-term Debt (continued)

Debt Repayments

In December 2015, a wholly-owned real estate subsidiary of the Company repaid in cash $110 million of its mortgage loans issued to MetLife USA due in January 2016.

In November 2015, the Company repaid in cash, at maturity, $188 million of surplus notes issued to MetLife Mexico S.A., an affiliate. The redemption was approved by the New York Superintendent of Financial Services (the “Superintendent”).

In November 2015, the Company repaid in cash, at maturity, $200 million of surplus notes. The redemption was approved by the Superintendent.

During 2015, a wholly-owned real estate subsidiary of the Company repaid in cash $132 million of its 7.26% mortgage loans issued to MetLife USA due in January 2020.

In November 2014, a wholly-owned real estate subsidiary of the Company repaid in cash $60 million of its 7.01% mortgage loans issued to MetLife USA due in January 2020. It also repaid in cash $60 million of its 4.67% mortgage loans issued to MetLife USA due in January 2017.

In September 2014, the Company repaid in cash, at maturity, $217 million of surplus notes issued to MetLife Mexico S.A. The redemption was approved by the Superintendent.

Short-term Debt

Short-term debt with maturities of one year or less was as follows:

	December 31,	
	2015	2014
	(In millions)	
Commercial paper	$ 100	$ 100
Average daily balance	$ 100	$ 109
Average days outstanding	68 days	69 days

During the years ended December 31, 2015, 2014 and 2013, the weighted average interest rate on short-term debt was 0.15%, 0.10% and 0.12%, respectively.

Interest Expense

Interest expense related to long-term and short-term debt included in other expenses was $122 million, $150 million and $150 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts include $67 million, $88 million and $91 million of interest expense related to affiliated debt for the years ended December 31, 2015, 2014 and 2013, respectively. Such amounts do not include interest expense on long-term debt related to CSEs. See Note 8.

Credit and Committed Facilities

At December 31, 2015, MetLife, Inc. and MetLife Funding, Inc., a wholly-owned subsidiary of Metropolitan Life Insurance Company (“MetLife Funding”), maintained a $4.0 billion unsecured credit facility (the “Credit Facility”), and Missouri Reinsurance, Inc. (“MoRe”), a wholly-owned subsidiary of Metropolitan Life Insurance Company, along with MetLife, Inc., maintained a $210 million committed facility (the “Committed Facility”). When drawn upon, these facilities bear interest at varying rates in accordance with the respective agreements.

12. Long-term and Short-term Debt (continued)

Credit Facility

The Credit Facility is used for general corporate purposes, to support the borrowers' commercial paper programs and for the issuance of letters of credit. Total fees associated with the Credit Facility were $4 million, $4 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively, and were included in other expenses.

Information on the Credit Facility at December 31, 2015 was as follows:

Borrower(s)	Expiration	Maximum Capacity	Letters of Credit Issued (1)	Drawdowns	Unused Commitments
			(In millions)		
MetLife, Inc. and MetLife Funding, Inc.	May 2019 (2)	$ 4,000	$ 484	$ —	$ 3,516

(1) MetLife, Inc. and MetLife Funding, are severally liable for their respective obligations under the Credit Facility. MetLife Funding is not an applicant under letters of credit outstanding as of December 31, 2015 and is not responsible for any reimbursement obligations under such letters of credit.

(2) All borrowings under the Credit Facility must be repaid by May 30, 2019, except that letters of credit outstanding on that date may remain outstanding until no later than May 30, 2020.

Committed Facility

The Committed Facility is used for collateral for certain of its affiliated reinsurance liabilities. Total fees associated with the Committed Facility was $4 million, $4 million and $3 million for the years ended December 31, 2015, 2014 and 2013, respectively, and was included in other expenses. Information on the Committed Facility at December 31, 2015 was as follows:

Account Party/Borrower(s)	Expiration	Maximum Capacity	Letters of Credit Issued (1)	Drawdowns	Unused Commitments
			(In millions)		
MetLife, Inc. and Missouri Reinsurance, Inc.	June 2016 (2)	$ 210	$ 210	$ —	$ —

(1) MoRe had outstanding $210 million in letters of credit at December 31, 2015.

(2) Capacity at December 31, 2015 of $210 million decreases in March 2016 and June 2016 to $200 million and $0, respectively.

In addition to the Committed Facility, see also "— Debt Issuance — Other Notes" for information about the undrawn line of credit facility in the amount of $100 million.

Debt and Facility Covenants

Certain of the Company's debt instruments, as well as the Credit Facility and Committed Facility, contain various administrative, reporting, legal and financial covenants. The Company believes it was in compliance with all applicable covenants at December 31, 2015.

13. Equity

Stock-Based Compensation Plans

Overview

In accordance with a service agreement with an affiliate, the Company was allocated a proportionate share of stock-based compensation expenses. The stock-based compensation expenses recognized by the Company are related to awards under the MetLife, Inc. 2005 Stock and Incentive Compensation Plan and the MetLife, Inc. 2015 Stock and Incentive Compensation Plan (together, the "Stock Plans"), payable in shares of MetLife, Inc. common stock ("Shares"), or options to purchase MetLife, Inc. common stock. The Company does not issue any awards payable in its common stock or options to purchase its common stock.

13. Equity (continued)

Description of Plan — General Terms

Under the Stock Plans, awards granted to employees and agents may be in the form of Stock Options, Stock Appreciation Rights, Restricted Stock or Restricted Stock Units, Performance Shares or Performance Share Units, Cash-Based Awards and Stock-Based Awards (each as defined in the Stock Plans with reference to Shares).

Compensation expense related to awards under the Stock Plans is recognized based on the number of awards expected to vest, which represents the awards granted less expected forfeitures over the life of the award, as estimated at the date of grant. Unless a material deviation from the assumed forfeiture rate is observed during the term in which the awards are expensed, any adjustment necessary to reflect differences in actual experience is recognized in the period the award becomes payable or exercisable.

Compensation expense related to awards under the Stock Plans is principally related to the issuance of Stock Options, Performance Shares and Restricted Stock Units. The majority of the awards granted by MetLife, Inc. each year under the Stock Plans are made in the first quarter of each year.

The expense related to stock-based compensation included in other expenses was $85 million, $100 million and $122 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Statutory Equity and Income

The states of domicile of Metropolitan Life Insurance Company and its U.S. insurance subsidiaries impose risk-based capital (“RBC”) requirements that were developed by the National Association of Insurance Commissioners (“NAIC”). Regulatory compliance is determined by a ratio of a company’s total adjusted capital, calculated in the manner prescribed by the NAIC (“TAC”) to its authorized control level RBC, calculated in the manner prescribed by the NAIC (“ACL RBC”), based on the statutory-based filed financial statements. Companies below specific trigger levels or ratios are classified by their respective levels, each of which requires specified corrective action. The minimum level of TAC before corrective action commences is twice ACL RBC. The RBC ratios for Metropolitan Life Insurance Company and its U.S. insurance subsidiaries were each in excess of 350% for all periods presented.

Metropolitan Life Insurance Company’s foreign insurance operations are regulated by applicable authorities of the countries in which each entity operates and are subject to minimum capital and solvency requirements in those countries before corrective actions commences. The aggregate required capital and surplus of Metropolitan Life Insurance Company’s foreign insurance operations was $31 million and the aggregate actual regulatory capital and surplus was $488 million as of the date of the most recent required capital adequacy calculation for each jurisdiction. Each of those foreign insurance operations exceeded minimum capital and solvency requirements of their respective countries for all periods presented.

Metropolitan Life Insurance Company and its U.S. insurance subsidiaries prepare statutory-basis financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile. 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 Metropolitan Life Insurance Company and its U.S. insurance subsidiaries.

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.

Metropolitan Life Insurance Company and its U.S. insurance subsidiaries have no material state prescribed accounting practices, except as described below.

New York has adopted certain prescribed accounting practices, primarily consisting of the continuous Commissioners’ Annuity Reserve Valuation Method, which impacts deferred annuities, and the New York Special Consideration Letter, which mandates certain assumptions in asset adequacy testing. The collective impact of these prescribed accounting practices decreased the statutory capital and surplus of MLIC for the years ended December 31, 2015 and 2014 by an amount of $1.2 billion and $2.3 billion, respectively, in excess of the amount of the decrease had capital and surplus been measured under NAIC guidance.

13. Equity (continued)

The tables below present amounts from Metropolitan Life Insurance Company and its U.S. insurance subsidiaries, which are derived from the statutory–basis financial statements as filed with the insurance regulators.

Statutory net income (loss) was as follows:

Company	State of Domicile	Years Ended December 31, 2015	2014	2013
			(In millions)	
Metropolitan Life Insurance Company	New York	$ 3,703	$ 1,487	$ 369
New England Life Insurance Company	Massachusetts	$ 157	$ 303	$ 103
General American Life Insurance Company	Missouri	$ 204	$ 129	$ 60

Statutory capital and surplus was as follows at:

Company	December 31, 2015	2014
	(In millions)	
Metropolitan Life Insurance Company	$ 14,485	$ 12,008
New England Life Insurance Company	$ 632	$ 675
General American Life Insurance Company	$ 984	$ 867

Dividend Restrictions

The table below sets forth the dividends permitted to be paid by Metropolitan Life Insurance Company to MetLife, Inc. without insurance regulatory approval and dividends paid:

Company	2016 Permitted Without Approval	2015 Paid (1)	2014 Paid (1)
		(In millions)	
Metropolitan Life Insurance Company (3)	$ 3,753	$ 1,489	$ 821 (2)

____

(1) Reflects all amounts paid, including those requiring regulatory approval.

(2) During December 2014, Metropolitan Life Insurance Company distributed shares of an affiliate to MetLife, Inc. as an in-kind dividend of $113 million, as calculated on a statutory basis.

(3) As discussed below, the New York Insurance Law was amended, permitting Metropolitan Life Insurance Company to pay dividends without prior regulatory approval under one of two alternative formulations beginning in 2016. The dividend amount that Metropolitan Life Insurance Company may pay during 2016 under the new formulation is reflected in the table above.

13. Equity (continued)

Effective for dividends paid during 2016 and going forward, the New York Insurance Law was amended permitting Metropolitan Life Insurance Company without prior insurance regulatory clearance, to pay stockholder dividends to MetLife, Inc. in any calendar year based on either of two standards. Under one standard, Metropolitan Life Insurance Company is permitted, without prior insurance regulatory clearance, to pay dividends out of earned surplus (defined as positive "unassigned funds (surplus)" excluding 85% of the change in net unrealized capital gains or losses (less capital gains tax), for the immediately preceding calendar year), in an amount up to 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), not to exceed 30% of surplus to policyholders as of the end of the immediately preceding calendar year. In addition, under this standard, Metropolitan Life Insurance Company may not, without prior insurance regulatory clearance, pay any dividends in any calendar year immediately following a calendar year for which its net gain from operations, excluding realized capital gains, was negative. Under the second standard, if dividends are paid out of other than earned surplus, Metropolitan Life Insurance Company may, without prior insurance regulatory clearance, pay an amount up to the lesser 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). In addition, Metropolitan Life Insurance Company will be permitted to pay a dividend to MetLife, Inc. in excess of the amounts allowed under both standards only if it files notice of its intention to declare such a dividend and the amount thereof with the Superintendent and the Superintendent either approves the distribution of the dividend or does not disapprove the dividend within 30 days of its filing. Under New York Insurance Law, the Superintendent has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholders.

The table below sets forth the dividends permitted to be paid by Metropolitan Life Insurance Company's insurance subsidiaries without regulatory approval and dividends paid:

	2016	2015	2014
Company	Permitted Without Approval (1)	Paid (2)	Paid (2)
		(In millions)	
New England Life Insurance Company	$ 156	$ 199	$ 227 (3)
General American Life Insurance Company	$ 136	$ —	$ —

(1) Reflects dividend amounts that may be paid during 2016 without prior regulatory approval. However, because dividend tests may be based on dividends previously paid over a rolling 12-month period, if paid before a specified date during 2016, some or all of such dividends may require regulatory approval.

(2) Includes all amounts paid, including those requiring regulatory approval.

(3) During December 2014, NELICO distributed shares of an affiliate to Metropolitan Life Insurance Company as an extraordinary in-kind dividend of $113 million, as calculated on a statutory basis. Also during December 2014, NELICO paid an extraordinary cash dividend to Metropolitan Life Insurance Company in the amount of $114 million.

Under Massachusetts State Insurance Law, NELICO is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to Metropolitan Life Insurance Company as long as the aggregate amount of the dividend, when aggregated with all other dividends paid 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. NELICO will be permitted to pay a dividend to Metropolitan Life Insurance Company 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 Massachusetts Commissioner of Insurance (the "Massachusetts Commissioner") and the Massachusetts 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 (surplus)") as of the last filed annual statutory statement requires insurance regulatory approval. Under Massachusetts State Insurance Law, the Massachusetts 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 stockholders.

13. Equity (continued)

Under Missouri State Insurance Law, GALIC is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to Metropolitan Life Insurance Company as long as the amount of such 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 net realized capital gains). GALIC will be permitted to pay a dividend to Metropolitan Life Insurance Company 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 Missouri Director of Insurance (the "Missouri Director") and the Missouri Director either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. In addition, unassigned funds (surplus) as of the last filed annual statutory statement requires insurance regulatory approval. Under Missouri State Insurance Law, the Missouri Director has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholders.

For the years ended December 31, 2015 and 2014, Metropolitan Life Insurance Company received dividends from non-insurance subsidiaries of $159 million and $95 million, respectively.

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI attributable to Metropolitan Life Insurance Company, was as follows:

	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
			(In millions)		
Balance at December 31, 2012	$ 5,654	$ 685	$ 18	$ (2,349)	$ 4,008
OCI before reclassifications	(3,321)	(677)	22	1,396	(2,580)
Deferred income tax benefit (expense)	1,145	237	(9)	(490)	883
AOCI before reclassifications, net of income tax	3,478	245	31	(1,443)	2,311
Amounts reclassified from AOCI	(16)	(14)	—	(205)	(235)
Deferred income tax benefit (expense)	6	5	—	71	82
Amounts reclassified from AOCI, net of income tax	(10)	(9)	—	(134)	(153)
Balance at December 31, 2013	3,468	236	31	(1,577)	2,158
OCI before reclassifications	4,095	606	(44)	(1,181)	3,476
Deferred income tax benefit (expense)	(1,409)	(212)	10	406	(1,205)
AOCI before reclassifications, net of income tax	6,154	630	(3)	(2,352)	4,429
Amounts reclassified from AOCI	70	682	—	180	932
Deferred income tax benefit (expense)	(24)	(239)	—	(64)	(327)
Amounts reclassified from AOCI, net of income tax	46	443	—	116	605
Balance at December 31, 2014	6,200	1,073	(3)	(2,236)	5,034
OCI before reclassifications	(4,839)	(19)	(101)	113	(4,846)
Deferred income tax benefit (expense)	1,715	6	30	(40)	1,711
AOCI before reclassifications, net of income tax	3,076	1,060	(74)	(2,163)	1,899
Amounts reclassified from AOCI	405	578	—	229	1,212
Deferred income tax benefit (expense)	(144)	(202)	—	(80)	(426)
Amounts reclassified from AOCI, net of income tax	261	376	—	149	786
Balance at December 31, 2015	$ 3,337	$ 1,436	$ (74)	$ (2,014)	$ 2,685

(1) See Note 8 for information on offsets to investments related to future policy benefits, DAC, VOBA and DSI, and the policyholder dividend obligation.

13. Equity (continued)

Information regarding amounts reclassified out of each component of AOCI was as follows:

AOCI Components	Amounts Reclassified from AOCI			Consolidated Statement of Operations and Comprehensive Income (Loss) Locations
	Years Ended December 31,			
	2015	2014	2013	
		(In millions)		
Net unrealized investment gains (losses):				
Net unrealized investment gains (losses)	$ (208)	$ (103)	$ (9)	Net investment gains (losses)
Net unrealized investment gains (losses)	31	40	53	Net investment income
Net unrealized investment gains (losses)	(228)	(7)	(28)	Net derivative gains (losses)
Net unrealized investment gains (losses), before income tax	(405)	(70)	16	
Income tax (expense) benefit	144	24	(6)	
Net unrealized investment gains (losses), net of income tax	$ (261)	$ (46)	$ 10	
Unrealized gains (losses) on derivatives - cash flow hedges:				
Interest rate swaps	$ 83	$ 41	$ 20	Net derivative gains (losses)
Interest rate swaps	11	9	8	Net investment income
Interest rate forwards	4	(8)	1	Net derivative gains (losses)
Interest rate forwards	2	2	2	Net investment income
Foreign currency swaps	(679)	(725)	(15)	Net derivative gains (losses)
Foreign currency swaps	(1)	(2)	(3)	Net investment income
Credit forwards	1	—	—	Net derivative gains (losses)
Credit forwards	1	1	1	Net investment income
Gains (losses) on cash flow hedges, before income tax	(578)	(682)	14	
Income tax (expense) benefit	202	239	(5)	
Gains (losses) on cash flow hedges, net of income tax	$ (376)	$ (443)	$ 9	
Defined benefit plans adjustment: (1)				
Amortization of net actuarial gains (losses)	$ (233)	$ (180)	$ 274	
Amortization of prior service (costs) credit	4	—	(69)	
Amortization of defined benefit plan items, before income tax	(229)	(180)	205	
Income tax (expense) benefit	80	64	(71)	
Amortization of defined benefit plan items, net of income tax	$ (149)	$ (116)	$ 134	
Total reclassifications, net of income tax	$ (786)	$ (605)	$ 153	

____

(1) These AOCI components are included in the computation of net periodic benefit costs. See Note 15.

14. Other Expenses

Information on other expenses was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Compensation	$ 2,056	$ 2,257	$ 2,392
Pension, postretirement and postemployment benefit costs	241	322	364
Commissions	685	828	781
Volume-related costs	221	70	253
Affiliated interest costs on ceded and assumed reinsurance	807	1,009	1,033
Capitalization of DAC	(482)	(424)	(562)
Amortization of DAC and VOBA	742	695	261
Interest expense on debt	122	151	153
Premium taxes, licenses and fees	355	328	263
Professional services	1,133	1,013	989
Rent and related expenses, net of sublease income	87	128	143
Other (1)	291	(306)	(82)
Total other expenses	$ 6,258	$ 6,071	$ 5,988

(1) See Note 16 for information on the charge related to income tax for the year ended December 31, 2015.

Capitalization of DAC and Amortization of DAC and VOBA

See Note 5 for additional information on DAC and VOBA including impacts of capitalization and amortization. See also Note 7 for a description of the DAC amortization impact associated with the closed block.

Interest Expense on Debt

Interest expense on debt includes interest expense (see Note 12) and interest expense related to CSEs (see Note 8).

Affiliated Expenses

Commissions, capitalization of DAC and amortization of DAC and VOBA include the impact of affiliated reinsurance transactions. See Notes 6, 12 and 19 for a discussion of affiliated expenses included in the table above.

Restructuring Charges

MetLife commenced an enterprise-wide strategic initiative in 2012. This global strategy focuses on leveraging MetLife's scale to improve the value it provides to customers and shareholders in order to reduce costs, enhance revenues, achieve efficiencies and reinvest in its technology, platforms and functionality to improve its current operations and develop new capabilities.

14. Other Expenses (continued)

These restructuring charges are included in other expenses. As the expenses relate to an enterprise-wide initiative, they are reported in Corporate & Other. Information regarding restructuring charges was as follows:

	Years Ended December 31,								
	2015			2014			2013		
	Severance	Lease and Asset Impairment	Total	Severance	Lease and Asset Impairment	Total	Severance	Lease and Asset Impairment	Total
	(In millions)								
Balance at January 1,	$ 31	$ 6	$ 37	$ 39	$ 6	$ 45	$ 22	$ —	$ 22
Restructuring charges	52	4	56	66	8	74	87	16	103
Cash payments	(66)	(6)	(72)	(74)	(8)	(82)	(70)	(10)	(80)
Balance at December 31,	$ 17	$ 4	$ 21	$ 31	$ 6	$ 37	$ 39	$ 6	$ 45
Total restructuring charges incurred since inception of initiative	$ 306	$ 46	$ 352	$ 254	$ 42	$ 296	$ 188	$ 34	$ 222

Management estimates further restructuring charges including severance, as well as lease and asset impairments, through the year ending December 31, 2016 to be $5 million.

15. Employee Benefit Plans

Pension and Other Postretirement Benefit Plans

The Company sponsors and administers various U.S. qualified and nonqualified defined benefit pension plans and other postretirement employee benefit plans covering employees and sales representatives who meet specified eligibility requirements. Pension benefits are provided utilizing either a traditional formula or cash balance formula. The traditional formula provides benefits that are primarily based upon years of credited service and either final average or career average earnings. The cash balance formula utilizes hypothetical or notional accounts which credit participants with benefits equal to a percentage of eligible pay, as well as earnings credits, determined annually based upon the average annual rate of interest on 30-year U.S. Treasury securities, for each account balance. The nonqualified pension plans provide supplemental benefits in excess of limits applicable to a qualified plan. Participating affiliates are allocated an equitable share of net expense related to the plans, proportionate to other expenses being allocated to these affiliates.

The Company also provides certain postemployment benefits and certain postretirement medical and life insurance benefits for retired employees. Employees of the Company who were hired prior to 2003 (or, in certain cases, rehired during or after 2003) and meet age and service criteria while working for the Company may become eligible for these other postretirement benefits, at various levels, in accordance with the applicable plans. Virtually all retirees, or their beneficiaries, contribute a portion of the total costs of postretirement medical benefits. Employees hired after 2003 are not eligible for any employer subsidy for postretirement medical benefits. Participating affiliates are allocated a proportionate share of net expense and contributions related to the postemployment and other postretirement plans.

15. Employee Benefit Plans (continued)

Obligations and Funded Status

	December 31,			
	2015		2014	
	Pension Benefits (1)	Other Postretirement Benefits	Pension Benefits (1)	Other Postretirement Benefits
	(In millions)			
Change in benefit obligations				
Benefit obligations at January 1,	$ 10,262	$ 2,129	$ 8,130	$ 1,861
Service costs	217	15	183	14
Interest costs	404	88	413	92
Plan participants' contributions	—	30	—	30
Net actuarial (gains) losses	(626)	(233)	1,461	264
Settlements and curtailments	—	—	(13)	(6)
Change in benefits and other	—	(14)	574	(16)
Benefits paid	(497)	(109)	(486)	(109)
Effect of foreign currency translation	—	(1)	—	(1)
Benefit obligations at December 31,	9,760	1,905	10,262	2,129
Change in plan assets				
Estimated fair value of plan assets at January 1,	8,750	1,426	7,305	1,352
Actual return on plan assets	(138)	3	1,018	112
Change in benefits and other	—	—	523	—
Plan participants' contributions	—	30	—	30
Employer contributions	375	22	390	41
Benefits paid	(497)	(109)	(486)	(109)
Estimated fair value of plan assets at December 31,	8,490	1,372	8,750	1,426
Over (under) funded status at December 31,	$ (1,270)	$ (533)	$ (1,512)	$ (703)
Amounts recognized on the consolidated balance sheets				
Other assets	$ —	$ —	$ —	$ —
Other liabilities	(1,270)	(533)	(1,512)	(703)
Net amount recognized	$ (1,270)	$ (533)	$ (1,512)	$ (703)
AOCI				
Net actuarial (gains) losses	$ 2,894	$ 221	$ 3,034	$ 420
Prior service costs (credit)	(1)	(14)	(2)	(10)
AOCI, before income tax	$ 2,893	$ 207	$ 3,032	$ 410
Accumulated benefit obligation	$ 9,439	N/A	$ 9,729	N/A

(1) Includes nonqualified unfunded plans, for which the aggregate PBO was $1.1 billion and $1.3 billion at December 31, 2015 and 2014, respectively.

15. Employee Benefit Plans (continued)

Information for pension plans with PBOs in excess of plan assets and accumulated benefit obligations ("ABO") in excess of plan assets was as follows at:

	December 31,			
	2015	2014	2015	2014
	PBO Exceeds Estimated Fair Value of Plan Assets		ABO Exceeds Estimated Fair Value of Plan Assets	
	(In millions)			
Projected benefit obligations	$ 9,759	$ 10,241	$ 1,832	$ 1,981
Accumulated benefit obligations	$ 9,439	$ 9,709	$ 1,751	$ 1,789
Estimated fair value of plan assets	$ 8,490	$ 8,719	$ 646	$ 676

Net Periodic Benefit Costs

The components of net periodic benefit costs and other changes in plan assets and benefit obligations recognized in OCI were as follows:

	Years Ended December 31,					
	2015		2014		2013	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(In millions)					
Net periodic benefit costs						
Service costs	$ 217	$ 15	$ 200	$ 14	$ 214	$ 17
Interest costs	404	88	437	92	366	85
Settlement and curtailment costs	—	—	14	2	—	—
Expected return on plan assets	(538)	(80)	(475)	(75)	(453)	(74)
Amortization of net actuarial (gains) losses	190	43	169	11	219	51
Amortization of prior service costs (credit)	(1)	(3)	1	(1)	6	(69)
Allocated to affiliates	(59)	(18)	(54)	(11)	(12)	—
Total net periodic benefit costs (credit)	213	45	292	32	340	10
Other changes in plan assets and benefit obligations recognized in OCI						
Net actuarial (gains) losses	50	(156)	996	222	(492)	(532)
Prior service costs (credit)	—	(7)	(18)	(12)	—	—
Amortization of net actuarial (gains) losses	(190)	(43)	(169)	(11)	(219)	(55)
Amortization of prior service (costs) credit	1	3	(1)	1	(6)	75
Total recognized in OCI	(139)	(203)	808	200	(717)	(512)
Total recognized in net periodic benefit costs and OCI	$ 74	$ (158)	$ 1,100	$ 232	$ (377)	$ (502)

The estimated net actuarial (gains) losses and prior service costs (credit) for the defined benefit pension plans and other postretirement benefit plans that will be amortized from AOCI into net periodic benefit costs over the next year are $193 million and ($1) million, and $13 million and ($7) million, respectively.

15. Employee Benefit Plans (continued)

Assumptions

Assumptions used in determining benefit obligations were as follows:

	Pension Benefits	Other Postretirement Benefits
December 31, 2015		
Weighted average discount rate	4.50%	4.60%
Rate of compensation increase	2.25% - 8.50%	N/A
December 31, 2014		
Weighted average discount rate	4.10%	4.10%
Rate of compensation increase	2.25% - 8.50%	N/A

Assumptions used in determining net periodic benefit costs were as follows:

	Pension Benefits	Other Postretirement Benefits
Year Ended December 31, 2015		
Weighted average discount rate	4.10%	4.10%
Weighted average expected rate of return on plan assets	6.25%	5.70%
Rate of compensation increase	2.25% - 8.50%	N/A
Year Ended December 31, 2014		
Weighted average discount rate	5.15%	5.15%
Weighted average expected rate of return on plan assets	6.25%	5.70%
Rate of compensation increase	3.50% - 7.50%	N/A
Year Ended December 31, 2013		
Weighted average discount rate	4.20%	4.20%
Weighted average expected rate of return on plan assets	6.24%	5.76%
Rate of compensation increase	3.50% - 7.50%	N/A

The weighted average discount rate is determined annually based on the yield, measured on a yield to worst basis, of a hypothetical portfolio constructed of high quality debt instruments available on the valuation date, which would provide the necessary future cash flows to pay the aggregate PBO when due.

The weighted average expected rate of return on plan assets is based on anticipated performance of the various asset sectors in which the plan invests, weighted by target allocation percentages. Anticipated future performance is based on long-term historical returns of the plan assets by sector, adjusted for the Company's long-term expectations on the performance of the markets. While the precise expected rate of return derived using this approach will fluctuate from year to year, the Company's policy is to hold this long-term assumption constant as long as it remains within reasonable tolerance from the derived rate.

The weighted average expected rate of return on plan assets for use in that plan's valuation in 2016 is currently anticipated to be 6.00% for pension benefits and 5.52% for other postretirement benefits.

15. Employee Benefit Plans (continued)

The assumed healthcare costs trend rates used in measuring the APBO and net periodic benefit costs were as follows:

	December 31,			
	2015		2014	
	Before Age 65	Age 65 and older	Before Age 65	Age 65 and older
Following year	6.3%	10.3%	6.4%	6.4%
Ultimate rate to which cost increase is assumed to decline	4.2%	4.6%	4.4%	4.7%
Year in which the ultimate trend rate is reached	2086	2091	2094	2089

Assumed healthcare costs trend rates may have a significant effect on the amounts reported for healthcare plans. A 1% change in assumed healthcare costs trend rates would have the following effects as of December 31, 2015:

	One Percent Increase	One Percent Decrease
	(In millions)	
Effect on total of service and interest costs components	$ 15	$ (12)
Effect of accumulated postretirement benefit obligations	$ 253	$ (207)

As of December 31, 2014, the improved mortality rate assumption used for all U.S. pension and postretirement benefit plans is the RP-2000 healthy mortality table projected generationally using 175% of Scale AA. The mortality rate assumption was revised based upon the results of a comprehensive study of MetLife's demographic experience and reflects the current best estimate of expected mortality rates for MetLife's participant population. Prior to December 31, 2014, the mortality rate assumption used to value the benefit obligations and net periodic benefit cost for these plans was the RP-2000 healthy mortality table projected generationally using 100% of Scale AA.

Plan Assets

The Company provides employees with benefits under various Employee Retirement Income Security Act of 1974 ("ERISA") benefit plans. These include qualified pension plans, postretirement medical plans and certain retiree life insurance coverage. The assets of the Company's qualified pension plans are held in an insurance group annuity contract, and the vast majority of the assets of the postretirement medical plan and backing the retiree life coverage are held in a trust which largely utilizes insurance contracts to hold the assets. All of these contracts are issued by the Company's insurance affiliates, and the assets under the contracts are held in insurance separate accounts that have been established by the Company. The underlying assets of the separate accounts are principally comprised of cash and cash equivalents, short-term investments, fixed maturity and equity securities, derivatives, real estate, private equity investments and hedge fund investments.

The insurance contract provider engages investment management firms ("Managers") to serve as sub-advisors for the separate accounts based on the specific investment needs and requests identified by the plan fiduciary. These Managers have portfolio management discretion over the purchasing and selling of securities and other investment assets pursuant to the respective investment management agreements and guidelines established for each insurance separate account. The assets of the qualified pension plans and postretirement medical plans (the "Invested Plans") are well diversified across multiple asset categories and across a number of different Managers, with the intent of minimizing risk concentrations within any given asset category or with any of the given Managers.

15. Employee Benefit Plans (continued)

The Invested Plans, other than those held in participant directed investment accounts, are managed in accordance with investment policies consistent with the longer-term nature of related benefit obligations and within prudent risk parameters. Specifically, investment policies are oriented toward (i) maximizing the Invested Plan's funded status; (ii) minimizing the volatility of the Invested Plan's funded status; (iii) generating asset returns that exceed liability increases; and (iv) targeting rates of return in excess of a custom benchmark and industry standards over appropriate reference time periods. These goals are expected to be met through identifying appropriate and diversified asset classes and allocations, ensuring adequate liquidity to pay benefits and expenses when due and controlling the costs of administering and managing the Invested Plan's investments. Independent investment consultants are periodically used to evaluate the investment risk of Invested Plan's assets relative to liabilities, analyze the economic and portfolio impact of various asset allocations and management strategies and to recommend asset allocations.

Derivative contracts may be used to reduce investment risk, to manage duration and to replicate the risk/return profile of an asset or asset class. Derivatives may not be used to leverage a portfolio in any manner, such as to magnify exposure to an asset, asset class, interest rates or any other financial variable. Derivatives are also prohibited for use in creating exposures to securities, currencies, indices or any other financial variable that is otherwise restricted.

The table below summarizes the actual weighted average allocation of the estimated fair value of total plan assets by asset class at December 31 for the years indicated and the approved target allocation by major asset class at December 31, 2015 for the Invested Plans:

	December 31,					
	2015				2014	
	Pension Benefits		Other Postretirement Benefits		Pension Benefits	Other Postretirement Benefits
	Target	Actual Allocation	Target	Actual Allocation	Actual Allocation	Actual Allocation
Asset Class						
Fixed maturity securities	80%	71%	76%	73%	69%	71%
Equity securities	10%	14%	24%	25%	15%	27%
Alternative securities (1)	10%	15%	—%	2%	16%	2%
Total assets		100%		100%	100%	100%

(1) Alternative securities primarily include derivative assets, money market securities, short-term investments and other investments. Other postretirement benefits do not include postretirement life's target and actual allocation of plan assets that are all in short-term investments.

Estimated Fair Value

The pension and other postretirement benefit plan assets are categorized into a three-level fair value hierarchy, as described in Note 10, based upon the significant input with the lowest level in its valuation. The Level 2 asset category includes certain separate accounts that are primarily invested in liquid and readily marketable securities. The estimated fair value of such separate accounts is based upon reported NAV provided by fund managers and this value represents the amount at which transfers into and out of the respective separate account are effected. These separate accounts provide reasonable levels of price transparency and can be corroborated through observable market data. Directly held investments are primarily invested in U.S. and foreign government and corporate securities. The Level 3 asset category includes separate accounts that are invested in assets that provide little or no price transparency due to the infrequency with which the underlying assets trade and generally require additional time to liquidate in an orderly manner. Accordingly, the values for separate accounts invested in these alternative asset classes are based on inputs that cannot be readily derived from or corroborated by observable market data.

15. Employee Benefit Plans (continued)

The pension and other postretirement plan assets measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are summarized as follows:

	December 31, 2015							
	Pension Benefits				Other Postretirement Benefits			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)							
Assets								
Fixed maturity securities:								
Corporate	$ —	$ 2,905	$ 78	$ 2,983	$ 18	$ 280	$ 1	$ 299
U.S. government bonds	994	493	—	1,487	193	12	—	205
Foreign bonds	—	677	17	694	—	61	—	61
Federal agencies	—	228	—	228	—	34	—	34
Municipals	—	302	—	302	—	55	—	55
Other (1)	—	354	7	361	—	47	—	47
Total fixed maturity securities	994	4,959	102	6,055	211	489	1	701
Equity securities:								
Common stock - domestic	751	24	—	775	126	—	—	126
Common stock - foreign	378	—	—	378	111	—	—	111
Total equity securities	1,129	24	—	1,153	237	—	—	237
Other investments	—	84	722	806	—	—	—	—
Short-term investments	10	304	—	314	1	431	—	432
Money market securities	9	49	—	58	—	—	—	—
Derivative assets	26	3	75	104	2	—	—	2
Total assets	$ 2,168	$ 5,423	$ 899	$ 8,490	$ 451	$ 920	$ 1	$ 1,372

15. Employee Benefit Plans (continued)

	December 31, 2014							
	Pension Benefits				Other Postretirement Benefits			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)							
Assets								
Fixed maturity securities:								
Corporate	$ —	$ 2,638	$ 80	$ 2,718	$ 42	$ 244	$ 3	$ 289
U.S. government bonds	1,605	223	—	1,828	169	12	—	181
Foreign bonds	—	718	17	735	—	68	—	68
Federal agencies	—	254	—	254	—	35	—	35
Municipals	—	270	—	270	—	74	—	74
Other (1)	—	188	8	196	—	63	—	63
Total fixed maturity securities	1,605	4,291	105	6,001	211	496	3	710
Equity securities:								
Common stock - domestic	951	—	—	951	188	—	—	188
Common stock - foreign	394	—	—	394	80	—	—	80
Total equity securities	1,345	—	—	1,345	268	—	—	268
Other investments	—	24	743	767	—	—	—	—
Short-term investments	189	273	—	462	14	433	—	447
Money market securities	29	56	—	85	—	—	—	—
Derivative assets	11	7	72	90	—	1	—	1
Total assets	$ 3,179	$ 4,651	$ 920	$ 8,750	$ 493	$ 930	$ 3	$ 1,426

(1) Other primarily includes mortgage-backed securities, collateralized mortgage obligations and ABS.

15. Employee Benefit Plans (continued)

A rollforward of all pension and other postretirement benefit plan assets measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs was as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Pension Benefits					
	Fixed Maturity Securities			Equity Securities		
	Corporate	Foreign Bonds	Other (1)	Common Stock - Domestic	Other Investments	Derivative Assets
	(In millions)					
Balance, January 1, 2014	$ 55	$ 10	$ 19	$ 139	$ 563	$ 33
Realized gains (losses)	3	—	—	—	(13)	(16)
Unrealized gains (losses)	—	—	—	—	114	19
Purchases, sales, issuances and settlements, net	11	5	(2)	—	(104)	34
Transfers into and/or out of Level 3	11	2	(9)	(139)	183	2
Balance, December 31, 2014	$ 80	$ 17	$ 8	$ —	$ 743	$ 72
Realized gains (losses)	1	—	—	—	—	(11)
Unrealized gains (losses)	(5)	—	1	—	55	(9)
Purchases, sales, issuances and settlements, net	8	1	(1)	—	(76)	23
Transfers into and/or out of Level 3	(6)	(1)	(1)	—	—	—
Balance, December 31, 2015	$ 78	$ 17	$ 7	$ —	$ 722	$ 75

____

(1) Other includes ABS and collateralized mortgage obligations.

Other postretirement benefit plan assets measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs were not significant for the years ended December 31, 2015 and 2014.

Expected Future Contributions and Benefit Payments

It is the Company's practice to make contributions to the qualified pension plan to comply with minimum funding requirements of ERISA. In accordance with such practice, no contributions are required for 2016. The Company expects to make discretionary contributions to the qualified pension plan of $300 million in 2016. For information on employer contributions, see "— Obligations and Funded Status."

Benefit payments due under the nonqualified pension plans are primarily funded from the Company's general assets as they become due under the provision of the plans, therefore benefit payments equal employer contributions. The Company expects to make contributions of $65 million to fund the benefit payments in 2016.

Postretirement benefits are either: (i) not vested under law; (ii) a non-funded obligation of the Company; or (iii) both. Current regulations do not require funding for these benefits. The Company uses its general assets, net of participant's contributions, to pay postretirement medical claims as they come due. As permitted under the terms of the governing trust document, the Company may be reimbursed from plan assets for postretirement medical claims paid from their general assets. The Company expects to make contributions of $50 million towards benefit obligations in 2016 to pay postretirement medical claims.

15. Employee Benefit Plans (continued)

Gross benefit payments for the next 10 years, which reflect expected future service where appropriate, are expected to be as follows:

	Pension Benefits		Other Postretirement Benefits	
	(In millions)			
2016	$	512	$	84
2017	$	534	$	85
2018	$	545	$	88
2019	$	563	$	90
2020	$	583	$	93
2021-2025	$	3,202	$	501

Additional Information

As previously discussed, most of the assets of the pension benefit plans are held in a group annuity contract issued by the Company while some of the assets of the postretirement benefit plans are held in a trust which largely utilizes life insurance contracts issued by the Company to hold such assets. Total revenues from these contracts recognized on the consolidated statements of operations were $55 million, $50 million and $49 million for the years ended December 31, 2015, 2014 and 2013, respectively, and included policy charges and net investment income from investments backing the contracts and administrative fees. Total investment income (loss), including realized and unrealized gains (losses), credited to the account balances was ($130) million, $1.2 billion and $20 million for the years ended December 31, 2015, 2014 and 2013, respectively. The terms of these contracts are consistent in all material respects with those the Company offers to unaffiliated parties that are similarly situated.

Defined Contribution Plans

The Company sponsors defined contribution plans for substantially all Company employees under which a portion of employee contributions are matched. The Company contributed $72 million, $68 million and $84 million for the years ended December 31, 2015, 2014 and 2013, respectively.

16. Income Tax

The provision for income tax from continuing operations was as follows:

	Years Ended December 31,					
	2015		2014		2013	
	(In millions)					
Current:						
Federal	$	1,384	$	901	$	789
State and local		20		3		2
Foreign		36		74		176
Subtotal		1,440		978		967
Deferred:						
Federal		315		538		(411)
Foreign		27		16		125
Subtotal		342		554		(286)
Provision for income tax expense (benefit)	$	1,782	$	1,532	$	681

16. Income Tax (continued)

The Company's income (loss) from continuing operations before income tax expense (benefit) from domestic and foreign operations were as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Income (loss) from continuing operations:			
Domestic	$ 4,467	$ 5,335	$ 2,540
Foreign	72	56	282
Total	$ 4,539	$ 5,391	$ 2,822

The reconciliation of the income tax provision at the U.S. statutory rate to the provision for income tax as reported for continuing operations was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Tax provision at U.S. statutory rate	$ 1,589	$ 1,887	$ 988
Tax effect of:			
Dividend received deduction	(82)	(82)	(66)
Tax-exempt income	(24)	(40)	(42)
Prior year tax (1)	558	11	29
Low income housing tax credits	(221)	(205)	(190)
Other tax credits	(68)	(66)	(44)
Foreign tax rate differential	(4)	—	2
Change in valuation allowance	(1)	—	(4)
Other, net	35	27	8
Provision for income tax expense (benefit)	$ 1,782	$ 1,532	$ 681

(1) As discussed further below, prior year tax includes a $557 million non-cash charge related to an uncertain tax position.

16. Income Tax (continued)

Deferred income tax represents the tax effect of the differences between the book and tax bases of assets and liabilities. Net deferred income tax assets and liabilities consisted of the following at:

	December 31,	
	2015	2014
	(In millions)	
Deferred income tax assets:		
Policyholder liabilities and receivables	$ 1,888	$ 1,577
Net operating loss carryforwards	26	29
Employee benefits	922	1,015
Tax credit carryforwards	700	979
Litigation-related and government mandated	231	259
Other	438	309
Total gross deferred income tax assets	4,205	4,168
Less: Valuation allowance	21	22
Total net deferred income tax assets	4,184	4,146
Deferred income tax liabilities:		
Investments, including derivatives	3,025	2,402
Intangibles	53	72
DAC	1,461	1,568
Net unrealized investment gains	2,528	3,903
Other	5	36
Total deferred income tax liabilities	7,072	7,981
Net deferred income tax asset (liability)	$ (2,888)	$ (3,835)

The Company also has recorded a valuation allowance charge of $1 million related to certain state net operating loss carryforwards. 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 loss carryforwards 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.

The following table sets forth the domestic and state net operating loss carryforwards for tax purposes at December 31, 2015.

	Net Operating Loss Carryforwards	
	Domestic	State
	(In millions)	
Expiration		
2016-2020	$ —	$ 31
2021-2025	—	50
2026-2030	—	41
2031-2035	14	12
Indefinite	—	—
	$ 14	$ 134

16. Income Tax (continued)

The following table sets forth the general business credits, foreign tax credits, and other credit carryforwards for tax purposes at December 31, 2015.

	Tax Credit Carryforwards		
	General Business Credits	Foreign Tax Credits	Other
		(In millions)	
Expiration			
2016-2020	$ —	$ —	$ —
2021-2025	—	185	—
2026-2030	103	—	—
2031-2035	519	—	—
Indefinite	—	—	123
	$ 622	$ 185	$ 123

The Company participates in a tax sharing agreement with MetLife, Inc., as described in Note 1. Pursuant to this tax sharing agreement, the amounts due to (from) affiliates included $124 million, ($24) million and $157 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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 and subsidiary. The Company is no longer subject to U.S. federal, state, or local income tax examinations for years prior to 2007, except for i) 2000 through 2002 where the IRS disallowance relates to certain tax credits claimed - in April 2015, the Company received a Statutory Notice of Deficiency (the “Notice”) and paid the tax thereon in September 2015 (see additional details below); and ii) 2003 through 2006, where the IRS disallowance relates predominantly to certain tax credits claimed and the Company is engaged with IRS appeals. Management believes it has established adequate tax liabilities and final resolution for the years 2000 through 2006 is not expected to have a material impact on the Company’s consolidated financial statements.

The Company recorded a non-cash charge to net income of $792 million, net of tax, during the third quarter of 2015. The charge was related to an uncertain tax position and was comprised of a $557 million charge included in provision for income tax expense (benefit) and a $362 million ($235 million, net of tax) charge included in other expenses. This charge is the result of the Company’s consideration of recent decisions of the U.S. Court of Appeals for the Second Circuit upholding the disallowance of foreign tax credits claimed by other corporate entities not affiliated with the Company. The Company’s action relates to tax years from 2000 to 2009, during which MLIC held non-U.S. investments in support of its life insurance business through a United Kingdom investment subsidiary that was structured as a joint venture at the time.

There has been no change in the Company’s position on the disallowance of its foreign tax credits by the IRS. The Company continues to contest the disallowance of these foreign tax credits by the IRS as management believes the facts strongly support the Company’s position. The Company will defend its position vigorously and does not expect any additional charges related to this matter.

Also related to the aforementioned foreign tax credit matter, on April 9, 2015, the IRS issued the Notice to the Company. The Notice asserted that the Company owes additional taxes and interest for 2000 through 2002 primarily due to the disallowance of foreign tax credits. The transactions that are the subject of the Notice continue through 2009, and it is likely that the IRS will seek to challenge these later periods. On September 18, 2015, the Company paid the assessed tax and interest of $444 million for 2000 through 2002 and will subsequently file a claim for a refund. On November 19, 2015, $9 million of this amount was refunded from the IRS as an overpayment of interest.

16. Income Tax (continued)

The Company's liability for unrecognized tax benefits may increase or decrease in the next 12 months. A reasonable estimate of the increase or decrease cannot be made at this time. However, the Company continues to believe that the ultimate resolution of the pending issues will not result in a material change to its consolidated financial statements, although the resolution of income tax matters could impact the Company's effective tax rate for a particular future period.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Balance at January 1,	$ 546	$ 532	$ 532
Additions for tax positions of prior years (1)	558	27	50
Reductions for tax positions of prior years	—	(13)	(4)
Additions for tax positions of current year	4	3	3
Settlements with tax authorities	(33)	(3)	(49)
Balance at December 31,	$ 1,075	$ 546	$ 532
Unrecognized tax benefits that, if recognized would impact the effective rate	$ 1,060	$ 497	$ 491

(1) The significant increase in 2015 is related to the non-cash charge discussed above.

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 was as follows:

	Years Ended December 31,		
	2015	2014	2013
		(In millions)	
Interest recognized on the consolidated statements of operations (1)	$ 382	$ 37	$ 17

	December 31,	
	2015	2014
	(In millions)	
Interest included in other liabilities on the consolidated balance sheets (1)	$ 647	$ 265

(1) The significant increase in 2015 is related to the non-cash charge discussed above.

The Company had no penalties for the years ended December 31, 2015, 2014 and 2013.

16. Income Tax (continued)

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, 2015, 2014 and 2013, the Company recognized an income tax benefit of $76 million, $92 million and $53 million, respectively, related to the separate account DRD. The 2014 benefit included a benefit of $16 million related to a true-up of the 2013 tax return. The 2013 benefit included an expense of $7 million related to a true-up of the 2012 tax return.

17. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a large number of litigation matters. In some of the matters, very 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 a number of the matters noted 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 reasonably estimated at December 31, 2015. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known to management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

Matters as to Which an Estimate Can Be Made

For some of the matters disclosed 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, 2015, the Company estimates the aggregate range of reasonably possible losses in excess of amounts accrued for these matters to be $0 to $420 million.

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.

17. Contingencies, Commitments and Guarantees (continued)

Asbestos-Related Claims

Metropolitan Life Insurance Company is and has been a defendant in a large number of asbestos-related suits filed primarily in state courts. These suits principally allege that the plaintiff or plaintiffs suffered personal injury resulting from exposure to asbestos and seek both actual and punitive damages. Metropolitan Life Insurance Company has never engaged in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products nor has Metropolitan Life Insurance Company issued liability or workers' compensation insurance to companies in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products. The lawsuits principally have focused on allegations with respect to certain research, publication and other activities of one or more of Metropolitan Life Insurance Company's employees during the period from the 1920's through approximately the 1950's and allege that Metropolitan Life Insurance Company learned or should have learned of certain health risks posed by asbestos and, among other things, improperly publicized or failed to disclose those health risks. Metropolitan Life Insurance Company believes that it should not have legal liability in these cases. The outcome of most asbestos litigation matters, however, is uncertain and can be impacted by numerous variables, including differences in legal rulings in various jurisdictions, the nature of the alleged injury and factors unrelated to the ultimate legal merit of the claims asserted against Metropolitan Life Insurance Company. Metropolitan Life Insurance Company employs a number of resolution strategies to manage its asbestos loss exposure, including seeking resolution of pending litigation by judicial rulings and settling individual or groups of claims or lawsuits under appropriate circumstances.

Claims asserted against Metropolitan Life Insurance Company have included negligence, intentional tort and conspiracy concerning the health risks associated with asbestos. Metropolitan Life Insurance Company's defenses (beyond denial of certain factual allegations) include that: (i) Metropolitan Life Insurance Company owed no duty to the plaintiffs — it had no special relationship with the plaintiffs and did not manufacture, produce, distribute or sell the asbestos products that allegedly injured plaintiffs; (ii) plaintiffs did not rely on any actions of Metropolitan Life Insurance Company; (iii) Metropolitan Life Insurance Company's conduct was not the cause of the plaintiffs' injuries; (iv) plaintiffs' exposure occurred after the dangers of asbestos were known; and (v) the applicable time with respect to filing suit has expired. During the course of the litigation, certain trial courts have granted motions dismissing claims against Metropolitan Life Insurance Company, while other trial courts have denied Metropolitan Life Insurance Company's motions. There can be no assurance that Metropolitan Life Insurance Company will receive favorable decisions on motions in the future. While most cases brought to date have settled, Metropolitan Life Insurance Company intends to continue to defend aggressively against claims based on asbestos exposure, including defending claims at trials.

The approximate total number of asbestos personal injury claims pending against Metropolitan Life Insurance Company as of the dates indicated, the approximate number of new claims during the years ended on those dates and the approximate total settlement payments made to resolve asbestos personal injury claims at or during those years are set forth in the following table:

	December 31,		
	2015	2014	2013
	(In millions, except number of claims)		
Asbestos personal injury claims at year end	67,787	68,460	67,983
Number of new claims during the year	3,856	4,636	5,898
Settlement payments during the year (1)	$ 56.1	$ 46.0	$ 37.0

(1) Settlement payments represent payments made by Metropolitan Life Insurance Company during the year in connection with settlements made in that year and in prior years. Amounts do not include Metropolitan Life Insurance Company's attorneys' fees and expenses.

The number of asbestos cases that may be brought, the aggregate amount of any liability that Metropolitan Life Insurance Company may incur, and the total amount paid in settlements in any given year are uncertain and may vary significantly from year to year.

17. Contingencies, Commitments and Guarantees (continued)

The ability of Metropolitan Life Insurance Company to estimate its ultimate asbestos exposure is subject to considerable uncertainty, and the conditions impacting its liability can be dynamic and subject to change. The availability of reliable data is limited and it is difficult to predict the numerous variables that can affect liability estimates, including the number of future claims, the cost to resolve claims, the disease mix and severity of disease in pending and future claims, the impact of the number of new claims filed in a particular jurisdiction and variations in the law in the jurisdictions in which claims are filed, the possible impact of tort reform efforts, the willingness of courts to allow plaintiffs to pursue claims against Metropolitan Life Insurance Company when exposure to asbestos took place after the dangers of asbestos exposure were well known, and the impact of any possible future adverse verdicts and their amounts.

The ability to make estimates regarding ultimate asbestos exposure declines significantly as the estimates relate to years further in the future. In the Company's judgment, there is a future point after which losses cease to be probable and reasonably estimable. It is reasonably possible that the Company's total exposure to asbestos claims may be materially greater than the asbestos liability currently accrued and that future charges to income may be necessary. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known by management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for asbestos-related claims. Metropolitan Life Insurance Company's recorded asbestos liability is based on its estimation of the following elements, as informed by the facts presently known to it, its understanding of current law and its past experiences: (i) the probable and reasonably estimable liability for asbestos claims already asserted against Metropolitan Life Insurance Company, including claims settled but not yet paid; (ii) the probable and reasonably estimable liability for asbestos claims not yet asserted against Metropolitan Life Insurance Company, but which Metropolitan Life Insurance Company believes are reasonably probable of assertion; and (iii) the legal defense costs associated with the foregoing claims. Significant assumptions underlying Metropolitan Life Insurance Company's analysis of the adequacy of its recorded liability with respect to asbestos litigation include: (i) the number of future claims; (ii) the cost to resolve claims; and (iii) the cost to defend claims.

Metropolitan Life Insurance Company reevaluates on a quarterly and annual basis its exposure from asbestos litigation, including studying its claims experience, reviewing external literature regarding asbestos claims experience in the United States, assessing relevant trends impacting asbestos liability and considering numerous variables that can affect its asbestos liability exposure on an overall or per claim basis. These variables include bankruptcies of other companies involved in asbestos litigation, legislative and judicial developments, the number of pending claims involving serious disease, the number of new claims filed against it and other defendants and the jurisdictions in which claims are pending. As previously disclosed, in 2014, Metropolitan Life Insurance Company increased its recorded liability for asbestos-related claims to $690 million. Based upon its regular reevaluation of its exposure from asbestos litigation, Metropolitan Life Insurance Company has updated its liability analysis for asbestos-related claims through December 31, 2015.

Regulatory Matters

The Company receives and responds to subpoenas or other inquiries seeking a broad range of information from state regulators, including state insurance commissioners; state attorneys general or other state governmental authorities; federal regulators, including the SEC; federal governmental authorities, including congressional committees; and the Financial Industry Regulatory Authority ("FINRA"). The issues involved in information requests and regulatory matters vary widely. The Company cooperates in these inquiries.

17. Contingencies, Commitments and Guarantees (continued)

In the Matter of Chemform, Inc. Site, Pompano Beach, Broward County, Florida

In July 2010, the Environmental Protection Agency ("EPA") advised Metropolitan Life Insurance Company that it believed payments were due under two settlement agreements, known as "Administrative Orders on Consent," that New England Mutual Life Insurance Company ("New England Mutual") signed in 1989 and 1992 with respect to the cleanup of a Superfund site in Florida (the "Chemform Site"). The EPA originally contacted Metropolitan Life Insurance Company (as successor to New England Mutual) and a third party in 2001, and advised that they owed additional clean-up costs for the Chemform Site. The matter was not resolved at that time. The EPA is requesting payment of an amount under $1 million from Metropolitan Life Insurance Company and such third party for past costs and an additional amount for future environmental testing costs at the Chemform Site. In September 2012, the EPA, Metropolitan Life Insurance Company and the third party executed an Administrative Order on Consent under which Metropolitan Life Insurance Company and the third party have agreed to be responsible for certain environmental testing at the Chemform Site. The Company estimates that its costs for the environmental testing will not exceed $100,000. The September 2012 Administrative Order on Consent does not resolve the EPA's claim for past clean-up costs. The EPA may seek additional costs if the environmental testing identifies issues. The Company estimates that the aggregate cost to resolve this matter will not exceed $1 million.

Sales Practices Regulatory Matters.

Regulatory authorities in a number of states and FINRA, and occasionally the SEC, have had investigations or inquiries relating to sales of individual life insurance policies or annuities or other products by Metropolitan Life Insurance Company, NELICO and GALIC. 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. The Company may continue to resolve investigations in a similar manner. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for these sales practices-related investigations or inquiries.

Unclaimed Property Litigation

West Virginia Lawsuits

On September 20, 2012, the West Virginia Treasurer filed an action against Metropolitan Life Insurance Company in West Virginia state court (*West Virginia ex rel. John D. Perdue v. Metropolitan Life Insurance Company*, Circuit Court of Putnam County, Civil Action No. 12-C-295) alleging that Metropolitan Life Insurance Company violated the West Virginia Uniform Unclaimed Property Act (the "Act"), seeking to compel compliance with the Act, and seeking payment of unclaimed property, interest, and penalties. On November 21, 2012 and January 9, 2013, the Treasurer filed substantially identical suits against NELICO and GALIC, respectively. On June 16, 2015, the West Virginia Supreme Court of Appeals reversed the Circuit Court's order that had granted defendants' motions to dismiss the actions and remanded them to the Circuit Court for further proceedings. The defendants intend to defend these actions vigorously.

Total Control Accounts Litigation

Metropolitan Life Insurance Company is a defendant in a lawsuit related to its use of retained asset accounts, known as TCA, as a settlement option for death benefits.

Owens v. Metropolitan Life Insurance Company (N.D. Ga., filed April 17, 2014)

Plaintiff filed this putative class action lawsuit on behalf of all persons for whom Metropolitan Life Insurance Company established a TCA to pay death benefits under an ERISA plan. The action alleges that Metropolitan Life Insurance Company's use of the TCA as the settlement option for life insurance benefits under some group life insurance policies violates Metropolitan Life Insurance Company's fiduciary duties under ERISA. As damages, plaintiff seeks disgorgement of profits that Metropolitan Life Insurance Company realized on accounts owned by members of the putative class. The court denied Metropolitan Life Insurance Company's motion to dismiss the complaint. The Company intends to defend this action vigorously.

17. Contingencies, Commitments and Guarantees (continued)

Reinsurance Litigation

Robainas, et al. v. Metropolitan Life Ins. Co. (S.D.N.Y., December 16, 2014)

Plaintiffs filed this putative class action lawsuit on behalf of themselves and all persons and entities who, directly or indirectly, purchased, renewed or paid premiums on life insurance policies issued by Metropolitan Life Insurance Company from 2009 through 2014 (the "Policies"). Two similar actions were subsequently filed, *Yale v. Metropolitan Life Ins. Co.* (S.D.N.Y., January 12, 2015) and *International Association of Machinists and Aerospace Workers District Lodge 15 v. Metropolitan Life Ins. Co.* (E.D.N.Y., February 2, 2015). Both of these actions were consolidated with the *Robainas* action. The consolidated complaint alleges that Metropolitan Life Insurance Company inadequately disclosed in its statutory annual statements that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees," and thereby allegedly misrepresented its financial condition and the adequacy of its reserves. The lawsuit sought recovery under Section 4226 of the New York Insurance Law of a statutory penalty in the amount of the premiums paid for the Policies. On October 9, 2015, the court granted Metropolitan Life Insurance Company's motion to dismiss the consolidated complaint, finding that plaintiffs lacked Article III standing because they did not allege any concrete injury as a result of the alleged conduct. Plaintiffs appealed this decision to the Second Circuit Court of Appeals.

Intoccia v. Metropolitan Life Ins. Co. (S.D.N.Y., April 20, 2015)

Plaintiffs filed this putative class action on behalf of themselves and all persons and entities who, directly or indirectly, purchased, renewed or paid premiums for Guaranteed Benefits Insurance Riders attached to variable annuity contracts with Metropolitan Life Insurance Company from 2009 through 2015 (the "Annuities"). The court consolidated *Weilert v. Metropolitan Life Ins. Co.* (S.D.N.Y., April 30, 2015) with the *Intoccia* case, and the consolidated, amended complaint alleges that Metropolitan Life Insurance Company inadequately disclosed in its statutory annual statements that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees," and thereby allegedly misrepresented its financial condition and the adequacy of its reserves. The lawsuits seek recovery under Section 4226 of the New York Insurance Law of a statutory penalty in the amount of the premiums paid for Guaranteed Benefits Insurance Riders attached to the Annuities. The Court granted Metropolitan Life Insurance Company's motion to dismiss, adopting the reasoning of the *Robainas* decision. Plaintiffs appealed this decision to the Second Circuit Court of Appeals.

Other Litigation

McGuire v. Metropolitan Life Insurance Company (E.D. Mich., filed February 22, 2012)

This lawsuit was filed by the fiduciary for the Union Carbide Employees' Pension Plan and alleges that Metropolitan Life Insurance Company, which issued annuity contracts to fund some of the benefits the Plan provides, engaged in transactions that ERISA prohibits and violated duties under ERISA and federal common law by determining that no dividends were payable with respect to the contracts from and after 1999. On August 8, 2014, the court denied the parties' motions for summary judgment. The court has set a June 6, 2016 trial date.

17. Contingencies, Commitments and Guarantees (continued)

Sun Life Assurance Company of Canada Indemnity Claim

In 2006, Sun Life Assurance Company of Canada ("Sun Life"), as successor to the purchaser of Metropolitan Life Insurance Company's Canadian operations, filed a lawsuit in Toronto, seeking a declaration that Metropolitan Life Insurance Company remains liable for "market conduct claims" related to certain individual life insurance policies sold by Metropolitan Life Insurance Company and that were transferred to Sun Life. Sun Life had asked that the court require Metropolitan Life Insurance Company to indemnify Sun Life for these claims pursuant to indemnity provisions in the sale agreement for the sale of Metropolitan Life Insurance Company's Canadian operations entered into in June of 1998. In January 2010, the court found that Sun Life had given timely notice of its claim for indemnification but, because it found that Sun Life had not yet incurred an indemnifiable loss, granted Metropolitan Life Insurance Company's motion for summary judgment. Both parties appealed but subsequently agreed to withdraw the appeal and consider the indemnity claim through arbitration. In September 2010, Sun Life notified Metropolitan Life Insurance Company that a purported class action lawsuit was filed against Sun Life in Toronto, *Fehr v. Sun Life Assurance Co.* (Super. Ct., Ontario, September 2010), alleging sales practices claims regarding the same individual policies sold by Metropolitan Life Insurance Company and transferred to Sun Life. An amended class action complaint in that case was served on Sun Life in May 2013, again without naming Metropolitan Life Insurance Company as a party. On August 30, 2011, Sun Life notified Metropolitan Life Insurance Company that a purported class action lawsuit was filed against Sun Life in Vancouver, *Alamwala v. Sun Life Assurance Co.* (Sup. Ct., British Columbia, August 2011), alleging sales practices claims regarding certain of the same policies sold by Metropolitan Life Insurance Company and transferred to Sun Life. Sun Life contends that Metropolitan Life Insurance Company is obligated to indemnify Sun Life for some or all of the claims in these lawsuits. These sales practices cases against Sun Life are ongoing and the Company is unable to estimate the reasonably possible loss or range of loss arising from this litigation.

Fauley v. Metropolitan Life Insurance Co., et al. (Circuit Court of the 19th Judicial Circuit, Lake County, Ill., July 3, 2014).

Plaintiffs filed this lawsuit against defendants, including Metropolitan Life Insurance Company and a former MetLife financial services representative, alleging that the defendants sent unsolicited fax advertisements to plaintiff and others in violation of the Telephone Consumer Protection Act, as amended by the Junk Fax Prevention Act, 47 U.S.C. § 227. The court issued a final order certifying a nationwide settlement class and approving a settlement under which Metropolitan Life Insurance Company has agreed to pay up to $23 million to resolve claims as to fax ads sent between August 23, 2008 and August 7, 2014. On March 23, 2016, the intermediate appellate court affirmed the trial court's order.

Voshall v. Metropolitan Life Ins. Co. (Superior Court of the State of California, County of Los Angeles, April 8, 2015)

Plaintiff filed this putative class action lawsuit on behalf of himself and all persons covered under a long-term group disability income insurance policy issued by Metropolitan Life Insurance Company to public entities in California between April 8, 2011 and April 8, 2015. Plaintiff alleges that Metropolitan Life Insurance Company improperly reduced benefits by including cost of living adjustments and employee paid contributions in the employer retirement benefits and other income that reduces the benefit payable under such policies. Plaintiff asserts causes of action for declaratory relief, violation of the California Business & Professions Code, breach of contract and breach of the implied covenant of good faith and fair dealing. The Company intends to defend this action vigorously.

Martin v. Metropolitan Life Insurance Company, (Superior Court of the State of California, County of Contra Costa, filed December 17, 2015)

Plaintiffs filed this this putative class action lawsuit on behalf of themselves and all California persons who have been charged compound interest by Metropolitan Life Insurance Company in life insurance policy and/or premium loan balances within the last four years. Plaintiffs allege that Metropolitan Life Insurance Company has engaged in a pattern and practice of charging compound interest on life insurance policy and premium loans without the borrower authorizing such compounding, and that this constitutes an unlawful business practice under California law. Plaintiff asserts causes of action for declaratory relief, violation of California's Unfair Competition Law and Usury Law, and unjust enrichment. Plaintiff seeks declaratory and injunctive relief, restitution of interest, and damages in an unspecified amount. The Company intends to defend this action vigorously.

17. Contingencies, Commitments and Guarantees (continued)

Lau v. Metropolitan Life Insurance Co. (S.D.N.Y. filed, December 3, 2015)

This putative class action lawsuit was filed by a single defined contribution plan participant on behalf of all ERISA plans whose assets were invested in Metropolitan Life Insurance Company's "Group Annuity Contract Stable Value Funds" within the past six years. The suit alleges breaches of fiduciary duty under ERISA and challenges the "spread" with respect to the stable value fund group annuity products sold to retirement plans. The allegations focus on the methodology Metropolitan Life Insurance Company uses to establish and reset the crediting rate, the terms under which plan participants are permitted to transfer funds from a stable value option to another investment option, the procedures followed if an employer terminates a contract, and the level of disclosure provided. Plaintiff seeks declaratory and injunctive relief, as well as damages in an unspecified amount. The Company intends to defend this action vigorously.

Sales Practices Claims

Over the past several years, the Company has faced numerous claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds, other products or the misuse of client assets. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to defend vigorously 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.

Summary

Putative or certified class action litigation and other litigation and 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, investor 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, very 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.

17. Contingencies, Commitments and Guarantees (continued)

Assets and liabilities held for insolvency assessments were as follows:

	December 31,	
	2015	2014
	(In millions)	
Other Assets:		
Premium tax offset for future discounted and undiscounted assessments	$ 29	$ 34
Premium tax offsets currently available for paid assessments	50	65
	$ 79	$ 99
Other Liabilities:		
Insolvency assessments	$ 43	$ 50

Commitments

Leases

The Company, as lessee, has entered into various lease and sublease agreements for office space, information technology, aircrafts and other equipment. Future minimum gross rental payments relating to these lease arrangements are as follows:

	Amount
	(In millions)
2016	$ 241
2017	202
2018	189
2019	160
2020	154
Thereafter	859
Total	$ 1,805

Total minimum rentals to be received in the future under non-cancelable subleases were $93 million as of December 31, 2015.

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $4.2 billion and $3.9 billion at December 31, 2015 and 2014, respectively.

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

The Company commits to fund partnership investments and to lend funds under bank credit facilities, bridge loans and private corporate bond investments. The amounts of these unfunded commitments were $4.4 billion and $3.6 billion at December 31, 2015 and 2014, respectively.

17. Contingencies, Commitments and Guarantees (continued)

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that 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 ranging from less than $1 million to $800 million, with a cumulative maximum of $1.2 billion, 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.

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.

The Company's recorded liabilities were $4 million and $3 million at December 31, 2015 and 2014, respectively, for indemnities, guarantees and commitments.

18. Quarterly Results of Operations (Unaudited)

The unaudited quarterly results of operations for 2015 and 2014 are summarized in the table below:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
	(In millions)			
2015				
Total revenues	$ 9,862	$ 8,833	$ 10,772	$ 9,304
Total expenses	$ 8,170	$ 7,945	$ 9,637	$ 8,480
Income (loss) from continuing operations, net of income tax	$ 1,190	$ 668	$ 268	$ 631
Income (loss) from discontinued operations, net of income tax	$ —	$ —	$ —	$ —
Net income (loss)	$ 1,190	$ 668	$ 268	$ 631
Less: Net income (loss) attributable to noncontrolling interests	$ 1	$ 6	$ (8)	$ 1
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 1,189	$ 662	$ 276	$ 630
2014				
Total revenues	$ 9,037	$ 9,252	$ 9,857	$ 10,585
Total expenses	$ 7,889	$ 8,210	$ 8,017	$ 9,224
Income (loss) from continuing operations, net of income tax	$ 828	$ 749	$ 1,303	$ 979
Income (loss) from discontinued operations, net of income tax	$ (3)	$ —	$ —	$ —
Net income (loss)	$ 825	$ 749	$ 1,303	$ 979
Less: Net income (loss) attributable to noncontrolling interests	$ 1	$ —	$ (7)	$ 1
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 824	$ 749	$ 1,310	$ 978

19. 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 personnel, policy administrative functions 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. Expenses and fees incurred with affiliates related to these agreements, recorded in other expenses, were $2.1 billion, $2.1 billion and $2.4 billion for the years ended December 31, 2015, 2014 and 2013, respectively. Revenues received from affiliates related to these agreements, recorded in universal life and investment-type product policy fees, were $135 million, $129 million and $127 million for the years ended December 31, 2015, 2014 and 2013, respectively. Revenues received from affiliates related to these agreements, recorded in other revenues, were $151 million, $177 million and $142 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company also entered into agreements with affiliates to provide additional services necessary to conduct the affiliates' activities. Typical services provided under these agreements include management, policy administrative functions, investment advice and distribution services. Expenses incurred by the Company related to these agreements, included in other expenses, were $1.5 billion, $1.8 billion and $1.4 billion for the years ended December 31, 2015, 2014 and 2013, respectively, and were reimbursed to the Company by these affiliates.

The Company had net payables to affiliates, related to the items discussed above, of $282 million and $169 million at December 31, 2015 and 2014, respectively.

See Notes 6, 8, 9, 12, 13 and 15 for additional information on related party transactions.

20. Subsequent Events

Dividends

In September 2016, the Company's Board of Directors approved extraordinary dividends to MetLife, Inc. consisting of all of the issued and outstanding shares of common stock of its wholly-owned subsidiaries, GALIC and NELICO. The Company expects to distribute such dividends in the fourth quarter of 2016. At the dividend effective date, the Company's stockholder's equity will be reduced by the aggregate carrying amount of GALIC and NELICO's assets in excess of their liabilities. The aggregate carrying amount of GALIC and NELICO's assets in excess of their liabilities was $2.8 billion and $3.0 billion at December 31, 2015 and 2014, respectively.

On March 15, 2016, Metropolitan Life Insurance Company paid an ordinary cash dividend to MetLife, Inc. of $1.5 billion.

Sales Distribution Services

In July 2016, MetLife, Inc. completed the sale to Massachusetts Mutual Life Insurance Company ("MassMutual") of MetLife, Inc.'s U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MetLife Securities, Inc. MassMutual assumed all of the liabilities related to such assets and that arise or occur after the closing of the sale.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule I

Consolidated Summary of Investments —
Other Than Investments in Related Parties
December 31, 2015

(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	$ 36,183	$ 39,693	$ 39,693
Public utilities	10,186	10,681	10,681
State and political subdivision securities	6,070	6,974	6,974
Foreign government securities	3,178	3,606	3,606
All other corporate bonds	75,375	76,682	76,682
Total bonds	130,992	137,636	137,636
Mortgage-backed and asset-backed securities	36,407	37,061	37,061
Redeemable preferred stock	962	989	989
Total fixed maturity securities	168,361	175,686	175,686
Trading and fair value option securities	463	431	431
Equity securities:			
Common stock:			
Industrial, miscellaneous and all other	1,103	1,066	1,066
Public utilities	195	177	177
Non-redeemable preferred stock	687	706	706
Total equity securities	1,985	1,949	1,949
Mortgage loans held-for-investment	53,722		53,722
Policy loans	8,134		8,134
Real estate and real estate joint ventures	5,968		5,968
Real estate acquired in satisfaction of debt	40		40
Other limited partnership interests	4,088		4,088
Short-term investments	5,595		5,595
Other invested assets	16,869		16,869
Total investments	$ 265,225		$ 272,482

(1) The Company's trading and FVO securities portfolio is mainly comprised of fixed maturity and equity securities, including mutual funds and, to a lesser extent, short-term investments and cash and cash equivalents. Cost or amortized cost for fixed maturity securities and mortgage loans held-for-investment 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 accretion of 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 impairments or original cost adjusted for equity in earnings and distributions.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule III
Consolidated Supplementary Insurance Information
December 31, 2015, 2014 and 2013

(In millions)

Segment	DAC and VOBA	Future Policy Benefits, Other Policy-Related Balances and Policyholder Dividend Obligation	Policyholder Account Balances	Policyholder Dividends Payable	Unearned Premiums (1), (2)	Unearned Revenue (1)
2015						
U.S.	$ 418	$ 56,090	$ 63,716	$ —	$ 136	$ 33
MetLife Holdings	5,000	70,302	29,827	621	171	201
Corporate & Other	625	1,506	877	3	1	321
Total	$ 6,043	$ 127,898	$ 94,420	$ 624	$ 308	$ 555
2014						
U.S.	$ 406	$ 54,374	$ 65,343	$ —	$ 176	$ 41
MetLife Holdings	4,894	70,522	29,665	612	179	204
Corporate & Other	675	1,501	894	3	1	323
Total	$ 5,975	$ 126,397	$ 95,902	$ 615	$ 356	$ 568
2013						
U.S.	$ 382	$ 50,042	$ 61,563	$ —	$ 87	$ 31
MetLife Holdings	5,288	67,789	29,915	598	186	190
Corporate & Other	746	1,574	1,020	3	1	317
Total	$ 6,416	$ 119,405	$ 92,498	$ 601	$ 274	$ 538

(1) Amounts are included within the future policy benefits, other policy-related balances and policyholder dividend obligation column.

(2) Includes premiums received in advance.

See Note 2 of the Notes to the Consolidated Financial Statements for information on the re-segmentation reporting changes during the third quarter of 2016, which were retrospectively applied.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule III

Consolidated Supplementary Insurance Information — (continued)
December 31, 2015, 2014 and 2013

(In millions)

Segment	Premiums and Universal Life and Investment-Type Product Policy Fees	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)
2015					
U.S.	$ 18,281	$ 5,874	$ 19,582	$ 59	$ 2,658
MetLife Holdings	5,910	5,613	6,962	631	2,678
Corporate & Other	327	90	166	52	1,444
Total	$ 24,518	$ 11,577	$ 26,710	$ 742	$ 6,780
2014					
U.S.	$ 17,678	$ 5,817	$ 19,002	$ 54	$ 2,574
MetLife Holdings	5,825	5,749	6,859	551	2,625
Corporate & Other	347	327	168	90	1,417
Total	$ 23,850	$ 11,893	$ 26,029	$ 695	$ 6,616
2013					
U.S.	$ 16,868	$ 5,697	$ 18,371	$ 54	$ 2,423
MetLife Holdings	5,647	5,521	6,764	232	2,952
Corporate & Other	323	567	150	(25)	1,557
Total	$ 22,838	$ 11,785	$ 25,285	$ 261	$ 6,932

____

(1) Includes other expenses and policyholder dividends, excluding amortization of DAC and VOBA charged to other expenses.

See Note 2 of the Notes to the Consolidated Financial Statements for information on the re-segmentation reporting changes during the third quarter of 2016, which were retrospectively applied.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Schedule IV

Consolidated Reinsurance
December 31, 2015, 2014 and 2013

(In millions)

	Gross Amount	Ceded	Assumed	Net Amount	% Amount Assumed to Net
2015					
Life insurance in-force	$ 3,035,399	$ 361,355	$ 811,435	$ 3,485,479	23.3%
Insurance premium					
Life insurance (1)	$ 14,449	$ 1,143	$ 1,638	$ 14,944	11.0%
Accident & health insurance	7,048	99	41	6,990	0.6%
Total insurance premium	$ 21,497	$ 1,242	$ 1,679	$ 21,934	7.7%
2014					
Life insurance in-force	$ 2,935,363	$ 372,886	$ 830,980	$ 3,393,457	24.5%
Insurance premium					
Life insurance (1)	$ 14,135	$ 1,159	$ 1,630	$ 14,606	11.2%
Accident & health insurance	6,828	93	43	6,778	0.6%
Total insurance premium	$ 20,963	$ 1,252	$ 1,673	$ 21,384	7.8%
2013					
Life insurance in-force	$ 2,940,853	$ 401,576	$ 844,946	$ 3,384,223	25.0%
Insurance premium					
Life insurance (1)	$ 13,820	$ 1,187	$ 1,423	$ 14,056	10.1%
Accident & health insurance	6,470	97	46	6,419	0.7%
Total insurance premium	$ 20,290	$ 1,284	$ 1,469	$ 20,475	7.2%

(1) Includes annuities with life contingencies.

For the year ended December 31, 2015, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $23.1 billion and $276.7 billion, respectively, and life insurance premiums of $40 million and $701 million, respectively. For the year ended December 31, 2014, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $23.9 billion and $277.9 billion, respectively, and life insurance premiums of $36 million and $681 million, respectively. For the year ended December 31, 2013, reinsurance ceded and assumed included affiliated transactions for life insurance in-force of $26.1 billion and $259.6 billion, respectively, and life insurance premiums of $45 million and $451 million, respectively.

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, Notes and Schedules.

2. Financial Statement Schedules

The financial statement schedules are listed in the Index to Consolidated Financial Statements, Notes and Schedules.

3. Exhibits

The exhibits are listed in the Exhibit Index which begins on page E-1.

ANNEX C

Metropolitan Life Insurance Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 filed with the Securities and Exchange Commission on November 9, 2016

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 SEPTEMBER 30, 2016

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: 000-55029

Metropolitan Life Insurance Company

(Exact name of registrant as specified in its charter)

New York	**13-5581829**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Park Avenue, New York, N.Y.	**10166-0188**
(Address of principal executive offices)	(Zip Code)

(212) 578-9500

(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 November 9, 2016, 494,466,664 shares of the registrant's common stock, $0.01 par value per share, were outstanding, all of which were owned directly by 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.

Table of Contents

As used in this Form 10-Q, "MLIC," the "Company," "we," "our" and "us" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "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, or are tied to future periods, 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 MLIC. 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 Metropolitan Life Insurance Company's filings with the U.S. Securities and Exchange Commission. These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the global capital and credit markets, which may affect our ability to meet liquidity needs and access capital, including through credit facilities, 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, including assets supporting risks ceded to certain affiliated captive reinsurers or hedging arrangements associated with those risks; (3) exposure to global financial and capital market risks, including as a result of the pending withdrawal of the United Kingdom from the European Union, other disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (4) impact on us of comprehensive financial services regulation reform, including potential regulation of MetLife, Inc. as a non-bank systemically important financial institution, or otherwise; (5) numerous rulemaking initiatives required or permitted by the Dodd-Frank Wall Street Reform and Consumer Protection Act which may impact how we conduct our business, including those compelling the liquidation of certain financial institutions; (6) regulatory, legislative or tax changes relating to our insurance or other operations that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to employees; (7) adverse results or other consequences from litigation, arbitration or regulatory investigations; (8) our ability to address difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from (a) business acquisitions and integrating and managing the growth of such acquired businesses, (b) dispositions of businesses via sale, initial public offering, spin-off or otherwise, including failure to achieve projected operational benefit from such transactions; (c) entry into joint ventures, or (d) legal entity reorganizations; (9) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (10) investment losses and defaults, and changes to investment valuations; (11) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (12) impairments of goodwill and realized losses or market value impairments to illiquid assets; (13) defaults on our mortgage loans; (14) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (15) fluctuations in foreign currency exchange rates; (16) downgrades in our claims paying ability, financial strength or credit ratings, or MetLife, Inc.'s credit ratings; (17) a deterioration in the experience of the closed block established in connection with the reorganization of Metropolitan Life Insurance Company; (18) availability and effectiveness of reinsurance, hedging or indemnification arrangements, as well as any default or failure of counterparties to perform; (19) differences between actual claims experience and underwriting and reserving assumptions; (20) ineffectiveness of MetLife's risk management policies and procedures; (21) catastrophe losses; (22) increasing cost and limited market capacity for statutory life insurance reserve financings; (23) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, and for personnel; (24) 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 any adjustment for nonperformance risk; (25) changes in accounting standards, practices and/or policies; (26) increased expenses relating to pension and postretirement benefit plans for employees and retirees of MetLife, as well as health care and other employee benefits; (27) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (28) difficulties in marketing and distributing products through our distribution channels; (29) 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 the value of our investment portfolio, MetLife's disaster recovery systems, cyber- or other information security systems and management continuity planning; (30) any failure to protect the confidentiality of client information; (31) the effectiveness of MetLife's programs and practices in avoiding giving associates incentives to take excessive risks; and (32) other risks and uncertainties described from time to time in Metropolitan Life Insurance Company's filings with the U.S. Securities and Exchange Commission.

Metropolitan Life Insurance Company does not undertake any obligation to publicly correct or update any forward-looking statement if Metropolitan Life Insurance Company later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures Metropolitan Life Insurance Company makes on related subjects in reports to the U.S. Securities and Exchange Commission.

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

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Balance Sheets
September 30, 2016 (Unaudited) and December 31, 2015

(In millions, except share and per share data)

	September 30, 2016	December 31, 2015
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $169,798 and $168,361, respectively; includes $0 and $103, respectively, relating to variable interest entities)	$ 186,645	$ 175,686
Equity securities available-for-sale, at estimated fair value (cost: $1,841 and $1,985, respectively)	1,907	1,949
Trading and fair value option securities, at estimated fair value (includes $0 and $404, respectively, of actively traded securities; and $9 and $13, respectively, relating to variable interest entities)	23	431
Mortgage loans (net of valuation allowances of $256 and $257, respectively; includes $481 and $314, respectively, under the fair value option)	55,238	53,722
Policy loans	8,048	8,134
Real estate and real estate joint ventures (includes $492 and $0, respectively, relating to variable interest entities; includes $33 and $42, respectively, of real estate held-for-sale)	6,556	6,008
Other limited partnership interests (includes $15 and $27, respectively, relating to variable interest entities)	3,943	4,088
Short-term investments, principally at estimated fair value	5,734	5,595
Other invested assets (includes $31 and $43, respectively, relating to variable interest entities)	19,869	16,869
Total investments	287,963	272,482
Cash and cash equivalents, principally at estimated fair value (includes $0 and $1, respectively, relating to variable interest entities)	4,176	4,651
Accrued investment income (includes $0 and $1, respectively, relating to variable interest entities)	2,278	2,250
Premiums, reinsurance and other receivables (includes $5 and $2, respectively, relating to variable interest entities)	26,339	23,722
Deferred policy acquisition costs and value of business acquired	5,529	6,043
Current income tax recoverable	—	36
Other assets (includes $3 and $3, respectively, relating to variable interest entities)	4,455	4,397
Separate account assets	144,162	135,939
Total assets	$ 474,902	$ 449,520
Liabilities and Equity		
Liabilities		
Future policy benefits	$ 123,356	$ 118,914
Policyholder account balances	98,125	94,420
Other policy-related balances	7,404	7,201
Policyholder dividends payable	666	624
Policyholder dividend obligation	3,352	1,783
Payables for collateral under securities loaned and other transactions	23,635	21,937
Short-term debt	100	100
Long-term debt (includes $12 and $61, respectively, at estimated fair value, relating to variable interest entities)	1,661	1,715
Current income tax payable	65	—
Deferred income tax liability	4,856	2,888
Other liabilities (includes $0 and $2, respectively, relating to variable interest entities)	34,529	32,755
Separate account liabilities	144,162	135,939
Total liabilities	441,911	418,276
Contingencies, Commitments and Guarantees (Note 12)		
Equity		
Metropolitan Life Insurance Company stockholder's equity:		
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 494,466,664 shares issued and outstanding	5	5
Additional paid-in capital	14,375	14,444
Retained earnings	11,599	13,738
Accumulated other comprehensive income (loss)	6,852	2,685
Total Metropolitan Life Insurance Company stockholder's equity	32,831	30,872
Noncontrolling interests	160	372
Total equity	32,991	31,244
Total liabilities and equity	$ 474,902	$ 449,520

See accompanying notes to the interim condensed consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three Months and Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues				
Premiums	$ 6,142	$ 6,260	$ 16,801	$ 16,463
Universal life and investment-type product policy fees	638	642	1,928	1,925
Net investment income	2,870	2,797	8,349	8,822
Other revenues	389	383	1,121	1,166
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(4)	(18)	(66)	(24)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(5)	8	(9)	(3)
Other net investment gains (losses)	51	142	190	291
Total net investment gains (losses)	42	132	115	264
Net derivative gains (losses)	(205)	558	(562)	827
Total revenues	9,876	10,772	27,752	29,467
Expenses				
Policyholder benefits and claims	6,897	6,897	19,019	18,395
Interest credited to policyholder account balances	560	547	1,675	1,628
Policyholder dividends	302	332	924	940
Other expenses	1,364	1,861	4,450	4,789
Total expenses	9,123	9,637	26,068	25,752
Income (loss) before provision for income tax	753	1,135	1,684	3,715
Provision for income tax expense (benefit)	123	867	232	1,589
Net income (loss)	630	268	1,452	2,126
Less: Net income (loss) attributable to noncontrolling interests	(7)	(8)	(9)	(1)
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 637	$ 276	$ 1,461	$ 2,127
Comprehensive income (loss)	$ 637	$ 936	$ 5,619	$ 908
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of income tax	(7)	(8)	(9)	(1)
Comprehensive income (loss) attributable to Metropolitan Life Insurance Company	$ 644	$ 944	$ 5,628	$ 909

See accompanying notes to the interim condensed consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Equity
For the Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Metropolitan Life Insurance Company Stockholder's Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2015	$ 5	$ 14,444	$ 13,738	$ 2,685	$ 30,872	$ 372	$ 31,244
Capital contributions from MetLife, Inc.		4			4		4
Returns of capital		(62)			(62)		(62)
Tax deficiencies related to stock-based compensation		(11)			(11)		(11)
Dividends paid to MetLife, Inc.			(3,600)		(3,600)		(3,600)
Change in equity of noncontrolling interests					—	(203)	(203)
Net income (loss)			1,461		1,461	(9)	1,452
Other comprehensive income (loss), net of income tax				4,167	4,167		4,167
Balance at September 30, 2016	$ 5	$ 14,375	$ 11,599	$ 6,852	$ 32,831	$ 160	$ 32,991

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Metropolitan Life Insurance Company Stockholder's Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2014	$ 5	$ 14,448	$ 12,470	$ 5,034	$ 31,957	$ 392	$ 32,349
Capital contributions from MetLife, Inc.		3			3		3
Returns of capital		—			—		—
Excess tax benefits related to stock-based compensation		2			2		2
Dividends paid to MetLife, Inc.			(600)		(600)		(600)
Change in equity of noncontrolling interests					—	(8)	(8)
Net income (loss)			2,127		2,127	(1)	2,126
Other comprehensive income (loss), net of income tax				(1,218)	(1,218)		(1,218)
Balance at September 30, 2015	$ 5	$ 14,453	$ 13,997	$ 3,816	$ 32,271	$ 383	$ 32,654

See accompanying notes to the interim condensed consolidated financial statements.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(In millions)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net cash provided by (used in) operating activities	$ 3,625	$ 3,128
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	53,466	61,813
Equity securities	798	273
Mortgage loans	9,008	8,554
Real estate and real estate joint ventures	353	1,295
Other limited partnership interests	618	558
Purchases of:		
Fixed maturity securities	(53,863)	(53,554)
Equity securities	(703)	(323)
Mortgage loans	(11,010)	(11,082)
Real estate and real estate joint ventures	(1,125)	(559)
Other limited partnership interests	(589)	(474)
Cash received in connection with freestanding derivatives	1,165	932
Cash paid in connection with freestanding derivatives	(1,589)	(589)
Net change in policy loans	86	(32)
Net change in short-term investments	(128)	(3,664)
Net change in other invested assets	(316)	(193)
Net change in property, equipment and leasehold improvements	(154)	(149)
Net cash provided by (used in) investing activities	(3,983)	2,806
Cash flows from financing activities		
Policyholder account balances:		
Deposits	46,119	45,992
Withdrawals	(44,175)	(48,144)
Net change in payables for collateral under securities loaned and other transactions	1,698	(1,807)
Long-term debt issued	11	14
Long-term debt repaid	(55)	(156)
Dividends paid to MetLife, Inc.	(3,600)	(600)
Returns of capital	(62)	—
Other, net	(53)	(149)
Net cash provided by (used in) financing activities	(117)	(4,850)
Change in cash and cash equivalents	(475)	1,084
Cash and cash equivalents, beginning of period	4,651	1,993
Cash and cash equivalents, end of period	$ 4,176	$ 3,077
Supplemental disclosures of cash flow information		
Net cash paid (received) for:		
Interest	$ 71	$ 77
Income tax	$ 596	$ 1,139
Non-cash transactions:		
Capital contributions from MetLife, Inc.	$ 4	$ 3
Fixed maturity securities received in connection with pension risk transfer transactions	$ 985	$ 903
Transfer of fixed maturity securities to affiliates	$ 3,435	$ —
Transfer of mortgage loans to affiliates	$ 375	$ —
Deconsolidation of real estate joint venture:		
Reduction of real estate and real estate joint ventures	$ 339	$ —
Reduction of noncontrolling interests	$ 339	$ —

See accompanying notes to the interim condensed consolidated financial statements.

Metropolitan Life Insurance Company
(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

Metropolitan Life Insurance Company and its subsidiaries (collectively, "MLIC" or the "Company") is a provider of life insurance, annuities, employee benefits and asset management. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "MetLife"). In anticipation of MetLife, Inc.'s plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the "Separation"), in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. See Note 2 for further information on the reorganization of the Company's segments in the third quarter of 2016, which was applied retrospectively.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the interim condensed consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions 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 estimates.

Consolidation

The accompanying interim condensed consolidated financial statements include the accounts of Metropolitan Life Insurance Company and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for equity securities when it has significant influence or at least 20% interest and for real estate joint ventures and other limited partnership interests ("investees") when it has more than a minor ownership interest or more than a minor influence over the investee's operations, but does not have a controlling financial interest. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period. The Company uses the cost method of accounting for investments in which it has virtually no influence over the investee's operations.

Reclassifications

Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2016 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements.

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 are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2015 consolidated balance sheet data was derived from audited consolidated financial statements included in Metropolitan Life Insurance Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 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 2015 Annual Report.

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

Adoption of New Accounting Pronouncement

Effective January 1, 2016, the Company retrospectively adopted new guidance relating to the consolidation of certain entities. The objective of the new standard is to improve targeted areas of the consolidation guidance and to reduce the number of consolidation models. The new consolidation standard provides guidance on how a reporting entity (i) evaluates whether the entity should consolidate limited partnerships and similar entities, (ii) assesses whether the fees paid to a decisionmaker or service provider are variable interests in a VIE, and (iii) assesses the variable interests in a VIE held by related parties of the reporting entity. The new guidance also eliminates the VIE consolidation model based on majority exposure to variability that applied to certain investment companies and similar entities. The adoption of the new guidance did not impact which entities are consolidated by the Company. The consolidated VIE assets and liabilities and unconsolidated VIE carrying amounts and maximum exposure to loss as of September 30, 2016, disclosed in Note 6, reflect the application of the new guidance.

Future Adoption of New Accounting Pronouncements

In October 2016, the Financial Accounting Standards Board ("FASB") issued new guidance on consolidation evaluation for entities under common control (Accounting Standards Update ("ASU") 2016-17, *Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control)*. The new guidance is effective for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years, and should be applied on a retrospective basis. Early adoption is permitted. The new guidance does not change the characteristics of a primary beneficiary under current GAAP. It changes how a reporting entity evaluates whether it is the primary beneficiary of a VIE by changing how a reporting entity that is a single decisionmaker of a VIE handles indirect interests in the entity held through related parties that are under common control with the reporting entity. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In October 2016, the FASB issued new guidance on tax accounting for intra-entity transfers of assets (ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and should be applied on a modified retrospective basis. Early adoption is permitted in the first interim or annual reporting period. Current guidance prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. The new guidance requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Also, the guidance eliminates the exception for an intra-entity transfer of an asset other than inventory. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued new guidance on cash flow statement presentation (ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and should be applied retrospectively to all periods presented. Early adoption is permitted in any interim or annual period. This ASU addresses diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In June 2016, the FASB issued new guidance on measurement of credit losses on financial instruments (ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments)*. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. This ASU replaces the incurred loss impairment methodology with one that reflects expected credit losses. The measurement of expected credit losses should be based on historical loss information, current conditions, and reasonable and supportable forecasts. The guidance also requires enhanced disclosures. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In February 2016, the FASB issued new guidance on leasing transactions (ASU 2016-02, *Leases - Topic 842*). The new guidance is effective for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and requires a modified retrospective transition approach which includes a number of optional practical expedients. Early adoption is permitted. The new guidance requires a lessee to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current guidance, leases would be classified as finance or operating leases. However, unlike current guidance, the new guidance will require both types of leases to be recognized on the balance sheet. Lessor accounting will remain largely unchanged from current guidance except for certain targeted changes. The new guidance will also require new qualitative and quantitative disclosures. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

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

In January 2016, the FASB issued new guidance (ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities)* on the recognition and measurement of financial instruments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the instrument-specific credit risk provision. The new guidance changes the current accounting guidance related to (i) the classification and measurement of certain equity investments, (ii) the presentation of changes in the fair value of financial liabilities measured under the fair value option ("FVO") that are due to instrument-specific credit risk, and (iii) certain disclosures associated with the fair value of financial instruments. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2015, the FASB issued new guidance on short-duration insurance contracts (ASU 2015-09, *Financial Services - Insurance (Topic 944): Disclosures about Short-Duration Contracts*). The amendments in this new guidance are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. The new guidance should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. The new guidance requires insurance entities to provide users of financial statements with more transparent information about initial claim estimates and subsequent adjustments to these estimates, including information on: (i) reconciling from the claim development table to the balance sheet liability, (ii) methodologies and judgments in estimating claims, and (iii) the timing, and frequency of claims. The adoption will not have an impact on the Company's consolidated financial statements other than expanded disclosures in Note 3.

In May 2014, the FASB issued a comprehensive new revenue recognition standard (ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*), effective for fiscal years beginning after December 15, 2016 and interim periods within those years and should be applied retrospectively. In August 2015, the FASB amended the guidance to defer the effective date by one year, effective for the fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The new guidance will supersede nearly all existing revenue recognition guidance under GAAP; however, it will not impact the accounting for insurance contracts, leases, financial instruments and guarantees. For those contracts that are impacted by the new guidance, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Segment Information

In anticipation of the Separation, in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. These changes were applied retrospectively and did not have an impact on total consolidated net income (loss) or operating earnings in the prior periods.

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. Additionally, on July 21, 2016, MetLife, Inc. announced that following the Separation, the separated business will be rebranded as "Brighthouse Financial." On October 5, 2016, Brighthouse Financial, Inc., a subsidiary of MetLife, Inc. ("Brighthouse"), filed a registration statement on Form 10 (the "Form 10") with the U.S. Securities and Exchange Commission ("SEC"). The information statement filed as an exhibit to the Form 10, disclosed that MetLife, Inc. intends to include MetLife Insurance Company USA ("MetLife USA"), New England Life Insurance Company ("NELICO"), a wholly-owned subsidiary of Metropolitan Life Insurance Company, First MetLife Investors Insurance Company ("First MetLife"), MetLife Advisers, LLC and certain captive reinsurance companies in the proposed separated business and distribute at least 80.1% of the shares of Brighthouse's common stock on a *pro rata* basis to the holders of MetLife, Inc. common stock.

The ultimate form and timing of the Separation will be influenced by a number of factors, including regulatory considerations and economic conditions. MetLife continues to evaluate and pursue structural alternatives for the proposed Separation. The Separation remains subject to certain conditions, including among others, obtaining final approval from the MetLife, Inc. Board of Directors, receipt of a favorable ruling from the Internal Revenue Service and an opinion from MetLife's tax advisor regarding certain U.S. federal income tax matters, and an SEC declaration of the effectiveness of the Form 10.

2. Segment Information (continued)

U.S.

The U.S. segment offers a broad range of protection products and services aimed at serving the financial needs of customers throughout their lives. These products are sold to corporations and their respective employees, other institutions and their respective members, as well as individuals. The U.S. segment is organized into two businesses: Group Benefits and Retirement and Income Solutions.

- The Group Benefits business offers insurance products and services which include life, dental, group short- and long-term disability, individual disability, accidental death and dismemberment, critical illness, vision and accident & health coverages, as well as prepaid legal plans. This business also sells administrative services-only arrangements to some employers.
- The Retirement and Income Solutions business offers a broad range of annuity and investment products, including guaranteed interest contracts and other stable value products, income annuities and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This business also includes structured settlements and certain products to fund postretirement benefits and company-, bank- or trust-owned life insurance used to finance nonqualified benefit programs for executives.

MetLife Holdings

The MetLife Holdings segment consists of operations relating to products and businesses no longer actively marketed by the Company in the U.S. These products and businesses include variable life, universal life, term life, whole life, variable annuities, fixed annuities and index-linked annuities. The MetLife Holdings segment also includes the Company's discontinued long-term care businesses.

Corporate & Other

Corporate & Other contains the excess capital, as well as certain charges and activities, not allocated to the segments, including enterprise-wide strategic initiative restructuring charges and various start-up businesses (including the investment management business through which the Company offers fee-based investment management services to institutional clients, as well as the direct to consumer portion of the U.S. Direct business). Corporate & Other also includes the Company's ancillary international operations, the businesses of the Company that MetLife, Inc. plans to separate and include in Brighthouse Financial and interest expense related to the majority of the Company's outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.

Financial Measures and Segment Accounting Policies

Operating earnings is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is also the Company's GAAP measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for 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 allows analysis of the Company's performance and facilitates comparisons to industry results.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

The financial measures of operating revenues and operating expenses focus on the Company's primary businesses principally by excluding the impact of market volatility, which could distort trends, and revenues and costs related to non-core products and divested businesses and certain entities required to be consolidated under GAAP. Also, these measures exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife and are referred to as divested businesses. Operating revenues also excludes net investment gains (losses) and net derivative gains (losses).

2. Segment Information (continued)

The following additional adjustments are made to 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 ("GMIBs") fees ("GMIB Fees"); and
- Net investment income: (i) includes investment hedge adjustments which represent earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method and (iii) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

The following additional adjustments are made to expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs") and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment;
- 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 noncontrolling interests and goodwill impairments.

The tax impact of the adjustments mentioned above are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company's effective tax rate.

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 nine months ended September 30, 2016 and 2015. 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 and the Company's business.

MetLife's economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon while applying an industry standard method for the inclusion of diversification benefits among risk types. MetLife's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

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, net income (loss) or operating earnings.

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios 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.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

2. Segment Information (continued)

Three Months Ended September 30, 2016	Operating Results: U.S.	Operating Results: MetLife Holdings	Operating Results: Corporate & Other	Operating Results: Total	Adjustments	Total Consolidated
	(In millions)					
Revenues						
Premiums	$ 5,036	$ 1,091	$ 15	$ 6,142	$ —	$ 6,142
Universal life and investment-type product policy fees	244	310	58	612	26	638
Net investment income	1,554	1,463	(7)	3,010	(140)	2,870
Other revenues	188	46	155	389	—	389
Net investment gains (losses)	—	—	—	—	42	42
Net derivative gains (losses)	—	—	—	—	(205)	(205)
Total revenues	7,022	2,910	221	10,153	(277)	9,876
Expenses						
Policyholder benefits and claims and policyholder dividends	5,281	1,814	29	7,124	75	7,199
Interest credited to policyholder account balances	322	230	9	561	(1)	560
Capitalization of DAC	(17)	(44)	2	(59)	—	(59)
Amortization of DAC and VOBA	14	217	10	241	(29)	212
Interest expense on debt	2	2	24	28	—	28
Other expenses	668	341	163	1,172	11	1,183
Total expenses	6,270	2,560	237	9,067	56	9,123
Provision for income tax expense (benefit)	269	109	(139)	239	(116)	123
Operating earnings	$ 483	$ 241	$ 123	847		
Adjustments to:						
Total revenues				(277)		
Total expenses				(56)		
Provision for income tax (expense) benefit				116		
Net income (loss)				$ 630		$ 630

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

2. Segment Information (continued)

Three Months Ended September 30, 2015	Operating Results U.S.	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
			(In millions)			
Revenues						
Premiums	$ 5,134	$ 1,111	$ 15	$ 6,260	$ —	$ 6,260
Universal life and investment-type product policy fees	232	320	65	617	25	642
Net investment income	1,482	1,482	(58)	2,906	(109)	2,797
Other revenues	180	26	177	383	—	383
Net investment gains (losses)	—	—	—	—	132	132
Net derivative gains (losses)	—	—	—	—	558	558
Total revenues	7,028	2,939	199	10,166	606	10,772
Expenses						
Policyholder benefits and claims and policyholder dividends	5,379	1,841	27	7,247	(18)	7,229
Interest credited to policyholder account balances	303	233	9	545	2	547
Capitalization of DAC	(14)	(100)	(3)	(117)	—	(117)
Amortization of DAC and VOBA	15	169	20	204	99	303
Interest expense on debt	1	—	30	31	—	31
Other expenses	661	408	564	1,633	11	1,644
Total expenses	6,345	2,551	647	9,543	94	9,637
Provision for income tax expense (benefit)	247	117	324	688	179	867
Operating earnings	$ 436	$ 271	$ (772)	(65)		
Adjustments to:						
Total revenues				606		
Total expenses				(94)		
Provision for income tax (expense) benefit				(179)		
Net income (loss)				$ 268		$ 268

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

2. Segment Information (continued)

	Operating Results					
Nine Months Ended September 30, 2016	U.S.	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
				(In millions)		
Revenues						
Premiums	$ 13,451	$ 3,303	$ 47	$ 16,801	$ —	$ 16,801
Universal life and investment-type product policy fees	741	928	182	1,851	77	1,928
Net investment income	4,518	4,260	(35)	8,743	(394)	8,349
Other revenues	561	98	462	1,121	—	1,121
Net investment gains (losses)	—	—	—	—	115	115
Net derivative gains (losses)	—	—	—	—	(562)	(562)
Total revenues	19,271	8,589	656	28,516	(764)	27,752
Expenses						
Policyholder benefits and claims and policyholder dividends	14,232	5,475	103	19,810	133	19,943
Interest credited to policyholder account balances	964	687	26	1,677	(2)	1,675
Capitalization of DAC	(43)	(239)	(3)	(285)	—	(285)
Amortization of DAC and VOBA	43	591	51	685	(265)	420
Interest expense on debt	7	5	72	84	—	84
Other expenses	2,057	1,439	612	4,108	123	4,231
Total expenses	17,260	7,958	861	26,079	(11)	26,068
Provision for income tax expense (benefit)	720	178	(403)	495	(263)	232
Operating earnings	$ 1,291	$ 453	$ 198	1,942		
Adjustments to:						
Total revenues				(764)		
Total expenses				11		
Provision for income tax (expense) benefit				263		
Net income (loss)				$ 1,452		$ 1,452

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

2. Segment Information (continued)

Nine Months Ended September 30, 2015	Operating Results: U.S.	Operating Results: MetLife Holdings	Operating Results: Corporate & Other	Operating Results: Total	Adjustments	Total Consolidated
				(In millions)		
Revenues						
Premiums	$ 13,080	$ 3,331	$ 52	$ 16,463	$ —	$ 16,463
Universal life and investment-type product policy fees	699	960	191	1,850	75	1,925
Net investment income	4,590	4,488	85	9,163	(341)	8,822
Other revenues	550	100	516	1,166	—	1,166
Net investment gains (losses)	—	—	—	—	264	264
Net derivative gains (losses)	—	—	—	—	827	827
Total revenues	18,919	8,879	844	28,642	825	29,467
Expenses						
Policyholder benefits and claims and policyholder dividends	13,858	5,365	100	19,323	12	19,335
Interest credited to policyholder account balances	902	696	26	1,624	4	1,628
Capitalization of DAC	(50)	(291)	(5)	(346)	—	(346)
Amortization of DAC and VOBA	46	410	47	503	92	595
Interest expense on debt	4	3	88	95	1	96
Other expenses	2,029	1,328	1,084	4,441	3	4,444
Total expenses	16,789	7,511	1,340	25,640	112	25,752
Provision for income tax expense (benefit)	764	432	144	1,340	249	1,589
Operating earnings	$ 1,366	$ 936	$ (640)	1,662		
Adjustments to:						
Total revenues				825		
Total expenses				(112)		
Provision for income tax (expense) benefit				(249)		
Net income (loss)				$ 2,126		$ 2,126

The following table presents total assets with respect to the Company's segments, as well as Corporate & Other, at:

	September 30, 2016	December 31, 2015
	(In millions)	
U.S.	$ 252,095	$ 231,653
MetLife Holdings	183,986	178,734
Corporate & Other	38,821	39,133
Total	$ 474,902	$ 449,520

3. Insurance

Insurance Liabilities

Insurance liabilities, including affiliated insurance liabilities on reinsurance assumed and ceded, are comprised of future policy benefits, policyholder account balances and other policy-related balances. Information regarding insurance liabilities by segment, as well as Corporate & Other, was as follows at:

	September 30, 2016	December 31, 2015
	(In millions)	
U.S.	$ 125,762	$ 119,806
MetLife Holdings	100,706	98,346
Corporate & Other	2,417	2,383
Total	$ 228,885	$ 220,535

See Note 13 for discussion of affiliated reinsurance liabilities included in the table above.

Guarantees

As discussed in Notes 1 and 4 of the Notes to the Consolidated Financial Statements included in the 2015 Annual Report, the Company issues variable annuity products with guaranteed minimum benefits. Guaranteed minimum accumulation benefits (“GMABs”), the non-life-contingent portion of guaranteed minimum withdrawal benefits (“GMWBs”) and the portion of certain GMIBs that do not require annuitization are accounted for as embedded derivatives in policyholder account balances and are further discussed in Note 7.

The Company also issues other annuity contracts that apply a lower rate on funds deposited if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize. These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Certain other annuity contracts contain guaranteed annuitization benefits that may be above what would be provided by the current account value of the contract. Additionally, the Company issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee or a guaranteed paid-up benefit.

3. Insurance (continued)

Information regarding the Company's guarantee exposure, which includes direct business, but excludes offsets from hedging or reinsurance, if any, was as follows at:

	September 30, 2016		December 31, 2015	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(Dollars in millions)			
Annuity Contracts (1):				
Variable Annuity Guarantees:				
Total account value (2)	$ 60,910	$ 28,123	$ 59,858	$ 27,648
Separate account value	$ 49,162	$ 26,964	$ 48,216	$ 26,530
Net amount at risk	$ 1,243 (3)	$ 727 (4)	$ 1,698 (3)	$ 379 (4)
Average attained age of contractholders	66 years	64 years	65 years	63 years
Other Annuity Guarantees:				
Total account value (2)	N/A	$ 404	N/A	$ 406
Net amount at risk	N/A	$ 143 (5)	N/A	$ 144 (5)
Average attained age of contractholders	N/A	57 years	N/A	56 years

	September 30, 2016		December 31, 2015	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(Dollars in millions)			
Universal and Variable Life Contracts (1):				
Total account value (2)	$ 8,223	$ 1,022	$ 8,166	$ 1,052
Net amount at risk (6)	$ 73,785	$ 7,270	$ 75,994	$ 7,658
Average attained age of policyholders	55 years	61 years	55 years	61 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) Includes the contractholder's investments in the general account and separate account, if applicable.

(3) Defined as the death benefit less the total 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 and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

(4) Defined as the amount (if any) that would be required to be added to the total 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 allow annuitization of the guaranteed amount only after the 10th anniversary of the contract, which not all contractholders have achieved.

(5) Defined as either the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date or the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. These amounts represent the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date.

(6) 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.

4. Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding total DAC and VOBA by segment, as well as Corporate & Other, was as follows at:

	September 30, 2016	December 31, 2015
	(In millions)	
U.S.	$ 418	$ 418
MetLife Holdings	4,550	5,000
Corporate & Other	561	625
Total	$ 5,529	$ 6,043

5. Closed Block

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

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

Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

5. Closed Block (continued)

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

	September 30, 2016	December 31, 2015
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$ 40,840	$ 41,278
Other policy-related balances	256	249
Policyholder dividends payable	506	468
Policyholder dividend obligation	3,352	1,783
Current income tax payable	8	—
Other liabilities	601	380
Total closed block liabilities	45,563	44,158
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	29,194	27,556
Equity securities available-for-sale, at estimated fair value	107	111
Mortgage loans	5,739	6,022
Policy loans	4,553	4,642
Real estate and real estate joint ventures	672	462
Other invested assets	1,233	1,066
Total investments	41,498	39,859
Cash and cash equivalents	72	236
Accrued investment income	482	474
Premiums, reinsurance and other receivables	65	56
Current income tax recoverable	—	11
Deferred income tax assets	195	234
Total assets designated to the closed block	42,312	40,870
Excess of closed block liabilities over assets designated to the closed block	3,251	3,288
Amounts included in accumulated other comprehensive income (loss) (“AOCI”)		
Unrealized investment gains (losses), net of income tax	2,452	1,382
Unrealized gains (losses) on derivatives, net of income tax	88	76
Allocated to policyholder dividend obligation, net of income tax	(2,179)	(1,159)
Total amounts included in AOCI	361	299
Maximum future earnings to be recognized from closed block assets and liabilities	$ 3,612	$ 3,587

Information regarding the closed block policyholder dividend obligation was as follows:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
	(In millions)	
Balance, beginning of period	$ 1,783	$ 3,155
Change in unrealized investment and derivative gains (losses)	1,569	(1,372)
Balance, end of period	$ 3,352	$ 1,783

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

5. Closed Block (continued)

Information regarding the closed block revenues and expenses was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Revenues				
Premiums	$ 436	$ 447	$ 1,297	$ 1,334
Net investment income	486	487	1,435	1,500
Net investment gains (losses)	(3)	(9)	(19)	(8)
Net derivative gains (losses)	4	13	(3)	25
Total revenues	923	938	2,710	2,851
Expenses				
Policyholder benefits and claims	619	635	1,861	1,886
Policyholder dividends	232	273	723	757
Other expenses	33	36	100	109
Total expenses	884	944	2,684	2,752
Revenues, net of expenses before provision for income tax expense (benefit)	39	(6)	26	99
Provision for income tax expense (benefit)	13	(1)	8	36
Revenues, net of expenses and provision for income tax expense (benefit)	$ 26	$ (5)	$ 18	$ 63

Metropolitan Life Insurance Company charges the closed block with federal income taxes, state and local premium taxes and other state or local taxes, as well as investment management expenses relating to the closed block as provided in the Plan of Reorganization. Metropolitan Life Insurance Company also charges the closed block for expenses of maintaining the policies included in the closed block.

6. Investments

Fixed Maturity and Equity Securities Available-for-Sale

Fixed Maturity and Equity Securities Available-for-Sale by Sector

The following table presents the fixed maturity and equity securities available-for-sale ("AFS") by sector. Redeemable preferred stock is reported within U.S. corporate and foreign corporate fixed maturity securities and non-redeemable preferred stock is reported within equity securities. Included within fixed maturity securities are structured securities including residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities").

	September 30, 2016					December 31, 2015				
	Cost or Amortized Cost	Gross Unrealized			Estimated Fair Value	Cost or Amortized Cost	Gross Unrealized			Estimated Fair Value
		Gains	Temporary Losses	OTTI Losses			Gains	Temporary Losses	OTTI Losses	
	(In millions)									
Fixed maturity securities:										
U.S. corporate	$ 56,531	$ 6,548	$ 361	$ —	$ 62,718	$ 59,305	$ 3,763	$ 1,511	$ —	$ 61,557
U.S. government and agency	36,365	5,985	9	—	42,341	36,183	3,638	128	—	39,693
Foreign corporate	26,263	1,710	870	—	27,103	27,218	1,005	1,427	1	26,795
RMBS (1)	26,177	1,262	211	(6)	27,234	23,195	1,008	252	36	23,915
State and political subdivision	6,314	1,586	1	1	7,898	6,070	935	29	2	6,974
CMBS	5,486	339	34	—	5,791	6,547	114	82	—	6,579
ABS	8,343	46	82	—	8,307	6,665	40	138	—	6,567
Foreign government	4,319	974	40	—	5,253	3,178	536	108	—	3,606
Total fixed maturity securities	$ 169,798	$18,450	$ 1,608	$ (5)	$ 186,645	$ 168,361	$11,039	$ 3,675	$ 39	$ 175,686
Equity securities:										
Common stock	$ 1,272	$ 80	$ 12	$ —	$ 1,340	$ 1,298	$ 46	$ 101	$ —	$ 1,243
Non-redeemable preferred stock	569	36	38	—	567	687	59	40	—	706
Total equity securities	$ 1,841	$ 116	$ 50	$ —	$ 1,907	$ 1,985	$ 105	$ 141	$ —	$ 1,949

(1) The noncredit loss component of other-than-temporary impairment ("OTTI") losses for RMBS was in an unrealized gain position of $6 million at September 30, 2016 due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also "— Net Unrealized Investment Gains (Losses)."

The Company held non-income producing fixed maturity securities with an estimated fair value of $38 million and $3 million with unrealized gains (losses) of ($2) million and less than $1 million at September 30, 2016 and December 31, 2015, respectively.

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date, were as follows at September 30, 2016:

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities	Total Fixed Maturity Securities
	(In millions)					
Amortized cost	$ 6,763	$ 37,857	$ 31,864	$ 53,308	$ 40,006	$ 169,798
Estimated fair value	$ 6,770	$ 39,660	$ 33,892	$ 64,991	$ 41,332	$ 186,645

6. Investments (continued)

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 presented in the year of final contractual maturity. Structured Securities are shown separately, as they are not due at a single maturity.

Continuous Gross Unrealized Losses for Fixed Maturity and Equity Securities AFS by Sector

The following table presents the estimated fair value and gross unrealized losses of fixed maturity and equity securities AFS in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position at:

	September 30, 2016				December 31, 2015			
	Less than 12 Months		Equal to or Greater than 12 Months		Less than 12 Months		Equal to or Greater than 12 Months	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(Dollars in millions)							
Fixed maturity securities:								
U.S. corporate	$ 2,257	$ 71	$ 3,046	$ 290	$ 17,480	$ 1,078	$ 2,469	$ 433
U.S. government and agency	2,568	9	—	—	11,683	125	248	3
Foreign corporate	2,640	167	4,832	703	8,823	669	4,049	759
RMBS	3,170	80	2,162	125	6,065	158	1,769	130
State and political subdivision	87	1	13	1	767	26	15	5
CMBS	222	1	426	33	2,266	42	509	40
ABS	1,039	9	2,172	73	3,211	54	1,817	84
Foreign government	114	3	445	37	961	91	87	17
Total fixed maturity securities	$ 12,097	$ 341	$ 13,096	$ 1,262	$ 51,256	$ 2,243	$ 10,963	$ 1,471
Equity securities:								
Common stock	$ 62	$ 11	$ 5	$ 1	$ 182	$ 99	$ 19	$ 2
Non-redeemable preferred stock	37	3	117	35	56	2	132	38
Total equity securities	$ 99	$ 14	$ 122	$ 36	$ 238	$ 101	$ 151	$ 40
Total number of securities in an unrealized loss position	1,189		1,169		4,167		807	

Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities

As described more fully in Notes 1 and 8 of the Notes to the Consolidated Financial Statements included in the 2015 Annual Report, the Company performs a regular evaluation of all investment classes for impairment, 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.

Current Period Evaluation

Based on the Company's current evaluation of its AFS 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 concluded that these securities were not other-than-temporarily impaired at September 30, 2016. Future OTTI 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, collateral valuation, interest rates and credit spreads. If economic fundamentals deteriorate or if there are adverse changes in the above factors, OTTI may be incurred in upcoming periods.

Gross unrealized losses on fixed maturity securities decreased $2.1 billion during the nine months ended September 30, 2016 to $1.6 billion. The decrease in gross unrealized losses for the nine months ended September 30, 2016 was primarily attributable to a decrease in interest rates and, to a lesser extent, narrowing credit spreads.

6. Investments (continued)

At September 30, 2016, $239 million of the total $1.6 billion of gross unrealized losses were from 56 fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater.

Investment Grade Fixed Maturity Securities

Of the $239 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $140 million, or 59%, were related to gross unrealized losses on 24 investment grade fixed maturity securities. Unrealized losses on investment grade fixed maturity securities are principally related to widening credit spreads and, with respect to fixed-rate fixed maturity securities, rising interest rates since purchase.

Below Investment Grade Fixed Maturity Securities

Of the $239 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $99 million, or 41%, were related to gross unrealized losses on 32 below investment grade fixed maturity securities. Unrealized losses on below investment grade fixed maturity securities are principally related to U.S. and foreign corporate securities (primarily industrial securities) and are the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over lower oil prices in the energy sector. Management evaluates 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 issuers.

Equity Securities

Gross unrealized losses on equity securities decreased $91 million during the nine months ended September 30, 2016 to $50 million. Of the $50 million, $32 million were from six securities with gross unrealized losses of 20% or more of cost for 12 months or greater. Of the $32 million, 66% were rated A or better, and all were from financial services industry investment grade non-redeemable preferred stock.

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

	September 30, 2016		December 31, 2015	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Mortgage loans:				
Commercial	$ 33,286	60.3%	$ 33,440	62.3%
Agricultural	12,369	22.4	11,663	21.7
Residential	9,358	16.9	8,562	15.9
Subtotal (1)	55,013	99.6	53,665	99.9
Valuation allowances	(256)	(0.5)	(257)	(0.5)
Subtotal mortgage loans, net	54,757	99.1	53,408	99.4
Residential — FVO	481	0.9	314	0.6
Total mortgage loans, net	$ 55,238	100.0%	$ 53,722	100.0%

(1) Purchases of mortgage loans were $732 million and $1.9 billion for the three months and nine months ended September 30, 2016, respectively, and $821 million and $3.0 billion for the three months and nine months ended September 30, 2015, respectively.

6. Investments (continued)

Information on commercial, agricultural and residential mortgage loans is presented in the tables below. Information on residential — FVO is presented in Note 8. The Company elects the FVO for certain residential mortgage loans that are managed on a total return basis.

Mortgage Loans, Valuation Allowance and Impaired Loans by Portfolio Segment

Mortgage loans by portfolio segment, by method of evaluation of credit loss, impaired mortgage loans including those modified in a troubled debt restructuring, and the related valuation allowances, were as follows at:

	Evaluated Individually for Credit Losses					Evaluated Collectively for Credit Losses		Impaired Loans
	Impaired Loans with a Valuation Allowance			Impaired Loans without a Valuation Allowance				
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Unpaid Principal Balance	Recorded Investment	Recorded Investment	Valuation Allowances	Carrying Value
	(In millions)							
September 30, 2016								
Commercial	$ —	$ —	$ —	$ 12	$ 12	$ 33,274	$ 165	$ 12
Agricultural	12	10	1	39	38	12,321	36	47
Residential	—	—	—	235	215	9,143	54	215
Total	$ 12	$ 10	$ 1	$ 286	$ 265	$ 54,738	$ 255	$ 274
December 31, 2015								
Commercial	$ —	$ —	$ —	$ 57	$ 57	$ 33,383	$ 165	$ 57
Agricultural	45	43	3	22	21	11,599	34	61
Residential	—	—	—	141	131	8,431	55	131
Total	$ 45	$ 43	$ 3	$ 220	$ 209	$ 53,413	$ 254	$ 249

The average recorded investment for impaired commercial, agricultural and residential mortgage loans was $12 million, $48 million and $202 million, respectively, for the three months ended September 30, 2016; and $34 million, $52 million and $174 million, respectively, for the nine months ended September 30, 2016.

The average recorded investment for impaired commercial, agricultural and residential mortgage loans was $118 million, $58 million and $96 million, respectively, for the three months ended September 30, 2015; and $136 million, $59 million and $72 million, respectively, for the nine months ended September 30, 2015.

Valuation Allowance Rollforward by Portfolio Segment

The changes in the valuation allowance, by portfolio segment, were as follows:

	Nine Months Ended September 30,							
	2016				2015			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
	(In millions)							
Balance, beginning of period	$ 165	$ 37	$ 55	$ 257	$ 182	$ 35	$ 41	$ 258
Provision (release)	—	2	11	13	(4)	2	26	24
Charge-offs, net of recoveries	—	(2)	(12)	(14)	(12)	—	(14)	(26)
Balance, end of period	$ 165	$ 37	$ 54	$ 256	$ 166	$ 37	$ 53	$ 256

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

6. Investments (continued)

Credit Quality of Commercial Mortgage Loans

The credit quality of commercial mortgage loans was as follows at:

	Recorded Investment						
	Debt Service Coverage Ratios						
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total	Estimated Fair Value	% of Total
	(Dollars in millions)						
September 30, 2016							
Loan-to-value ratios:							
Less than 65%	$ 30,025	$ 743	$ 474	$ 31,242	93.9%	$ 32,512	94.0%
65% to 75%	1,493	31	277	1,801	5.4	1,826	5.3
76% to 80%	—	—	—	—	—	—	—
Greater than 80%	118	38	87	243	0.7	261	0.7
Total	$ 31,636	$ 812	$ 838	$ 33,286	100%	$ 34,599	100%
December 31, 2015							
Loan-to-value ratios:							
Less than 65%	$ 28,828	$ 909	$ 408	$ 30,145	90.2%	$ 30,996	90.5%
65% to 75%	2,550	138	61	2,749	8.2	2,730	8.0
76% to 80%	—	—	—	—	—	—	—
Greater than 80%	208	115	223	546	1.6	519	1.5
Total	$ 31,586	$ 1,162	$ 692	$ 33,440	100%	$ 34,245	100%

Credit Quality of Agricultural Mortgage Loans

The credit quality of agricultural mortgage loans was as follows at:

	September 30, 2016		December 31, 2015	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(Dollars in millions)			
Loan-to-value ratios:				
Less than 65%	$ 11,878	96.0%	$ 10,975	94.1%
65% to 75%	424	3.4	609	5.2
76% to 80%	20	0.2	21	0.2
Greater than 80%	47	0.4	58	0.5
Total	$ 12,369	100.0%	$ 11,663	100.0%

The estimated fair value of agricultural mortgage loans was $12.7 billion and $11.9 billion at September 30, 2016 and December 31, 2015, respectively.

6. Investments (continued)

Credit Quality of Residential Mortgage Loans

The credit quality of residential mortgage loans was as follows at:

	September 30, 2016		December 31, 2015	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(Dollars in millions)			
Performance indicators:				
Performing	$ 9,056	96.8%	$ 8,261	96.5%
Nonperforming	302	3.2	301	3.5
Total	$ 9,358	100.0%	$ 8,562	100.0%

The estimated fair value of residential mortgage loans was $9.8 billion and $8.8 billion at September 30, 2016 and December 31, 2015, respectively.

Past Due and Interest Accrual Status of Mortgage Loans

The Company has a high quality, well performing mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both September 30, 2016 and December 31, 2015. The Company defines delinquency consistent with industry practice, when mortgage loans are past due as follows: commercial and residential mortgage loans — 60 days and agricultural mortgage loans — 90 days. The past due and accrual status of mortgage loans at recorded investment, prior to valuation allowances, by portfolio segment, were as follows at:

	Past Due		Nonaccrual Status	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
	(In millions)			
Commercial	$ —	$ —	$ —	$ —
Agricultural	144	103	39	46
Residential	302	301	302	301
Total	$ 446	$ 404	$ 341	$ 347

Mortgage Loans Modified in a Troubled Debt Restructuring

During both the three months and nine months ended September 30, 2016 and 2015, the Company did not have a significant amount of mortgage loans modified in a troubled debt restructuring.

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 $2.8 billion and $3.9 billion at September 30, 2016 and December 31, 2015, respectively.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

6. Investments (continued)

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity and equity securities AFS and the effect on DAC, VOBA, deferred sales inducements ("DSI"), future policy benefits and the policyholder dividend obligation, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in AOCI.

The components of net unrealized investment gains (losses), included in AOCI, were as follows:

	September 30, 2016	December 31, 2015
	(In millions)	
Fixed maturity securities	$ 16,779	$ 7,331
Fixed maturity securities with noncredit OTTI losses included in AOCI	5	(39)
Total fixed maturity securities	16,784	7,292
Equity securities	144	27
Derivatives	2,684	2,208
Other	170	137
Subtotal	19,782	9,664
Amounts allocated from:		
Future policy benefits	(1,668)	(7)
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	(1)	—
DAC, VOBA and DSI	(964)	(572)
Policyholder dividend obligation	(3,352)	(1,783)
Subtotal	(5,985)	(2,362)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	(1)	14
Deferred income tax benefit (expense)	(4,802)	(2,542)
Net unrealized investment gains (losses)	8,994	4,774
Net unrealized investment gains (losses) attributable to noncontrolling interests	(1)	(1)
Net unrealized investment gains (losses) attributable to Metropolitan Life Insurance Company	$ 8,993	$ 4,773

The changes in fixed maturity securities with noncredit OTTI losses included in AOCI were as follows:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
	(In millions)	
Balance, beginning of period	$ (39)	$ (66)
Noncredit OTTI losses and subsequent changes recognized	9	5
Securities sold with previous noncredit OTTI loss	26	105
Subsequent changes in estimated fair value	9	(83)
Balance, end of period (1)	$ 5	$ (39)

(1) The noncredit loss component of OTTI losses was in an unrealized gain position of $5 million at September 30, 2016 due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also "— Net Unrealized Investment Gains (Losses)."

6. Investments (continued)

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

	Nine Months Ended September 30, 2016
	(In millions)
Balance, beginning of period	$ 4,773
Fixed maturity securities on which noncredit OTTI losses have been recognized	44
Unrealized investment gains (losses) during the period	10,074
Unrealized investment gains (losses) relating to:	
Future policy benefits	(1,661)
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	(1)
DAC, VOBA and DSI	(392)
Policyholder dividend obligation	(1,569)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	(15)
Deferred income tax benefit (expense)	(2,260)
Net unrealized investment gains (losses)	8,993
Net unrealized investment gains (losses) attributable to noncontrolling interests	—
Balance, end of period	$ 8,993
Change in net unrealized investment gains (losses)	$ 4,220
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	—
Change in net unrealized investment gains (losses) attributable to Metropolitan Life Insurance Company	$ 4,220

Concentrations of Credit Risk

There were no investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, at both September 30, 2016 and December 31, 2015.

Securities Lending

Elements of the securities lending program are presented below at:

	September 30, 2016	December 31, 2015
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 15,009	$ 16,257
Estimated fair value	$ 17,308	$ 17,700
Cash collateral on deposit from counterparties (2)	$ 17,770	$ 18,053
Security collateral on deposit from counterparties (3)	$ 45	$ 22
Reinvestment portfolio — estimated fair value	$ 17,977	$ 18,138

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

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

(3) Security collateral on deposit from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the consolidated financial statements.

6. Investments (continued)

The cash collateral liability by loaned security type and remaining tenor of the agreements were as follows at:

	September 30, 2016				December 31, 2015			
	Remaining Tenor of Securities Lending Agreements				Remaining Tenor of Securities Lending Agreements			
	Open (1)	1 Month or Less	1 to 6 Months	Total	Open (1)	1 Month or Less	1 to 6 Months	Total
	(In millions)							
Cash collateral liability by loaned security type:								
U.S. government and agency	$ 4,933	$ 6,439	$ 6,347	$ 17,719	$ 6,260	$ 7,421	$ 4,303	$ 17,984
All other securities	—	46	5	51	1	47	21	69
Total	$ 4,933	$ 6,485	$ 6,352	$ 17,770	$ 6,261	$ 7,468	$ 4,324	$ 18,053

(1) The related loaned security could be returned to the Company on the next business day which would require the Company to immediately return the cash collateral.

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it 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 what otherwise would have been realized under normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at September 30, 2016 was $4.8 billion, all of which were U.S. government and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including U.S. government and agency, agency RMBS, ABS, short-term investments and U.S. corporate securities) with 65% invested in U.S. government and agency securities, agency RMBS, short-term investments, or held in cash and cash equivalents. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented below at estimated fair value for all asset classes, except mortgage loans, which are presented at carrying value at:

	September 30, 2016	December 31, 2015
	(In millions)	
Invested assets on deposit (regulatory deposits)	$ 1,417	$ 1,245
Invested assets pledged as collateral (1)	21,832	19,011
Total invested assets on deposit and pledged as collateral	$ 23,249	$ 20,256

(1) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 4 of the Notes to the Consolidated Financial Statements included in the 2015 Annual Report) and derivative transactions (see Note 7).

See "— Securities Lending" for information regarding securities on loan and Note 5 for information regarding investments designated to the closed block.

Variable Interest Entities

The Company is involved with certain legal 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 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.

6. Investments (continued)

Consolidated VIEs

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.

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:

	September 30, 2016		December 31, 2015	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Real estate joint ventures (1)	$ 492	$ —	$ —	$ —
Fixed maturity securities (2)	—	—	104	50
Other investments (3)	63	12	89	13
Total	$ 555	$ 12	$ 193	$ 63

(1) The Company consolidates certain affiliated real estate joint ventures. At September 30, 2016, the Company and its affiliates invested $428 million and $64 million, respectively, in these affiliated real estate joint ventures.

(2) The Company consolidated certain fixed maturity securities purchased in an investment structure which was partially funded with affiliated long-term debt. These investments were sold in June 2016. The long-term debt bore interest primarily at variable rates, payable on a bi-annual basis.

(3) Other investments is primarily comprised of other invested assets and other limited partnership interests. The Company consolidates entities that are structured as collateralized debt obligations. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The Company's exposure was limited to that of its remaining investment in these entities of less than $1 million at estimated fair value at both September 30, 2016 and December 31, 2015.

Unconsolidated VIEs

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows at:

	September 30, 2016		December 31, 2015	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities AFS:				
Structured Securities (2)	$ 41,332	$ 41,332	$ 37,061	$ 37,061
U.S. and foreign corporate	1,657	1,657	1,593	1,593
Other limited partnership interests	3,384	5,575	2,874	3,672
Other invested assets	2,022	2,604	1,564	2,116
Real estate joint ventures	85	110	31	44
Total	$ 48,480	$ 51,278	$ 43,123	$ 44,486

6. Investments (continued)

(1) The maximum exposure to loss relating to fixed maturity securities AFS is equal to their carrying amounts or the carrying amounts of retained interests. The maximum exposure to loss relating to other limited partnership interests and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments. For certain of its investments in other invested assets, the Company's return is in the form of income tax credits which are guaranteed by creditworthy third parties. For such investments, the maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by income tax credits guaranteed by third parties of $151 million and $179 million at September 30, 2016 and December 31, 2015, respectively. 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 in mortgage-backed or asset backed securities issued by trusts that do not have substantial equity.

As described in Note 12, 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 both the nine months ended September 30, 2016 and 2015.

Net Investment Income

The components of net investment income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Investment income:				
Fixed maturity securities	$ 1,907	$ 1,918	$ 5,803	$ 5,992
Equity securities	19	21	65	64
Trading and FVO securities — Actively traded and FVO general account securities (1)	—	(39)	3	(21)
Mortgage loans	630	623	1,930	1,871
Policy loans	104	105	311	324
Real estate and real estate joint ventures	159	190	366	599
Other limited partnership interests	154	169	274	485
Cash, cash equivalents and short-term investments	10	5	31	17
Operating joint venture	2	—	7	6
Other	67	25	133	154
Subtotal	3,052	3,017	8,923	9,491
Less: Investment expenses	182	220	574	670
Subtotal, net	2,870	2,797	8,349	8,821
FVO CSEs — interest income:				
Securities	—	—	—	1
Subtotal	—	—	—	1
Net investment income	$ 2,870	$ 2,797	$ 8,349	$ 8,822

(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 less than $1 million for both the three months and nine months ended September 30, 2016, and ($39) million and ($47) million for the three months and nine months ended September 30, 2015, respectively.

See "— Related Party Investment Transactions" for discussion of affiliated net investment income and investment expenses.

6. Investments (continued)

The Company previously maintained a trading securities portfolio, principally invested in fixed maturity securities, to support investment strategies that involved the active and frequent purchase and sale of actively traded securities and the execution of short sale agreements. In June 2016, the Company commenced a reinvestment of this portfolio into other asset classes. Fair value option securities ("FVO securities") include certain fixed maturity and equity securities held-for-investment by the general account to support asset/liability management strategies for certain insurance products and securities held by consolidated securitization entities ("CSEs").

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Total gains (losses) on fixed maturity securities:				
Total OTTI losses recognized — by sector and industry:				
U.S. and foreign corporate securities — by industry:				
Consumer	$ —	$ (9)	$ —	$ (12)
Industrial	—	—	(58)	—
Communications	—	—	(3)	—
Total U.S. and foreign corporate securities	—	(9)	(61)	(12)
State and political subdivision	—	(1)	—	(1)
RMBS	(9)	—	(14)	(14)
OTTI losses on fixed maturity securities recognized in earnings	(9)	(10)	(75)	(27)
Fixed maturity securities — net gains (losses) on sales and disposals	61	(65)	268	50
Total gains (losses) on fixed maturity securities	52	(75)	193	23
Total gains (losses) on equity securities:				
Total OTTI losses recognized — by sector:				
Common stock	(5)	(6)	(71)	(14)
OTTI losses on equity securities recognized in earnings	(5)	(6)	(71)	(14)
Equity securities — net gains (losses) on sales and disposals	7	7	21	5
Total gains (losses) on equity securities	2	1	(50)	(9)
Mortgage loans	(9)	(26)	(6)	(70)
Real estate and real estate joint ventures	20	206	28	214
Other limited partnership interests	(8)	(75)	(38)	(52)
Other	(14)	19	(44)	7
Subtotal	43	50	83	113
FVO CSEs:				
Securities	1	—	2	—
Non-investment portfolio gains (losses)	(2)	82	30	151
Subtotal	(1)	82	32	151
Total net investment gains (losses)	$ 42	$ 132	$ 115	$ 264

See "— Related Party Investment Transactions" for discussion of affiliated net investment gains (losses) related to transfers of invested assets to affiliates.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

6. Investments (continued)

Gains (losses) from foreign currency transactions included within net investment gains (losses) were $1 million and $24 million for the three months and nine months ended September 30, 2016, respectively, and $76 million and $93 million for the three months and nine months ended September 30, 2015, respectively.

Sales or Disposals and Impairments of Fixed Maturity and Equity Securities

Investment gains and losses on sales of securities are determined on a specific identification basis. 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.

	Three Months Ended September 30,			
	2016	2015	2016	2015
	Fixed Maturity Securities		Equity Securities	
	(In millions)			
Proceeds	$ 15,343	$ 13,895	$ 28	$ 16
Gross investment gains	$ 135	$ 74	$ 9	$ 9
Gross investment losses	(74)	(139)	(2)	(2)
OTTI losses	(9)	(10)	(5)	(6)
Net investment gains (losses)	$ 52	$ (75)	$ 2	$ 1

	Nine Months Ended September 30,			
	2016	2015	2016	2015
	Fixed Maturity Securities		Equity Securities	
	(In millions)			
Proceeds	$ 41,425	$ 45,974	$ 85	$ 44
Gross investment gains	$ 637	$ 474	$ 28	$ 15
Gross investment losses	(369)	(424)	(7)	(10)
OTTI losses	(75)	(27)	(71)	(14)
Net investment gains (losses)	$ 193	$ 23	$ (50)	$ (9)

6. Investments (continued)

Credit Loss Rollforward

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) ("OCI"):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Balance, beginning of period	$ 171	$ 194	$ 188	$ 263
Additions:				
Initial impairments — credit loss OTTI on securities not previously impaired	1	—	1	1
Additional impairments — credit loss OTTI on securities previously impaired	7	1	10	12
Reductions:				
Sales (maturities, pay downs or prepayments) of securities previously impaired as credit loss OTTI	(10)	(15)	(29)	(95)
Securities impaired to net present value of expected future cash flows	—	—	(1)	—
Increase in cash flows — accretion of previous credit loss OTTI	—	(1)	—	(2)
Balance, end of period	$ 169	$ 179	$ 169	$ 179

Related Party Investment Transactions

The Company transfers invested assets, primarily consisting of fixed maturity securities and mortgage loans to and from affiliates. Invested assets transferred to and from affiliates were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Estimated fair value of invested assets transferred to affiliates	$ 179	$ —	$ 4,555	$ 600
Amortized cost of invested assets transferred to affiliates	$ 169	$ —	$ 4,297	$ 567
Net investment gains (losses) recognized on transfers	$ 10	$ —	$ 258	$ 33
Estimated fair value of invested assets transferred from affiliates	$ 51	$ 74	$ 150	$ 175

In April 2016, the Company transferred investments and cash and cash equivalents with an amortized cost and fair value of $4.0 billion and $4.3 billion, respectively, for the recapture of risks related to certain single premium deferred annuity contracts previously reinsured to MetLife USA, an affiliate, which are included in the table above. See Note 13 for additional information related to the transfer.

Below is a summary of certain affiliated loans, which are more fully described in Note 8 of the Notes of the Consolidated Financial Statements, included in the 2015 Annual Report.

The Company had affiliated loans outstanding to MetLife, Inc., which are included in other invested assets, totaling $2.0 billion at both September 30, 2016 and December 31, 2015. During the three months ended September 30, 2016, an affiliated loan for $250 million matured and, subsequently, a new loan was issued for $250 million, which bears interest, payable semiannually, at a fixed rate of 3.03%, and matures on September 30, 2020. Net investment income from affiliated loans was $23 million and $70 million for the three months and nine months ended September 30, 2016, respectively, and $24 million and $72 million for the three months and nine months ended September 30, 2015, respectively.

As a structured settlements assignment company, the Company purchases annuities from affiliates to fund the periodic structured settlement claim payment obligations it assumes. Each annuity purchased is contractually designated to the assumed claim obligation it funds. The aggregate annuity contract values recorded, for which the Company has also recorded an unpaid claim obligation of equal amounts, were $1.3 billion at both September 30, 2016 and December 31, 2015. The related net investment income and corresponding policyholder benefits and claims recognized were $17 million and $46 million for the three months and nine months ended September 30, 2016, respectively, and $17 million and $48 million for the three months and nine months ended September 30, 2015, respectively.

The Company holds a surplus note from American Life Insurance Company, an affiliate, which is included in other invested assets, totaling $100 million at both September 30, 2016 and December 31, 2015. Net investment income from this surplus note was $1 million and $3 million for the three months and nine months ended September 30, 2016, respectively, and $1 million and $3 million for the three months and nine months ended September 30, 2015, respectively.

The Company provides investment administrative services to certain affiliates. The related investment administrative service charges to these affiliates were $42 million and $127 million for the three months and nine months ended September 30, 2016, respectively, and $40 million and $119 million for the three months and nine months ended September 30, 2015, respectively. The Company also earned additional affiliated net investment income of $2 million and $4 million for the three months and nine months ended September 30, 2016, respectively, and $1 million and $3 million for the three months and nine months ended September 30, 2015, respectively.

See "— Variable Interest Entities" for information on investments in affiliated real estate joint ventures.

7. Derivatives

Accounting for Derivatives

Freestanding Derivatives

Freestanding derivatives are carried on the Company's balance sheet either as assets within other invested assets or as liabilities within other liabilities at estimated fair value. The Company does not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

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

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 reported in net derivative gains (losses) except as follows:

Statement of Operations Presentation:	Derivative:
Policyholder benefits and claims	• Economic hedges of variable annuity guarantees included in future policy benefits
Net investment income	• Economic hedges of equity method investments in joint ventures • All derivatives held in relation to trading portfolios

Hedge Accounting

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. Hedge designation and financial statement presentation of changes in estimated fair value of the hedging derivatives are as follows:

- Fair value hedge (a hedge of the estimated fair value of a recognized asset or liability) - in net derivative gains (losses), consistent with the change in estimated fair value of the hedged item attributable to the designated risk being hedged.
- Cash flow hedge (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) - effectiveness in OCI (deferred gains or losses on the derivative are reclassified into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item); ineffectiveness in net derivative gains (losses).

7. Derivatives (continued)

The changes in estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported on the statement of operations within interest income or interest expense to match the location of the hedged item.

In its hedge 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 that 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 at least quarterly 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 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 on the balance sheet at its estimated fair value, with changes in estimated fair value recognized 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 OCI related to discontinued cash flow hedges are released into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried on the balance sheet 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 OCI 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 on the balance sheet, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

Embedded Derivatives

The Company sells variable annuities and issues certain insurance products and investment contracts and is a party to certain reinsurance agreements that have embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in earnings;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the balance sheet 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. 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.

7. Derivatives (continued)

See Note 8 for information about the fair value hierarchy for derivatives.

Derivative Strategies

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. The Company uses a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values 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. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC-cleared"), while others are bilateral contracts between two counterparties ("OTC-bilateral"). The types of derivatives the Company uses include swaps, forwards, futures and option contracts. To a lesser extent, the Company uses credit default swaps and structured interest rate swaps to synthetically replicate investment risks and returns which are not readily available in the cash market.

Interest Rate Derivatives

The Company uses a variety of interest rate derivatives to reduce its exposure to changes in interest rates, including interest rate swaps, interest rate total return swaps, caps, floors, swaptions, futures and forwards.

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 amount. The Company utilizes interest rate swaps in fair value, cash flow and nonqualifying hedging relationships.

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

Interest rate total return swaps 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 Interbank Offered Rate ("LIBOR"), calculated by reference to an agreed notional 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. Interest rate total return swaps are used by the Company to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). The Company utilizes interest rate total return swaps in nonqualifying 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, 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 nonqualifying hedging relationships.

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

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 hedging relationships.

To a lesser extent, the Company uses exchange-traded interest rate futures in nonqualifying hedging relationships.

7. Derivatives (continued)

Foreign Currency Exchange Rate Derivatives

The Company uses foreign currency exchange rate derivatives, including foreign currency swaps and foreign currency forwards, 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 notional amount. The notional 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 nonqualifying 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 at the specified future date. The Company utilizes foreign currency forwards in nonqualifying hedging relationships.

Credit Derivatives

The Company enters into purchased credit default swaps to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party to pay, at specified intervals, a premium to hedge credit risk. If a credit event occurs, as defined by the contract, 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 amount in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. Credit events vary by type of issuer but typically include bankruptcy, failure to pay debt obligations, repudiation, moratorium, involuntary restructuring or governmental intervention. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association, Inc. (“ISDA”) deems that a credit event has occurred. The Company utilizes credit default swaps in nonqualifying hedging relationships.

The Company enters into written credit default swaps 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. government and agency securities, or other fixed maturity securities. These credit default swaps are not designated as hedging instruments.

The Company also enters into certain purchased and written credit default swaps held in relation to trading portfolios for the purpose of generating profits on short-term differences in price. These credit default swaps are not designated as hedging instruments.

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

Equity Derivatives

The Company uses a variety of equity derivatives to reduce its exposure to equity market risk, including equity index options, equity variance swaps, exchange-traded equity futures and equity total return swaps.

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

7. Derivatives (continued)

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. The Company utilizes equity variance swaps in nonqualifying 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 minimum guarantees embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded equity futures in nonqualifying hedging relationships.

In an equity total return swap, 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 LIBOR, calculated by reference to an agreed notional 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. The Company uses equity total return swaps to hedge its equity market guarantees in certain of its insurance products. Equity total return swaps can be used as hedges or to synthetically create investments. The Company utilizes equity total return swaps in nonqualifying hedging relationships.

7. Derivatives (continued)

Primary Risks Managed by Derivatives

The following table presents the gross notional amount, estimated fair value and primary underlying risk exposure of the Company's derivatives, excluding embedded derivatives, held at:

		September 30, 2016			December 31, 2015		
		Gross Notional Amount	Estimated Fair Value		Gross Notional Amount	Estimated Fair Value	
	Primary Underlying Risk Exposure		Assets	Liabilities		Assets	Liabilities
		(In millions)					
Derivatives Designated as Hedging Instruments:							
Fair value hedges:							
Interest rate swaps	Interest rate	$ 5,025	$ 2,760	$ 12	$ 5,089	$ 2,177	$ 11
Foreign currency swaps	Foreign currency exchange rate	1,200	23	156	2,133	61	159
Subtotal		6,225	2,783	168	7,222	2,238	170
Cash flow hedges:							
Interest rate swaps	Interest rate	1,904	618	—	1,960	426	—
Interest rate forwards	Interest rate	1,997	33	10	70	15	—
Foreign currency swaps	Foreign currency exchange rate	20,099	1,380	1,352	18,743	1,132	1,376
Subtotal		24,000	2,031	1,362	20,773	1,573	1,376
Total qualifying hedges		30,225	4,814	1,530	27,995	3,811	1,546
Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Interest rate swaps	Interest rate	36,069	4,238	1,609	51,489	2,613	1,197
Interest rate floors	Interest rate	10,001	314	9	13,701	252	10
Interest rate caps	Interest rate	64,838	28	3	55,136	67	2
Interest rate futures	Interest rate	3,662	—	12	2,023	—	2
Interest rate options	Interest rate	1,450	264	1	2,295	227	4
Interest rate total return swaps	Interest rate	1,549	76	—	—	—	—
Synthetic GICs	Interest rate	5,328	—	—	4,216	—	—
Foreign currency swaps	Foreign currency exchange rate	8,345	935	97	8,095	600	94
Foreign currency forwards	Foreign currency exchange rate	1,978	34	6	3,014	83	36
Credit default swaps — purchased	Credit	950	10	9	819	28	8
Credit default swaps — written	Credit	7,320	90	9	6,577	51	11
Equity futures	Equity market	1,850	—	11	1,452	15	—
Equity index options	Equity market	8,276	296	403	7,364	326	349
Equity variance swaps	Equity market	5,676	69	188	5,676	62	160
Equity total return swaps	Equity market	1,270	1	23	952	11	9
Total non-designated or nonqualifying derivatives		158,562	6,355	2,380	162,809	4,335	1,882
Total		$ 188,787	$ 11,169	$ 3,910	$ 190,804	$ 8,146	$ 3,428

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both September 30, 2016 and December 31, 2015. The Company's use of derivatives includes (i) derivatives that serve as macro hedges of the Company's exposure to various risks and that generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities that contain mortality or morbidity risk and that generally do not qualify for hedge accounting because the lack of these risks in the derivatives cannot support an expectation of a highly effective hedging relationship; (iii) derivatives that economically hedge embedded derivatives that do not qualify for hedge accounting because the changes in estimated fair value of the embedded derivatives are already recorded in net income; and (iv) written credit default swaps that are used to synthetically create credit investments and that do not qualify for hedge accounting because they do not involve a hedging relationship. For these nonqualified derivatives, changes in market factors can lead to the recognition of fair value changes on the statement of operations without an offsetting gain or loss recognized in earnings for the item being hedged.

7. Derivatives (continued)

Net Derivative Gains (Losses)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Freestanding derivatives and hedging gains (losses) (1)	$ (342)	$ 850	$ 947	$ 716
Embedded derivatives gains (losses)	137	(292)	(1,509)	111
Total net derivative gains (losses)	$ (205)	$ 558	$ (562)	$ 827

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

The following table presents earned income on derivatives:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Qualifying hedges:				
Net investment income	$ 70	$ 57	$ 199	$ 164
Interest credited to policyholder account balances	—	5	7	22
Nonqualifying hedges:				
Net investment income	—	(1)	(1)	(3)
Net derivative gains (losses)	152	124	428	390
Policyholder benefits and claims	1	1	3	2
Total	$ 223	$ 186	$ 636	$ 575

7. Derivatives (continued)

Nonqualifying Derivatives and Derivatives for Purposes Other Than Hedging

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

	Net Derivative Gains (Losses)	Net Investment Income (1)	Policyholder Benefits and Claims (2)
		(In millions)	
Three Months Ended September 30, 2016			
Interest rate derivatives	$ (305)	$ —	$ —
Foreign currency exchange rate derivatives	65	—	—
Credit derivatives — purchased	(13)	—	—
Credit derivatives — written	36	—	—
Equity derivatives	(231)	(2)	(62)
Total	$ (448)	$ (2)	$ (62)
Three Months Ended September 30, 2015			
Interest rate derivatives	$ 493	$ —	$ —
Foreign currency exchange rate derivatives	258	—	—
Credit derivatives — purchased	15	3	—
Credit derivatives — written	(53)	(1)	—
Equity derivatives	142	(1)	80
Total	$ 855	$ 1	$ 80
Nine Months Ended September 30, 2016			
Interest rate derivatives	$ 867	$ —	$ —
Foreign currency exchange rate derivatives	275	—	—
Credit derivatives — purchased	(31)	—	—
Credit derivatives — written	38	—	—
Equity derivatives	(304)	(12)	(57)
Total	$ 845	$ (12)	$ (57)
Nine Months Ended September 30, 2015			
Interest rate derivatives	$ 74	$ —	$ —
Foreign currency exchange rate derivatives	488	—	—
Credit derivatives — purchased	19	3	—
Credit derivatives — written	(76)	—	—
Equity derivatives	58	(7)	49
Total	$ 563	$ (4)	$ 49

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

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

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 assets and liabilities to floating rate assets and liabilities; and (ii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated assets and liabilities.

7. Derivatives (continued)

The Company recognizes gains and losses on derivatives and the related hedged items in fair value hedges within net derivative gains (losses). The following table 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)	
Three Months Ended September 30, 2016				
Interest rate swaps:	Fixed maturity securities	$ 5	$ (3)	$ 2
	Policyholder liabilities (1)	(47)	42	(5)
Foreign currency swaps:	Foreign-denominated fixed maturity securities	1	(1)	—
	Foreign-denominated policyholder account balances (2)	(1)	1	—
Total		$ (42)	$ 39	$ (3)
Three Months Ended September 30, 2015				
Interest rate swaps:	Fixed maturity securities	$ (2)	$ 1	$ (1)
	Policyholder liabilities (1)	277	(279)	(2)
Foreign currency swaps:	Foreign-denominated fixed maturity securities	5	(3)	2
	Foreign-denominated policyholder account balances (2)	(47)	46	(1)
Total		$ 233	$ (235)	$ (2)
Nine Months Ended September 30, 2016				
Interest rate swaps:	Fixed maturity securities	$ (3)	$ 1	$ (2)
	Policyholder liabilities (1)	472	(482)	(10)
Foreign currency swaps:	Foreign-denominated fixed maturity securities	5	(4)	1
	Foreign-denominated policyholder account balances (2)	(27)	24	(3)
Total		$ 447	$ (461)	$ (14)
Nine Months Ended September 30, 2015				
Interest rate swaps:	Fixed maturity securities	$ (2)	$ 4	$ 2
	Policyholder liabilities (1)	115	(121)	(6)
Foreign currency swaps:	Foreign-denominated fixed maturity securities	12	(6)	6
	Foreign-denominated policyholder account balances (2)	(186)	179	(7)
Total		$ (61)	$ 56	$ (5)

(1) Fixed rate liabilities reported in policyholder account balances or future policy benefits.

(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 assets and liabilities to fixed rate assets and liabilities; (ii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated assets and liabilities; (iii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (iv) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments; and (v) interest rate forwards to hedge forecasted fixed-rate borrowings.

7. Derivatives (continued)

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions were no longer probable of occurring. Because certain of the forecasted transactions also were not probable of occurring within two months of the anticipated date, the Company reclassified amounts from AOCI into net derivative gains (losses). These amounts were $7 million and $10 million for the three months and nine months ended September 30, 2016, respectively. For the three months ended September 30, 2015, the amounts reclassified from AOCI into net derivative gains (losses) were not significant, and for the nine months ended September 30, 2015, these amounts were $4 million.

At September 30, 2016 and December 31, 2015, 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 six years and five years, respectively.

At September 30, 2016 and December 31, 2015, the balance in AOCI associated with cash flow hedges was $2.7 billion and $2.2 billion, respectively.

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

Derivatives in Cash Flow Hedging Relationships	Amount of Gains (Losses) Deferred in AOCI on Derivatives	Amount and Location of Gains (Losses) Reclassified from AOCI into Income (Loss)		Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)		(Ineffective Portion)
		Net Derivative Gains (Losses)	Net Investment Income	Net Derivative Gains (Losses)
	(In millions)			
Three Months Ended September 30, 2016				
Interest rate swaps	$ 21	$ 27	$ 4	$ —
Interest rate forwards	(6)	1	—	—
Foreign currency swaps	24	69	—	(4)
Credit forwards	—	—	—	—
Total	$ 39	$ 97	$ 4	$ (4)
Three Months Ended September 30, 2015				
Interest rate swaps	$ 179	$ 39	$ 2	$ 1
Interest rate forwards	4	—	1	—
Foreign currency swaps	(91)	(260)	—	4
Credit forwards	—	—	1	—
Total	$ 92	$ (221)	$ 4	$ 5
Nine Months Ended September 30, 2016				
Interest rate swaps	$ 330	$ 44	$ 10	$ —
Interest rate forwards	34	—	2	—
Foreign currency swaps	339	169	(1)	(3)
Credit forwards	—	3	—	—
Total	$ 703	$ 216	$ 11	$ (3)
Nine Months Ended September 30, 2015				
Interest rate swaps	$ 96	$ 51	$ 8	$ 2
Interest rate forwards	(1)	3	2	—
Foreign currency swaps	(158)	(537)	(1)	5
Credit forwards	—	1	1	—
Total	$ (63)	$ (482)	$ 10	$ 7

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

At September 30, 2016, the Company expects to reclassify ($82) million of deferred net gains (losses) on derivatives in AOCI to earnings within the next 12 months.

7. Derivatives (continued)

Credit Derivatives

In connection with synthetically created credit investment transactions and credit default swaps held in relation to the trading portfolio, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the nonqualifying derivatives and derivatives for purposes other than hedging table. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company's maximum amount at risk, assuming the value of all referenced credit obligations is zero, was $7.3 billion and $6.6 billion at September 30, 2016 and December 31, 2015, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current estimated fair value of the credit default swaps. At September 30, 2016 and December 31, 2015, the Company would have received $81 million and $40 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:

	September 30, 2016			December 31, 2015		
Rating Agency Designation of Referenced Credit Obligations (1)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)
	(Dollars in millions)					
Aaa/Aa/A						
Single name credit default swaps (corporate)	$ 1	$ 217	3.0	$ 2	$ 245	2.5
Credit default swaps referencing indices	14	1,375	3.2	5	1,366	3.3
Subtotal	15	1,592	3.2	7	1,611	3.2
Baa						
Single name credit default swaps (corporate)	4	575	2.5	5	752	2.6
Credit default swaps referencing indices	59	4,867	5.0	21	3,452	4.8
Subtotal	63	5,442	4.7	26	4,204	4.4
Ba						
Single name credit default swaps (corporate)	(4)	115	4.5	(2)	60	2.2
Credit default swaps referencing indices	—	—	—	(1)	100	1.0
Subtotal	(4)	115	4.5	(3)	160	1.4
B						
Single name credit default swaps (corporate)	1	70	2.1	—	—	—
Credit default swaps referencing indices	6	101	5.3	10	602	4.9
Subtotal	7	171	4.0	10	602	4.9
Total	$ 81	$ 7,320	4.4	$ 40	$ 6,577	4.1

(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 Ratings Services ("S&P") and Fitch Ratings. If no rating is available from a rating agency, then an internally developed rating is used.

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

7. Derivatives (continued)

The Company has also entered into credit default swaps to purchase credit protection on certain of the referenced credit obligations in the table above. As a result, the maximum amounts of potential future recoveries available to offset the $7.3 billion and $6.6 billion from the table above were $27 million and $70 million at September 30, 2016 and December 31, 2015, respectively.

At September 30, 2016, there were no written credit default swaps held in relation to the trading portfolio. At December 31, 2015, written credit default swaps held in relation to the trading portfolio amounted to $20 million in gross notional amount and ($2) million in estimated fair value.

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Company's derivatives is limited to the net positive estimated fair value of derivatives at the reporting date after taking into consideration the existence of master netting or similar agreements and any collateral received pursuant to such agreements.

The Company manages its credit risk related to derivatives by entering into transactions with creditworthy counterparties and establishing and monitoring exposure limits. The Company's OTC-bilateral derivative transactions are generally governed by ISDA Master Agreements which provide for legally enforceable set-off and close-out netting of exposures to specific counterparties in the event of early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from the counterparty against payables to the same counterparty arising out of all included transactions. Substantially all of the Company's ISDA Master Agreements also include Credit Support Annex provisions which require both the pledging and accepting of collateral in connection with its OTC-bilateral derivatives.

The Company's OTC-cleared derivatives are effected through central clearing counterparties and its exchange-traded derivatives are effected through regulated exchanges. Such positions are marked to market and margined on a daily basis (both initial margin and variation margin), and the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivatives.

See Note 8 for a description of the impact of credit risk on the valuation of derivatives.

7. Derivatives (continued)

The estimated fair values of the Company's net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

Derivatives Subject to a Master Netting Arrangement or a Similar Arrangement	September 30, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
	(In millions)			
Gross estimated fair value of derivatives:				
OTC-bilateral (1)	$ 9,722	$ 2,972	$ 7,368	$ 2,667
OTC-cleared (1)	1,625	896	909	783
Exchange-traded	—	23	15	2
Total gross estimated fair value of derivatives (1)	11,347	3,891	8,292	3,452
Amounts offset on the consolidated balance sheets	—	—	—	—
Estimated fair value of derivatives presented on the consolidated balance sheets (1)	11,347	3,891	8,292	3,452
Gross amounts not offset on the consolidated balance sheets:				
Gross estimated fair value of derivatives: (2)				
OTC-bilateral	(2,402)	(2,402)	(2,117)	(2,117)
OTC-cleared	(878)	(878)	(776)	(776)
Exchange-traded	—	—	—	—
Cash collateral: (3), (4)				
OTC-bilateral	(5,022)	—	(3,705)	(3)
OTC-cleared	(743)	—	(119)	—
Exchange-traded	—	(1)	—	—
Securities collateral: (5)				
OTC-bilateral	(2,154)	(567)	(1,345)	(541)
OTC-cleared	—	—	—	—
Exchange-traded	—	(20)	—	—
Net amount after application of master netting agreements and collateral	$ 148	$ 23	$ 230	$ 15

(1) At September 30, 2016 and December 31, 2015, derivative assets included income or expense accruals reported in accrued investment income or in other liabilities of $178 million and $146 million, respectively, and derivative liabilities included income or expense accruals reported in accrued investment income or in other liabilities of ($19) million and $24 million, respectively.

(2) Estimated fair value of derivatives is limited to the amount that is subject to set-off and includes income or expense accruals.

(3) Cash collateral received by the Company for OTC-bilateral and OTC-cleared derivatives is included in cash and cash equivalents, short-term investments or in fixed maturity securities, and the obligation to return it is included in payables for collateral under securities loaned and other transactions on the balance sheet.

(4) The receivable for the return of cash collateral provided by the Company is inclusive of initial margin on exchange-traded and OTC-cleared derivatives and is included in premiums, reinsurance and other receivables on the balance sheet. The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements. At September 30, 2016 and December 31, 2015, the Company received excess cash collateral of $57 million and $17 million, respectively, and provided excess cash collateral of $7 million and $58 million, respectively, which is not included in the table above due to the foregoing limitation.

7. Derivatives (continued)

(5) Securities collateral received by the Company is held in separate custodial accounts and is not recorded on the balance sheet. Subject to certain constraints, the Company is permitted by contract to sell or re-pledge this collateral, but at September 30, 2016, none of the collateral had been sold or re-pledged. Securities collateral pledged by the Company is reported in fixed maturity securities on the balance sheet. Subject to certain constraints, the counterparties are permitted by contract to sell or re-pledge this collateral. The amount of securities collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements and cash collateral. At September 30, 2016 and December 31, 2015, the Company received excess securities collateral with an estimated fair value of $38 million and $71 million, respectively, for its OTC-bilateral derivatives, which are not included in the table above due to the foregoing limitation. At September 30, 2016 and December 31, 2015, the Company provided excess securities collateral with an estimated fair value of $76 million and $81 million, respectively, for its OTC-bilateral derivatives, and $404 million and $239 million, respectively, for its OTC-cleared derivatives, and $84 million and $15 million, respectively, for its exchange-traded derivatives, which are not included in the table above due to the foregoing limitation.

The Company's collateral arrangements for its OTC-bilateral derivatives generally require the party in a net liability position, after considering the effect of netting agreements, to pledge collateral when the estimated fair value of that party's derivatives reaches a minimum transfer amount. A small number of these arrangements also include financial strength or credit rating contingent provisions that include a threshold above which collateral must be posted. Such agreements provide for a reduction of these thresholds (on a sliding scale that converges toward zero) in the event of downgrades in the financial strength or credit ratings of Metropolitan Life Insurance Company, or its subsidiaries, as applicable, and/or the credit ratings of the counterparty. In addition, substantially all of the Company's netting agreements for derivatives contain provisions that require both Metropolitan Life Insurance Company, or its subsidiaries, as applicable, and the counterparty to maintain a specific investment grade financial strength or credit rating from each of Moody's and S&P. If a party's financial strength or credit ratings were to fall below that specific investment grade financial strength or credit rating, that party would be in violation of these provisions, and the other party to the derivatives could terminate the transactions and demand immediate settlement and payment based on such party's reasonable valuation of the derivatives.

The following table presents the estimated fair value of the Company's OTC-bilateral 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 Metropolitan Life Insurance Company, or its subsidiaries, as applicable, would be required to provide if there was a one-notch downgrade in such companies' financial strength or credit rating, as applicable, at the reporting date or if such companies' financial strength or credit rating, as applicable, sustained a downgrade to a level that triggered full overnight collateralization or termination of the derivative position at the reporting date. OTC-bilateral derivatives that are not subject to collateral agreements are excluded from this table.

	September 30, 2016			December 31, 2015		
	Derivatives Subject to Financial Strength-Contingent Provisions	Derivatives Not Subject to Financial Strength-Contingent Provisions	Total	Derivatives Subject to Financial Strength-Contingent Provisions	Derivatives Not Subject to Financial Strength-Contingent Provisions	Total
	(In millions)					
Estimated Fair Value of Derivatives in a Net Liability Position (1)	$ 569	$ —	$ 569	$ 547	$ 3	$ 550
Estimated Fair Value of Collateral Provided:						
Fixed maturity securities	$ 643	$ —	$ 643	$ 622	$ —	$ 622
Cash	$ —	$ —	$ —	$ —	$ 4	$ 4
Estimated Fair Value of Incremental Collateral Provided Upon:						
One-notch downgrade in financial strength or credit rating, as applicable	$ —	$ —	$ —	$ —	$ —	$ —
Downgrade in financial strength or credit rating, as applicable, to a level that triggers full overnight collateralization or termination of the derivative position	$ —	$ —	$ —	$ —	$ —	$ —

7. Derivatives (continued)

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

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, GMABs and certain GMIBs; funds withheld on ceded reinsurance and affiliated funds withheld on ceded reinsurance; funding agreements with equity or bond indexed crediting rates; and certain debt and equity securities.

The following table presents the estimated fair value and balance sheet location of the Company's embedded derivatives that have been separated from their host contracts at:

	Balance Sheet Location	September 30, 2016	December 31, 2015
		(In millions)	
Net embedded derivatives within asset host contracts:			
Ceded guaranteed minimum benefits	Premiums, reinsurance and other receivables	$ 993	$ 712
Options embedded in debt or equity securities	Investments	(153)	(142)
Net embedded derivatives within asset host contracts		$ 840	$ 570
Net embedded derivatives within liability host contracts:			
Direct guaranteed minimum benefits	Policyholder account balances	$ 861	$ (284)
Assumed guaranteed minimum benefits	Policyholder account balances	262	126
Funds withheld on ceded reinsurance	Other liabilities	1,310	687
Other	Policyholder account balances	6	(3)
Net embedded derivatives within liability host contracts		$ 2,439	$ 526

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Net derivative gains (losses) (1), (2)	$ 137	$ (292)	$ (1,509)	$ 111

(1) The valuation of direct and assumed guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were ($47) million and $173 million for the three months and nine months ended September 30, 2016, respectively, and $37 million and $33 million for the three months and nine months ended September 30, 2015, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were $9 million and ($64) million for the three months and nine months ended September 30, 2016, respectively, and ($11) million and ($8) million for the three months and nine months ended September 30, 2015, respectively.

(2) See Note 13 for discussion of affiliated net derivative gains (losses).

8. 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.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

8. Fair Value (continued)

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy, including those items for which the Company has elected the FVO, are presented below at:

	September 30, 2016			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 57,730	$ 4,988	$ 62,718
U.S. government and agency	22,584	19,486	271	42,341
Foreign corporate	—	22,896	4,207	27,103
RMBS	2,610	20,733	3,891	27,234
State and political subdivision	—	7,860	38	7,898
CMBS	—	5,669	122	5,791
ABS	—	7,572	735	8,307
Foreign government	—	5,182	71	5,253
Total fixed maturity securities	25,194	147,128	14,323	186,645
Equity securities	429	1,041	437	1,907
Trading and FVO securities:				
Actively traded securities	—	—	—	—
FVO general account securities	—	—	14	14
FVO securities held by CSEs	—	2	7	9
Total trading and FVO securities	—	2	21	23
Short-term investments (1)	2,564	2,484	186	5,234
Residential mortgage loans — FVO	—	—	481	481
Derivative assets: (2)				
Interest rate	—	8,222	109	8,331
Foreign currency exchange rate	—	2,372	—	2,372
Credit	—	86	14	100
Equity market	—	250	116	366
Total derivative assets	—	10,930	239	11,169
Net embedded derivatives within asset host contracts (3)	—	—	993	993
Separate account assets (4)	28,601	114,301	1,260	144,162
Total assets	$ 56,788	$ 275,886	$ 17,940	$ 350,614
Liabilities				
Derivative liabilities: (2)				
Interest rate	$ 12	$ 1,633	$ 11	$ 1,656
Foreign currency exchange rate	—	1,610	1	1,611
Credit	—	18	—	18
Equity market	11	426	188	625
Total derivative liabilities	23	3,687	200	3,910
Net embedded derivatives within liability host contracts (3)	—	—	2,439	2,439
Long-term debt	—	—	42	42
Long-term debt of CSEs — FVO	—	—	12	12
Trading liabilities (5)	—	—	—	—
Separate account liabilities (4)	1	75	6	82
Total liabilities	$ 24	$ 3,762	$ 2,699	$ 6,485

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

8. Fair Value (continued)

	December 31, 2015			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 56,848	$ 4,709	$ 61,557
U.S. government and agency	23,015	16,678	—	39,693
Foreign corporate	—	23,222	3,573	26,795
RMBS	—	20,585	3,330	23,915
State and political subdivision	—	6,941	33	6,974
CMBS	—	6,361	218	6,579
ABS	—	5,699	868	6,567
Foreign government	—	3,331	275	3,606
Total fixed maturity securities	23,015	139,665	13,006	175,686
Equity securities	424	1,197	328	1,949
Trading and FVO securities:				
Actively traded securities	—	400	4	404
FVO general account securities	—	—	15	15
FVO securities held by CSEs	—	2	10	12
Total trading and FVO securities	—	402	29	431
Short-term investments (1)	1,513	3,882	200	5,595
Residential mortgage loans — FVO	—	—	314	314
Derivative assets: (2)				
Interest rate	—	5,762	15	5,777
Foreign currency exchange rate	—	1,876	—	1,876
Credit	—	72	7	79
Equity market	15	282	117	414
Total derivative assets	15	7,992	139	8,146
Net embedded derivatives within asset host contracts (3)	—	—	712	712
Separate account assets (4)	23,498	110,921	1,520	135,939
Total assets	$ 48,465	$ 264,059	$ 16,248	$ 328,772
Liabilities				
Derivative liabilities: (2)				
Interest rate	$ 2	$ 1,224	$ —	$ 1,226
Foreign currency exchange rate	—	1,665	—	1,665
Credit	—	17	2	19
Equity market	—	358	160	518
Total derivative liabilities	2	3,264	162	3,428
Net embedded derivatives within liability host contracts (3)	—	—	526	526
Long-term debt	—	50	36	86
Long-term debt of CSEs — FVO	—	—	11	11
Trading liabilities (5)	103	50	—	153
Separate account liabilities (4)	—	—	—	—
Total liabilities	$ 105	$ 3,364	$ 735	$ 4,204

____

(1) Short-term investments as presented in the tables above differ from the amounts presented on the consolidated balance sheets because certain short-term investments are not measured at estimated fair value on a recurring basis.

8. Fair Value (continued)

(2) Derivative assets are presented within other invested assets on the consolidated balance sheets and derivative liabilities are presented within other liabilities on the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation on 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.

(3) Net embedded derivatives within asset host contracts are presented within premiums, reinsurance and other receivables on the consolidated balance sheets. Net embedded derivatives within liability host contracts are presented within policyholder account balances and other liabilities on the consolidated balance sheets. At September 30, 2016 and December 31, 2015, debt and equity securities also included embedded derivatives of ($153) million and ($142) million, respectively.

(4) 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. Separate account liabilities presented in the tables above represent derivative liabilities.

(5) Trading liabilities are presented within other liabilities on the consolidated balance sheets.

The following describes the valuation methodologies used to measure assets and liabilities at fair value. The description includes the valuation techniques and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy.

Investments

Valuation Controls and Procedures

On behalf of the Company and MetLife, Inc.'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 quarterly 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, and determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time. This committee also 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 of the Board of Directors of each of MetLife, Inc. and Metropolitan Life Insurance Company regarding 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 considering such pricing relative to 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 1% of the total estimated fair value of fixed maturity securities and 3% of the total estimated fair value of Level 3 fixed maturity securities at September 30, 2016.

8. Fair Value (continued)

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 were not 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, Long-term Debt, Long-term Debt of CSEs — FVO and Trading Liabilities

When available, the estimated fair value of these financial instruments is 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 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 FVO securities held by CSEs, long-term debt, long-term debt of CSEs — FVO and trading liabilities is determined on a basis consistent with the methodologies described herein for securities.

The valuation of most instruments listed below is determined using independent pricing sources, matrix pricing, discounted cash flow methodologies or other similar techniques that use either observable market inputs or unobservable inputs.

8. Fair Value (continued)

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Fixed Maturity Securities		
U.S. corporate and Foreign corporate securities		

	Valuation Techniques: Principally the market and income approaches.
	Key Inputs:
	• quoted prices in markets that are not active
	• benchmark yields; spreads off benchmark yields; new issuances; issuer rating
	• trades of identical or comparable securities; duration
	• Privately-placed securities are valued using the additional key inputs:
	  • market yield curve; call provisions
	  • observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer
	  • delta spread adjustments to reflect specific credit-related issues
		Valuation Techniques: Principally the market approach.
		Key Inputs:
		• illiquidity premium
		• delta spread adjustments to reflect specific credit-related issues
		• credit spreads
		• quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2
		• independent non-binding broker quotations

U.S. government and agency, State and political subdivision and Foreign government securities		
	Valuation Techniques: Principally the market approach. Key Inputs: • quoted prices in markets that are not active • benchmark U.S. Treasury yield or other yields • the spread off the U.S. Treasury yield curve for the identical security • issuer ratings and issuer spreads; broker-dealer quotes • comparable securities that are actively traded	Valuation Techniques: Principally the market approach. Key Inputs: • independent non-binding broker quotations • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • credit spreads
Structured Securities		

	Valuation Techniques: Principally the market and income approaches.
	Key Inputs:
	• quoted prices in markets that are not active
	• spreads for actively traded securities; spreads off benchmark yields
	• expected prepayment speeds and volumes
	• current and forecasted loss severity; ratings; geographic region
	• weighted average coupon and weighted average maturity
	• average delinquency rates; debt-service coverage ratios
	• issuance-specific information, including, but not limited to:
	  • collateral type; structure of the security; vintage of the loans
	  • payment terms of the underlying assets
	  • payment priority within the tranche; deal performance
		Valuation Techniques: Principally the market and income approaches.
		Key Inputs:
		• credit spreads
		• quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2
		• independent non-binding broker quotations

8. Fair Value (continued)

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Equity Securities		
	Valuation Techniques: Principally the market approach. Key Input: • quoted prices in markets that are not considered active	Valuation Techniques: Principally the market and income approaches. Key Inputs: • credit ratings; issuance structures • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations
Trading and FVO securities and Short-term investments		
	• Trading and FVO securities and short-term investments are of a similar nature and class to the fixed maturity and equity securities described above; accordingly, the valuation techniques and observable inputs used in their valuation are also similar to those described above.	• Trading and FVO securities and short-term investments are of a similar nature and class to the fixed maturity and equity securities described above; accordingly, the valuation techniques and unobservable inputs used in their valuation are also similar to those described above.
Residential mortgage loans — FVO		
	• N/A	Valuation Techniques: Principally the market approach, including matrix pricing or other similar techniques. Key Inputs: • Inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data
Separate Account Assets and Separate Account Liabilities (1)		
Mutual funds and hedge funds without readily determinable fair values as prices are not published publicly		
	Key Input: • quoted prices or reported NAV provided by the fund managers	• N/A
Other limited partnership interests		
	• N/A	Valuation Techniques: Valued giving consideration to the underlying holdings of the partnerships and by applying a premium or discount, if appropriate. Key Inputs: • liquidity; bid/ask spreads; performance record of the fund manager • other relevant variables that may impact the exit value of the particular partnership interest

(1) Estimated fair value equals carrying value, based on the value of the underlying assets, including: mutual fund interests, fixed maturity securities, equity securities, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents. Fixed maturity securities, equity securities, derivatives, short-term investments and cash and cash equivalents are similar in nature to the instruments described under "— Securities, Short-term Investments, Long-term Debt, Long-term Debt of CSEs — FVO and Trading Liabilities" and "— Derivatives — Freestanding Derivatives."

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-bilateral and OTC-cleared 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 controls and procedures for derivatives are described in "— Investments."

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared 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. 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.

8. Fair Value (continued)

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made 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.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared 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 OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, 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.

Freestanding Derivatives

Level 2 Valuation Techniques and Key Inputs:

This level includes all types of derivatives utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivatives with unobservable inputs as described in Level 3.

Level 3 Valuation Techniques and Key Inputs:

These valuation methodologies generally use the same inputs as described in the corresponding sections 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.

Freestanding 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. Key inputs are as follows:

Instrument	Interest Rate	Foreign Currency Exchange Rate	Credit	Equity Market
Inputs common to Level 2 and Level 3 by instrument type	• swap yield curves • basis curves • interest rate volatility (1)	• swap yield curves • basis curves • currency spot rates • cross currency basis curves	• swap yield curves • credit curves • recovery rates	• swap yield curves • spot equity index levels • dividend yield curves • equity volatility (1)
Level 3	• swap yield curves (2) • basis curves (2) • repurchase rates	• swap yield curves (2) • basis curves (2) • cross currency basis curves (2) • currency correlation	• swap yield curves (2) • credit curves (2) • credit spreads • repurchase rates • independent non-binding broker quotations	• dividend yield curves (2) • equity volatility (1), (2) • correlation between model inputs (1)

(1) Option-based only.

(2) Extrapolation beyond the observable limits of the curve(s).

Embedded Derivatives

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees, certain affiliated ceded reinsurance agreements related to such variable annuity guarantees, equity or bond indexed crediting rates within certain funding agreements and those related to funds withheld on ceded reinsurance agreements. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

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

The Company's actuarial department calculates the fair value of these embedded derivatives, which are 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. 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 nonperformance risk adjustments and adjustments 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, Inc.'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, Inc.

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 ceded the risk associated with certain of the GMIBs, GMABs and GMWBs previously described. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also ceded 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 on the consolidated balance sheets 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.

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 "— Investments — Securities, Short-term Investments, Long-term Debt, Long-term Debt of CSEs — FVO and Trading Liabilities." The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities on 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.

8. Fair Value (continued)

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

Embedded Derivatives Within Asset and Liability Host Contracts

Level 3 Valuation Techniques and Key Inputs:

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 curves, 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 curves 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.

Embedded derivatives within funds withheld related to certain ceded reinsurance

These embedded derivatives are principally valued using the income approach. The valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curves 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.

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:

For assets and liabilities measured at estimated fair value and still held at September 30, 2016, there were no transfers between Levels 1 and 2. For assets and liabilities measured at estimated fair value and still held at December 31, 2015, transfers between Levels 1 and 2 were not significant.

Transfers into or out of Level 3:

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.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

8. Fair Value (continued)

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, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at:

			September 30, 2016				December 31, 2015				
	Valuation Techniques	Significant Unobservable Inputs	Range			Weighted Average (1)	Range			Weighted Average (1)	Impact of Increase in Input on Estimated Fair Value (2)
Fixed maturity securities (3)											
U.S. corporate and foreign corporate	• Matrix pricing	• Delta spread adjustments (4)	(269)	-	603	(10)	(65)	-	240	37	Decrease
		• Offered quotes (5)	98	-	100	99	39	-	96	60	Increase
	• Market pricing	• Quoted prices (5)	6	-	788	132	—	-	385	125	Increase
	• Consensus pricing	• Offered quotes (5)	23	-	119	87	100	-	119	103	Increase
RMBS	• Market pricing	• Quoted prices (5)	7	-	131	90	19	-	121	92	Increase (6)
ABS	• Market pricing	• Quoted prices (5)	19	-	102	99	16	-	103	100	Increase (6)
	• Consensus pricing	• Offered quotes (5)	98	-	100	100	97	-	105	99	Increase (6)
Derivatives											
Interest rate	• Present value techniques	• Swap yield (7)	200	-	300		307	-	307		Increase (8)
		• Repurchase rates (9)	(6)	-	17						Decrease (8)
Foreign currency exchange rate	• Present value techniques	• Swap yield (7)	50	-	164		—	-	—		Increase (8)
Credit	• Present value techniques	• Credit spreads (10)	97	-	100		98	-	100		Decrease (8)
	• Consensus pricing	• Offered quotes (11)									
Equity market	• Present value techniques or option pricing models	• Volatility (12)	13%	-	36%		17%	-	36%		Increase (8)
		• Correlation (13)	40%	-	40%		70%	-	70%		
Embedded derivatives											
Direct, assumed and ceded guaranteed minimum benefits	• Option pricing techniques	• Mortality rates:									
		Ages 0 - 40	0%	-	0.09%		0%	-	0.09%		Decrease (14)
		Ages 41 - 60	0.04%	-	0.65%		0.04%	-	0.65%		Decrease (14)
		Ages 61 - 115	0.26%	-	100%		0.26%	-	100%		Decrease (14)
		• Lapse rates:									
		Durations 1 - 10	0.25%	-	100%		0.25%	-	100%		Decrease (15)
		Durations 11 - 20	3%	-	100%		3%	-	100%		Decrease (15)
		Durations 21 - 116	3%	-	100%		3%	-	100%		Decrease (15)
		• Utilization rates	0%	-	25%		0%	-	25%		Increase (16)
		• Withdrawal rates	0.25%	-	10%		0.25%	-	10%		(17)
		• Long-term equity volatilities	17.40%	-	25%		17.40%	-	25%		Increase (18)
		• Nonperformance risk spread	0.06%	-	0.68%		0.04%	-	0.52%		Decrease (19)

(1) The weighted average for fixed maturity securities is determined based on the estimated fair value of the securities.

(2) The impact of a decrease in input would have the opposite impact on estimated fair value. For embedded derivatives, changes to direct and assumed guaranteed minimum benefits are based on liability positions; changes to ceded guaranteed minimum benefits are based on asset positions.

(3) Significant increases (decreases) in expected default rates in isolation would result in substantially lower (higher) valuations.

(4) Range and weighted average are presented in basis points.

(5) Range and weighted average are presented in accordance with the market convention for fixed maturity securities of dollars per hundred dollars of par.

8. Fair Value (continued)

(6) 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 assumptions used for prepayment rates.

(7) Ranges represent the rates across different yield curves and are presented in basis points. The swap yield curves are utilized among different types of derivatives to project cash flows, as well as to discount future cash flows to present value. Since this valuation methodology uses a range of inputs across a yield curve to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.

(8) Changes in estimated fair value are based on long U.S. dollar net asset positions and will be inversely impacted for short U.S. dollar net asset positions.

(9) Ranges represent different repurchase rates utilized as components within the valuation methodology and are presented in basis points.

(10) Represents the risk quoted in basis points of a credit default event on the underlying instrument. Credit derivatives with significant unobservable inputs are primarily comprised of written credit default swaps.

(11) At both September 30, 2016 and December 31, 2015, independent non-binding broker quotations were used in the determination of less than 1% of the total net derivative estimated fair value.

(12) Ranges represent the underlying equity volatility quoted in percentage points. Since this valuation methodology uses a range of inputs across multiple volatility surfaces to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.

(13) Ranges represent the different correlation factors utilized as components within the valuation methodology. Presenting a range of correlation factors is more representative of the unobservable input used in the valuation. Increases (decreases) in correlation in isolation will increase (decrease) the significance of the change in valuations.

(14) Mortality rates vary by age and by demographic characteristics such as gender. Mortality rate assumptions are based on company experience. A mortality improvement assumption is also applied. For any given contract, mortality rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(15) Base lapse rates are adjusted at the contract level based on a comparison of the actuarially calculated guaranteed values and the current policyholder account value, as well as other factors, such as the applicability of any surrender charges. A dynamic lapse function reduces the base lapse rate when the guaranteed amount is greater than the account value as in the money contracts are less likely to lapse. Lapse rates are also generally assumed to be lower in periods when a surrender charge applies. For any given contract, lapse rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(16) The utilization rate assumption estimates the percentage of contract holders with a GMIB or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible. The rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder. For any given contract, utilization rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(17) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For GMWBs, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For GMABs and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.

(18) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.

(19) Nonperformance risk spread varies by duration and by currency. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the embedded derivative.

8. Fair Value (continued)

The following is a summary of the valuation techniques and significant unobservable inputs used in the fair value measurement of assets and liabilities classified within Level 3 that are not included in the preceding table. Generally, all other classes of securities classified within Level 3, including those within separate account assets and embedded derivatives within funds withheld related to certain ceded reinsurance, use the same valuation techniques and significant unobservable inputs as previously described for Level 3 securities. This includes matrix pricing and discounted cash flow 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. The residential mortgage loans — FVO, long-term debt and long-term debt of CSEs — FVO are valued using independent non-binding broker quotations and internal models including matrix pricing and discounted cash flow methodologies using current interest rates. The sensitivity of the estimated fair value to changes in the significant unobservable inputs for these other assets and liabilities is similar in nature to that described in the preceding table. The valuation techniques and significant unobservable inputs used in the fair value measurement for the more significant assets measured at estimated fair value on a nonrecurring basis and determined using significant unobservable inputs (Level 3) are summarized in "— Nonrecurring Fair Value Measurements."

8. Fair Value (continued)

The following tables summarize the change of all assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
	Fixed Maturity Securities						
	Corporate (1)	U.S. Government and Agency	Structured Securities	State and Political Subdivision	Foreign Government	Equity Securities	Trading and FVO Securities (2)
	(In millions)						
Three Months Ended September 30, 2016							
Balance, beginning of period	$ 8,904	$ 175	$ 4,415	$ 28	$ 65	$ 456	$ 22
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	9	—	25	—	—	4	1
Total realized/unrealized gains (losses) included in AOCI	66	—	23	3	—	(12)	—
Purchases (5)	431	98	702	—	17	4	—
Sales (5)	(407)	—	(294)	—	(1)	(11)	(2)
Issuances (5)	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—
Transfers into Level 3 (6)	331	—	36	7	—	1	—
Transfers out of Level 3 (6)	(139)	(2)	(159)	—	(10)	(5)	—
Balance, end of period	$ 9,195	$ 271	$ 4,748	$ 38	$ 71	$ 437	$ 21
Three Months Ended September 30, 2015							
Balance, beginning of period	$ 8,547	$ 30	$ 4,359	$ 48	$ 165	$ 345	$ 38
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	10	—	23	—	1	6	—
Total realized/unrealized gains (losses) included in AOCI	(164)	—	(34)	1	(1)	(16)	—
Purchases (5)	599	—	1,267	15	—	12	32
Sales (5)	(294)	(1)	(270)	—	—	(12)	—
Issuances (5)	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—
Transfers into Level 3 (6)	485	18	273	—	—	—	—
Transfers out of Level 3 (6)	(878)	(30)	(394)	(30)	(18)	(2)	(5)
Balance, end of period	$ 8,305	$ 17	$ 5,224	$ 34	$ 147	$ 333	$ 65
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2016 (7)	$ 1	$ —	$ 26	$ —	$ —	$ —	$ 1
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2015 (7)	$ 1	$ —	$ 27	$ —	$ 1	$ —	$ —

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

8. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Short-term Investments	Residential Mortgage Loans - FVO	Net Derivatives (8)	Net Embedded Derivatives (9)	Separate Accounts (10)	Long-term Debt	Long-term Debt of CSEs - FVO	Trading Liabilities
				(In millions)				
Three Months Ended September 30, 2016								
Balance, beginning of period	$ —	$ 449	$ 102	$ (1,508)	$ 1,485	$ (44)	$ (12)	$ —
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	—	10	(44)	119	(25)	—	—	—
Total realized/unrealized gains (losses) included in AOCI	—	—	(8)	—	—	—	—	—
Purchases (5)	187	42	—	—	4	—	—	—
Sales (5)	(1)	(5)	—	—	(25)	—	—	—
Issuances (5)	—	—	(1)	—	30	—	—	—
Settlements (5)	—	(15)	(10)	(57)	(45)	2	—	—
Transfers into Level 3 (6)	—	—	—	—	8	—	—	—
Transfers out of Level 3 (6)	—	—	—	—	(178)	—	—	—
Balance, end of period	$ 186	$ 481	$ 39	$ (1,446)	$ 1,254	$ (42)	$ (12)	$ —
Three Months Ended September 30, 2015								
Balance, beginning of period	$ 933	$ 345	$ 5	$ 253	$ 1,563	$ (25)	$ (12)	$ (4)
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	—	(2)	(11)	(295)	25	—	—	—
Total realized/unrealized gains (losses) included in AOCI	—	—	5	—	—	—	—	—
Purchases (5)	557	18	—	—	81	—	—	(2)
Sales (5)	(1)	(37)	—	—	(34)	—	—	—
Issuances (5)	—	—	(1)	—	—	(38)	—	—
Settlements (5)	—	(9)	(1)	(52)	—	24	1	—
Transfers into Level 3 (6)	—	—	—	—	1	—	—	—
Transfers out of Level 3 (6)	(921)	—	—	—	(118)	—	—	4
Balance, end of period	$ 568	$ 315	$ (3)	$ (94)	$ 1,518	$ (39)	$ (11)	$ (2)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2016 (7)	$ —	$ 10	$ (33)	$ 119	$ —	$ —	$ —	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2015 (7)	$ —	$ (2)	$ (11)	$ (291)	$ —	$ —	$ —	$ —

8. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
	Fixed Maturity Securities						
	Corporate (1)	U.S. Government and Agency	Structured Securities	State and Political Subdivision	Foreign Government	Equity Securities	Trading and FVO Securities (2)
	(In millions)						
Nine Months Ended September 30, 2016							
Balance, beginning of period	$ 8,282	$ —	$ 4,416	$ 33	$ 275	$ 328	$ 29
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	1	—	73	1	—	(21)	2
Total realized/unrealized gains (losses) included in AOCI	633	13	(19)	2	(1)	38	—
Purchases (5)	1,155	98	1,726	—	18	20	—
Sales (5)	(717)	—	(966)	—	(1)	(15)	(5)
Issuances (5)	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—
Transfers into Level 3 (6)	589	160	4	7	—	282	—
Transfers out of Level 3 (6)	(748)	—	(486)	(5)	(220)	(195)	(5)
Balance, end of period	$ 9,195	$ 271	$ 4,748	$ 38	$ 71	$ 437	$ 21
Nine Months Ended September 30, 2015							
Balance, beginning of period	$ 8,528	$ —	$ 5,570	$ —	$ 202	$ 215	$ 31
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	31	—	73	—	1	7	1
Total realized/unrealized gains (losses) included in AOCI	(455)	(1)	(47)	1	9	(20)	—
Purchases (5)	1,090	—	1,752	33	—	58	35
Sales (5)	(698)	(1)	(1,025)	—	—	(15)	(1)
Issuances (5)	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—
Transfers into Level 3 (6)	592	19	290	—	—	88	—
Transfers out of Level 3 (6)	(783)	—	(1,389)	—	(65)	—	(1)
Balance, end of period	$ 8,305	$ 17	$ 5,224	$ 34	$ 147	$ 333	$ 65
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2016 (7)	$ 3	$ —	$ 76	$ 1	$ —	$ (26)	$ 2
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2015 (7)	$ 3	$ —	$ 74	$ —	$ 1	$ —	$ 1

8. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Short-term Investments	Residential Mortgage Loans - FVO	Net Derivatives (8)	Net Embedded Derivatives (9)	Separate Accounts (10)	Long-term Debt	Long-term Debt of CSEs - FVO	Trading Liabilities
	(In millions)							
Nine Months Ended September 30, 2016								
Balance, beginning of period	$ 200	$ 314	$ (23)	$ 186	$ 1,520	$ (36)	$ (11)	$ —
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	—	22	63	(1,476)	7	—	—	—
Total realized/unrealized gains (losses) included in AOCI	—	—	27	—	—	—	—	—
Purchases (5)	187	187	6	—	107	—	—	—
Sales (5)	(199)	(12)	—	—	(64)	—	—	—
Issuances (5)	—	—	(1)	—	28	(11)	—	—
Settlements (5)	—	(30)	(33)	(156)	(57)	5	(1)	—
Transfers into Level 3 (6)	—	—	—	—	9	—	—	—
Transfers out of Level 3 (6)	(2)	—	—	—	(296)	—	—	—
Balance, end of period	$ 186	$ 481	$ 39	$ (1,446)	$ 1,254	$ (42)	$ (12)	$ —
Nine Months Ended September 30, 2015								
Balance, beginning of period	$ 230	$ 308	$ 6	$ (67)	$ 1,615	$ (35)	$ (13)	$ —
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	—	18	(7)	117	5	—	—	—
Total realized/unrealized gains (losses) included in AOCI	—	—	—	—	—	—	—	—
Purchases (5)	569	114	—	—	196	—	—	(2)
Sales (5)	(1)	(100)	—	—	(144)	—	—	—
Issuances (5)	—	—	(1)	—	—	(38)	—	—
Settlements (5)	—	(25)	(1)	(144)	(2)	34	2	—
Transfers into Level 3 (6)	—	—	—	—	3	—	—	—
Transfers out of Level 3 (6)	(230)	—	—	—	(155)	—	—	—
Balance, end of period	$ 568	$ 315	$ (3)	$ (94)	$ 1,518	$ (39)	$ (11)	$ (2)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2016 (7)	$ —	$ 22	$ 66	$ (1,470)	$ —	$ —	$ —	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2015 (7)	$ —	$ 18	$ (4)	$ 128	$ —	$ —	$ —	$ —

(1) Comprised of U.S. and foreign corporate securities.

(2) Comprised of actively traded securities, FVO general account securities and FVO securities held by CSEs.

(3) Amortization of premium/accretion of discount is included within net investment income. Impairments charged to net income (loss) on securities are included in net investment gains (losses), while changes in estimated fair value of residential mortgage loans — FVO are included in net investment income. Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivatives gains (losses).

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

(5) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.

8. Fair Value (continued)

(6) Gains and losses, in net income (loss) and OCI, are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and then out of Level 3 in the same period are excluded from the rollforward.

(7) Changes in unrealized gains (losses) included in net income (loss) relate to assets and liabilities still held at the end of the respective periods. Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

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

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

(10) 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 (loss). For the purpose of this disclosure, these changes are presented within net investment gains (losses). Separate account assets and liabilities are presented net for the purposes of the rollforward.

Fair Value Option

The following table presents information for residential mortgage loans, which are accounted for under the FVO, and were initially measured at fair value.

	September 30, 2016	December 31, 2015
	(In millions)	
Unpaid principal balance	$ 641	$ 436
Difference between estimated fair value and unpaid principal balance	(160)	(122)
Carrying value at estimated fair value	$ 481	$ 314
Loans in non-accrual status	$ 186	$ 122

The following table presents information for long-term debt, which is accounted for under the FVO, and was initially measured at fair value.

	Long-term Debt		Long-term Debt of CSEs - FVO	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
	(In millions)			
Contractual principal balance	$ 39	$ 82	$ 25	$ 24
Difference between estimated fair value and contractual principal balance	3	4	(13)	(13)
Carrying value at estimated fair value (1)	$ 42	$ 86	$ 12	$ 11

(1) Changes in estimated fair value are recognized in net investment gains (losses). Interest expense is recognized in other expenses.

8. Fair Value (continued)

Nonrecurring Fair Value Measurements

The following table presents information for assets measured at estimated fair value on a nonrecurring basis during the periods and still held at the reporting dates (for example, when there is evidence of impairment). The estimated fair values for these assets were determined using significant unobservable inputs (Level 3).

	At September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015	2016	2015
	Carrying Value After Measurement		Gains (Losses)			
			(In millions)			
Mortgage loans (1)	$ 9	$ 41	$ —	$ —	$ —	$ (1)
Other limited partnership interests (2)	$ 74	$ 53	$ (9)	$ (8)	$ (38)	$ (26)
Other assets (3)	$ —	$ —	$ —	$ —	$ (30)	$ —

(1) Estimated fair values for impaired mortgage loans are based on independent broker quotations or valuation models using unobservable inputs or, if the loans are in foreclosure or are otherwise determined to be collateral dependent, are based on the estimated fair value of the underlying collateral or the present value of the expected future cash flows.

(2) For these cost method investments, estimated fair value is determined from information provided on the financial statements of the underlying entities including net asset value ("NAV") data. 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. 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 at both September 30, 2016 and 2015 were not significant.

(3) During the nine months ended September 30, 2016, the Company recognized an impairment of computer software in connection with the sale to Massachusetts Mutual Life Insurance Company ("MassMutual") of MetLife, Inc.'s U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MetLife's affiliated broker-dealer, MetLife Securities, Inc. ("MSI"), a wholly-owned subsidiary of MetLife, Inc. See Note 13.

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income, payables for collateral under securities loaned and other transactions, short-term debt and those short-term investments that are not securities, such as time deposits, and therefore are not included in the three level hierarchy table disclosed in the "— Recurring Fair Value Measurements" section. The estimated fair value of the excluded financial instruments, which are primarily classified in Level 2, approximates 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. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

8. Fair Value (continued)

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

	September 30, 2016				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
			(In millions)		
Assets					
Mortgage loans	$ 54,757	$ —	$ —	$ 57,154	$ 57,154
Policy loans	$ 8,048	$ —	$ 323	$ 9,805	$ 10,128
Real estate joint ventures	$ 8	$ —	$ —	$ 34	$ 34
Other limited partnership interests	$ 363	$ —	$ —	$ 406	$ 406
Other invested assets	$ 2,378	$ 11	$ 2,182	$ 136	$ 2,329
Premiums, reinsurance and other receivables	$ 14,599	$ —	$ 185	$ 15,460	$ 15,645
Liabilities					
Policyholder account balances	$ 73,443	$ —	$ —	$ 76,157	$ 76,157
Long-term debt	$ 1,607	$ —	$ 1,945	$ —	$ 1,945
Other liabilities	$ 17,483	$ —	$ 3,366	$ 14,386	$ 17,752
Separate account liabilities	$ 66,934	$ —	$ 66,934	$ —	$ 66,934

	December 31, 2015				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
			(In millions)		
Assets					
Mortgage loans	$ 53,408	$ —	$ —	$ 54,969	$ 54,969
Policy loans	$ 8,134	$ —	$ 330	$ 9,539	$ 9,869
Real estate joint ventures	$ 12	$ —	$ —	$ 39	$ 39
Other limited partnership interests	$ 467	$ —	$ —	$ 553	$ 553
Other invested assets	$ 2,372	$ —	$ 2,197	$ 202	$ 2,399
Premiums, reinsurance and other receivables	$ 13,879	$ —	$ 229	$ 14,610	$ 14,839
Liabilities					
Policyholder account balances	$ 71,331	$ —	$ —	$ 73,506	$ 73,506
Long-term debt	$ 1,618	$ —	$ 1,912	$ —	$ 1,912
Other liabilities	$ 19,545	$ —	$ 323	$ 19,882	$ 20,205
Separate account liabilities	$ 60,767	$ —	$ 60,767	$ —	$ 60,767

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 is primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk, or is determined from pricing for similar loans.

8. Fair Value (continued)

Policy Loans

Policy loans with fixed interest rates are classified within Level 3. The estimated fair values for these loans 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. 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 estimated fair values of these cost method investments are generally based on the Company's share of the NAV as provided on 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

These other invested assets are principally 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 are principally comprised of certain amounts recoverable under reinsurance agreements, amounts on deposit with financial institutions to facilitate daily settlements related to certain derivatives 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 as Level 3. The valuation is based on discounted cash flow 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.

Policyholder Account Balances

These policyholder account balances include investment contracts which primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts ("TCA"). The valuation of these investment contracts is based on discounted cash flow 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 value of long-term debt is principally determined using market standard valuation methodologies.

Valuations of instruments are based primarily on quoted prices in markets that are not active or using matrix pricing 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 discounted cash flow methodologies use standard market observable inputs including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues.

8. Fair Value (continued)

Other Liabilities

Other liabilities consist primarily of interest payable, amounts due for securities purchased but not yet settled, funds withheld amounts payable, which are contractually withheld by the Company in accordance with the terms of the reinsurance agreements, and amounts payable under certain assumed reinsurance agreements, which 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, with the exception of certain deposit type reinsurance payables. For such payables, the estimated fair value is determined as the present value of expected future cash flows, which are discounted using an interest rate determined to reflect the appropriate credit standing of the assuming counterparty.

Separate Account Liabilities

Separate account liabilities 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, funding agreements related to group life contracts 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.

9. Equity

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI attributable to Metropolitan Life Insurance Company, was as follows:

	Three Months Ended September 30, 2016				
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
	(In millions)				
Balance, beginning of period	$ 7,051	$ 1,785	$ (53)	$ (1,938)	$ 6,845
OCI before reclassifications	343	39	(16)	(258)	108
Deferred income tax benefit (expense)	(117)	(14)	5	90	(36)
AOCI before reclassifications, net of income tax	7,277	1,810	(64)	(2,106)	6,917
Amounts reclassified from AOCI	(44)	(101)	—	46	(99)
Deferred income tax benefit (expense)	15	36	—	(17)	34
Amounts reclassified from AOCI, net of income tax	(29)	(65)	—	29	(65)
Balance, end of period	$ 7,248	$ 1,745	$ (64)	$ (2,077)	$ 6,852

	Three Months Ended September 30, 2015				
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
	(In millions)				
Balance, beginning of period	$ 4,238	$ 1,138	$ (66)	$ (2,162)	$ 3,148
OCI before reclassifications	547	92	7	—	646
Deferred income tax benefit (expense)	(187)	(32)	(5)	—	(224)
AOCI before reclassifications, net of income tax	4,598	1,198	(64)	(2,162)	3,570
Amounts reclassified from AOCI	108	217	—	55	380
Deferred income tax benefit (expense)	(39)	(76)	—	(19)	(134)
Amounts reclassified from AOCI, net of income tax	69	141	—	36	246
Balance, end of period	$ 4,667	$ 1,339	$ (64)	$ (2,126)	$ 3,816

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

9. Equity (continued)

	Nine Months Ended September 30, 2016				
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
	(In millions)				
Balance, beginning of period	$ 3,337	$ 1,436	$ (74)	$ (2,014)	$ 2,685
OCI before reclassifications	6,132	703	6	(241)	6,600
Deferred income tax benefit (expense)	(2,148)	(247)	4	84	(2,307)
AOCI before reclassifications, net of income tax	7,321	1,892	(64)	(2,171)	6,978
Amounts reclassified from AOCI	(113)	(227)	—	145	(195)
Deferred income tax benefit (expense)	40	80	—	(51)	69
Amounts reclassified from AOCI, net of income tax	(73)	(147)	—	94	(126)
Balance, end of period	$ 7,248	$ 1,745	$ (64)	$ (2,077)	$ 6,852

	Nine Months Ended September 30, 2015				
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
	(In millions)				
Balance, beginning of period	$ 6,200	$ 1,073	$ (3)	$ (2,236)	$ 5,034
OCI before reclassifications	(2,551)	(63)	(89)	—	(2,703)
Deferred income tax benefit (expense)	900	22	28	—	950
AOCI before reclassifications, net of income tax	4,549	1,032	(64)	(2,236)	3,281
Amounts reclassified from AOCI	183	472	—	169	824
Deferred income tax benefit (expense)	(65)	(165)	—	(59)	(289)
Amounts reclassified from AOCI, net of income tax	118	307	—	110	535
Balance, end of period	$ 4,667	$ 1,339	$ (64)	$ (2,126)	$ 3,816

(1) See Note 6 for information on offsets to investments related to future policy benefits, DAC, VOBA and DSI, and the policyholder dividend obligation.

9. Equity (continued)

Information regarding amounts reclassified out of each component of AOCI was as follows:

AOCI Components	Amounts Reclassified from AOCI				Consolidated Statement of Operations and Comprehensive Income (Loss) Locations
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2016	2015	2016	2015	
	(In millions)				
Net unrealized investment gains (losses):					
Net unrealized investment gains (losses)	$ 52	$ (66)	$ 144	$ 8	Net investment gains (losses)
Net unrealized investment gains (losses)	—	(3)	11	37	Net investment income
Net unrealized investment gains (losses)	(8)	(39)	(42)	(228)	Net derivative gains (losses)
Net unrealized investment gains (losses), before income tax	44	(108)	113	(183)	
Income tax (expense) benefit	(15)	39	(40)	65	
Net unrealized investment gains (losses), net of income tax	29	(69)	73	(118)	
Unrealized gains (losses) on derivatives - cash flow hedges:					
Interest rate swaps	27	39	44	51	Net derivative gains (losses)
Interest rate swaps	4	2	10	8	Net investment income
Interest rate forwards	1	—	—	3	Net derivative gains (losses)
Interest rate forwards	—	1	2	2	Net investment income
Foreign currency swaps	69	(260)	169	(537)	Net derivative gains (losses)
Foreign currency swaps	—	—	(1)	(1)	Net investment income
Credit forwards	—	—	3	1	Net derivative gains (losses)
Credit forwards	—	1	—	1	Net investment income
Gains (losses) on cash flow hedges, before income tax	101	(217)	227	(472)	
Income tax (expense) benefit	(36)	76	(80)	165	
Gains (losses) on cash flow hedges, net of income tax	65	(141)	147	(307)	
Defined benefit plans adjustment: (1)					
Amortization of net actuarial gains (losses)	(48)	(56)	(150)	(172)	
Amortization of prior service (costs) credit	2	1	5	3	
Amortization of defined benefit plan items, before income tax	(46)	(55)	(145)	(169)	
Income tax (expense) benefit	17	19	51	59	
Amortization of defined benefit plan items, net of income tax	(29)	(36)	(94)	(110)	
Total reclassifications, net of income tax	$ 65	$ (246)	$ 126	$ (535)	

____

(1) These AOCI components are included in the computation of net periodic benefit costs. See Note 11.

10. Other Expenses

Information on other expenses was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Compensation	$ 488	$ 472	$ 1,598	$ 1,562
Pension, postretirement and postemployment benefit costs	41	62	199	178
Commissions	168	176	527	498
Volume-related costs	40	47	162	151
Affiliated expenses on ceded and assumed reinsurance	152	201	774	616
Capitalization of DAC	(59)	(117)	(285)	(346)
Amortization of DAC and VOBA	212	303	420	595
Interest expense on debt	28	31	84	96
Premium taxes, licenses and fees	89	82	272	269
Professional services	235	283	662	811
Rent and related expenses, net of sublease income	38	21	108	61
Other (1)	(68)	300	(71)	298
Total other expenses	$ 1,364	$ 1,861	$ 4,450	$ 4,789

____

(1) The Company recorded a non-cash charge to net income of $792 million, net of income tax, during the third quarter of 2015. The charge was related to an uncertain tax position and was comprised of a $557 million charge included in provision for income tax expense (benefit) and a $362 million ($235 million, net of income tax) charge included in other expenses.

Affiliated Expenses

Commissions, capitalization of DAC and amortization of DAC and VOBA include the impact of affiliated reinsurance transactions. See Note 13 for a discussion of affiliated expenses included in the table above.

11. Employee Benefit Plans

Pension and Other Postretirement Benefit Plans

The Company sponsors and administers various defined benefit pension plans and other postretirement employee benefit plans covering employees and sales representatives who meet specified eligibility requirements. Participating affiliates are allocated an equitable share of net expense related to the plans, proportionate to other expenses being allocated to these affiliates.

The Company also provides certain postemployment benefits and certain postretirement medical and life insurance benefits for retired employees. Participating affiliates are allocated a proportionate share of net expense and contributions related to the postemployment and other postretirement plans.

Metropolitan Life Insurance Company
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)

11. Employee Benefit Plans (continued)

The components of net periodic benefit costs were as follows:

	Three Months Ended September 30,			
	2016		2015	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(In millions)			
Service costs	$ 49	$ 3	$ 54	$ 3
Interest costs	100	20	101	22
Curtailment costs (1)	(1)	(1)	—	—
Expected return on plan assets	(139)	(20)	(134)	(19)
Amortization of net actuarial (gains) losses	45	3	46	10
Amortization of prior service costs (credit)	—	(2)	(1)	—
Allocated to affiliates	(15)	(3)	(14)	(4)
Net periodic benefit costs (credit)	$ 39	$ —	$ 52	$ 12

	Nine Months Ended September 30,			
	2016		2015	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(In millions)			
Service costs	$ 155	$ 7	$ 162	$ 11
Interest costs	314	62	303	66
Curtailment costs (1)	(1)	26	—	—
Expected return on plan assets	(389)	(56)	(403)	(59)
Amortization of net actuarial (gains) losses	143	7	141	31
Amortization of prior service costs (credit)	—	(5)	(1)	(2)
Allocated to affiliates	(50)	(7)	(44)	(12)
Net periodic benefit costs (credit)	$ 172	$ 34	$ 158	$ 35

---

(1) The Company recognized curtailment charges on certain postretirement benefit plans in connection with the sale to MassMutual of MetLife, Inc.'s U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MSI. See Note 13.

12. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a large number of litigation matters. In some of the matters, very 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 a number of the matters noted 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 reasonably estimated at September 30, 2016. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known to management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

Matters as to Which an Estimate Can Be Made

For some of the matters disclosed 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 September 30, 2016, the Company estimates the aggregate range of reasonably possible losses in excess of amounts accrued for these matters to be $0 to $400 million.

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.

12. Contingencies, Commitments and Guarantees (continued)

Asbestos-Related Claims

Metropolitan Life Insurance Company is and has been a defendant in a large number of asbestos-related suits filed primarily in state courts. These suits principally allege that the plaintiff or plaintiffs suffered personal injury resulting from exposure to asbestos and seek both actual and punitive damages. Metropolitan Life Insurance Company has never engaged in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products nor has Metropolitan Life Insurance Company issued liability or workers' compensation insurance to companies in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products. The lawsuits principally have focused on allegations with respect to certain research, publication and other activities of one or more of Metropolitan Life Insurance Company's employees during the period from the 1920's through approximately the 1950's and allege that Metropolitan Life Insurance Company learned or should have learned of certain health risks posed by asbestos and, among other things, improperly publicized or failed to disclose those health risks. Metropolitan Life Insurance Company believes that it should not have legal liability in these cases. The outcome of most asbestos litigation matters, however, is uncertain and can be impacted by numerous variables, including differences in legal rulings in various jurisdictions, the nature of the alleged injury and factors unrelated to the ultimate legal merit of the claims asserted against Metropolitan Life Insurance Company. Metropolitan Life Insurance Company employs a number of resolution strategies to manage its asbestos loss exposure, including seeking resolution of pending litigation by judicial rulings and settling individual or groups of claims or lawsuits under appropriate circumstances.

Claims asserted against Metropolitan Life Insurance Company have included negligence, intentional tort and conspiracy concerning the health risks associated with asbestos. Metropolitan Life Insurance Company's defenses (beyond denial of certain factual allegations) include that: (i) Metropolitan Life Insurance Company owed no duty to the plaintiffs — it had no special relationship with the plaintiffs and did not manufacture, produce, distribute or sell the asbestos products that allegedly injured plaintiffs; (ii) plaintiffs did not rely on any actions of Metropolitan Life Insurance Company; (iii) Metropolitan Life Insurance Company's conduct was not the cause of the plaintiffs' injuries; (iv) plaintiffs' exposure occurred after the dangers of asbestos were known; and (v) the applicable time with respect to filing suit has expired. During the course of the litigation, certain trial courts have granted motions dismissing claims against Metropolitan Life Insurance Company, while other trial courts have denied Metropolitan Life Insurance Company's motions. There can be no assurance that Metropolitan Life Insurance Company will receive favorable decisions on motions in the future. While most cases brought to date have settled, Metropolitan Life Insurance Company intends to continue to defend aggressively against claims based on asbestos exposure, including defending claims at trials.

As reported in the 2015 Annual Report, Metropolitan Life Insurance Company received approximately 3,856 asbestos-related claims in 2015. During the nine months ended September 30, 2016 and 2015, Metropolitan Life Insurance Company received approximately 3,267 and 2,971 new asbestos-related claims, respectively. See Note 17 of the Notes to the Consolidated Financial Statements included in the 2015 Annual Report for historical information concerning asbestos claims and Metropolitan Life Insurance Company's increase in its recorded liability at December 31, 2014. The number of asbestos cases that may be brought, the aggregate amount of any liability that Metropolitan Life Insurance Company may incur, and the total amount paid in settlements in any given year are uncertain and may vary significantly from year to year.

The ability of Metropolitan Life Insurance Company to estimate its ultimate asbestos exposure is subject to considerable uncertainty, and the conditions impacting its liability can be dynamic and subject to change. The availability of reliable data is limited and it is difficult to predict the numerous variables that can affect liability estimates, including the number of future claims, the cost to resolve claims, the disease mix and severity of disease in pending and future claims, the impact of the number of new claims filed in a particular jurisdiction and variations in the law in the jurisdictions in which claims are filed, the possible impact of tort reform efforts, the willingness of courts to allow plaintiffs to pursue claims against Metropolitan Life Insurance Company when exposure to asbestos took place after the dangers of asbestos exposure were well known, and the impact of any possible future adverse verdicts and their amounts.

The ability to make estimates regarding ultimate asbestos exposure declines significantly as the estimates relate to years further in the future. In the Company's judgment, there is a future point after which losses cease to be probable and reasonably estimable. It is reasonably possible that the Company's total exposure to asbestos claims may be materially greater than the asbestos liability currently accrued and that future charges to income may be necessary. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known by management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

12. Contingencies, Commitments and Guarantees (continued)

The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for asbestos-related claims. Metropolitan Life Insurance Company's recorded asbestos liability is based on its estimation of the following elements, as informed by the facts presently known to it, its understanding of current law and its past experiences: (i) the probable and reasonably estimable liability for asbestos claims already asserted against Metropolitan Life Insurance Company, including claims settled but not yet paid; (ii) the probable and reasonably estimable liability for asbestos claims not yet asserted against Metropolitan Life Insurance Company, but which Metropolitan Life Insurance Company believes are reasonably probable of assertion; and (iii) the legal defense costs associated with the foregoing claims. Significant assumptions underlying Metropolitan Life Insurance Company's analysis of the adequacy of its recorded liability with respect to asbestos litigation include: (i) the number of future claims; (ii) the cost to resolve claims; and (iii) the cost to defend claims.

Metropolitan Life Insurance Company reevaluates on a quarterly and annual basis its exposure from asbestos litigation, including studying its claims experience, reviewing external literature regarding asbestos claims experience in the United States, assessing relevant trends impacting asbestos liability and considering numerous variables that can affect its asbestos liability exposure on an overall or per claim basis. These variables include bankruptcies of other companies involved in asbestos litigation, legislative and judicial developments, the number of pending claims involving serious disease, the number of new claims filed against it and other defendants and the jurisdictions in which claims are pending. Based upon its regular reevaluation of its exposure from asbestos litigation, Metropolitan Life Insurance Company has updated its liability analysis for asbestos-related claims through September 30, 2016.

Regulatory Matters

The Company receives and responds to subpoenas or other inquiries seeking a broad range of information from state regulators, including state insurance commissioners; state attorneys general or other state governmental authorities; federal regulators, including the SEC; federal governmental authorities, including congressional committees; and the Financial Industry Regulatory Authority ("FINRA"). The issues involved in information requests and regulatory matters vary widely. The Company cooperates in these inquiries.

In the Matter of Chemform, Inc. Site, Pompano Beach, Broward County, Florida

In July 2010, the Environmental Protection Agency ("EPA") advised Metropolitan Life Insurance Company that it believed payments were due under two settlement agreements, known as "Administrative Orders on Consent," that New England Mutual Life Insurance Company signed in 1989 and 1992 with respect to the cleanup of a Superfund site in Florida (the "Chemform Site"). The EPA is requesting payment of an amount under $1 million from Metropolitan Life Insurance Company and such third party for past costs and an additional amount for future environmental testing costs at the Chemform Site. In September 2012, the EPA, Metropolitan Life Insurance Company and the third party executed an Administrative Order on Consent under which Metropolitan Life Insurance Company and the third party have agreed to be responsible for certain environmental testing at the Chemform Site. The Company estimates that its costs for the environmental testing will not exceed $100,000. The September 2012 Administrative Order on Consent does not resolve the EPA's claim for past clean-up costs. The EPA may seek additional costs if the environmental testing identifies issues. The Company estimates that the aggregate cost to resolve this matter will not exceed $1 million.

Sales Practices Regulatory Matters

Regulatory authorities in a number of states and FINRA, and occasionally the SEC, have had investigations or inquiries relating to sales of individual life insurance policies or annuities or other products by Metropolitan Life Insurance Company, NELICO and General American Life Insurance Company ("GALIC"). 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. The Company may continue to resolve investigations in a similar manner. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for these sales practices-related investigations or inquiries.

12. Contingencies, Commitments and Guarantees (continued)

Unclaimed Property Litigation

West Virginia Lawsuits

On September 20, 2012, the West Virginia Treasurer filed an action against Metropolitan Life Insurance Company in West Virginia state court *(West Virginia ex rel. John D. Perdue v. Metropolitan Life Insurance Company, Circuit Court of Putnam County, Civil Action No. 12-C-295)* alleging that Metropolitan Life Insurance Company violated the West Virginia Uniform Unclaimed Property Act (the "Act"), seeking to compel compliance with the Act, and seeking payment of unclaimed property, interest, and penalties. On November 21, 2012 and January 9, 2013, the Treasurer filed substantially identical suits against NELICO and GALIC, respectively. On August 17, 2016, these companies and the West Virginia Treasurer reached an agreement in principle to resolve these actions.

Total Control Accounts Litigation

Owens v. Metropolitan Life Insurance Company (N.D. Ga., filed April 17, 2014)

Plaintiff filed this putative class action lawsuit on behalf of all persons for whom Metropolitan Life Insurance Company established a retained asset account, known as a TCA, to pay death benefits under an Employee Retirement Income Security Act of 1974 ("ERISA") plan. The action alleges that Metropolitan Life Insurance Company's use of the TCA as the settlement option for life insurance benefits under some group life insurance policies violates Metropolitan Life Insurance Company's fiduciary duties under ERISA. As damages, plaintiff seeks disgorgement of profits that Metropolitan Life Insurance Company realized on accounts owned by members of the putative class. On September 27, 2016, the court denied Metropolitan Life Insurance Company's summary judgment motion in full and granted plaintiff's partial summary judgment motion. The Company intends to defend this action vigorously.

Reinsurance Litigation

Robainas, et al. v. Metropolitan Life Insurance Company (S.D.N.Y., December 16, 2014)

Plaintiffs filed this putative class action lawsuit on behalf of themselves and all persons and entities who, directly or indirectly, purchased, renewed or paid premiums on life insurance policies issued by Metropolitan Life Insurance Company from 2009 through 2014 (the "Policies"). Two similar actions were subsequently filed, *Yale v. Metropolitan Life Ins. Co. (S.D.N.Y., January 12, 2015) and International Association of Machinists and Aerospace Workers District Lodge 15 v. Metropolitan Life Ins. Co. (E.D.N.Y., February 2, 2015)*. Both of these actions were consolidated with the Robainas action. The consolidated complaint alleges that Metropolitan Life Insurance Company inadequately disclosed in its statutory annual statements that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees," and thereby allegedly misrepresented its financial condition and the adequacy of its reserves. The lawsuit sought recovery under Section 4226 of the New York Insurance Law of a statutory penalty in the amount of the premiums paid for the Policies. On October 9, 2015, the court granted Metropolitan Life Insurance Company's motion to dismiss the consolidated complaint, finding that plaintiffs lacked Article III standing because they did not allege any concrete injury as a result of the alleged conduct. Plaintiffs appealed this decision to the Second Circuit Court of Appeals.

Intoccia v. Metropolitan Life Insurance Company (S.D.N.Y., April 20, 2015)

Plaintiffs filed this putative class action on behalf of themselves and all persons and entities who, directly or indirectly, purchased, renewed or paid premiums for Guaranteed Benefits Insurance Riders attached to variable annuity contracts with Metropolitan Life Insurance Company from 2009 through 2015 (the "Annuities"). The court consolidated *Weilert v. Metropolitan Life Ins. Co.* (S.D.N.Y., April 30, 2015) with the *Intoccia* case, and the consolidated, amended complaint alleges that Metropolitan Life Insurance Company inadequately disclosed in its statutory annual statements that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees," and thereby allegedly misrepresented its financial condition and the adequacy of its reserves. The lawsuits seek recovery under Section 4226 of the New York Insurance Law of a statutory penalty in the amount of the premiums paid for Guaranteed Benefits Insurance Riders attached to the Annuities. The Court granted Metropolitan Life Insurance Company's motion to dismiss, adopting the reasoning of the *Robainas* decision. Plaintiffs appealed this decision to the Second Circuit Court of Appeals.

12. Contingencies, Commitments and Guarantees (continued)

Diversified Lending Group Litigations

Hartshorne v. MetLife Inc., et al. (Los Angeles County Superior Court, filed March 25, 2015)

Plaintiffs have named MetLife, Inc., MSI and NELICO in 12 related lawsuits in California state court alleging various causes of action including multiple negligence and statutory claims relating to a Ponzi scheme involving the Diversified Lending Group. In August 2016, a trial of claims by one of the plaintiffs, Christine Ramirez, resulted in a verdict against MetLife, Inc., MSI and NELICO for approximately $200 thousand in compensatory damages and $15 million in punitive damages. These companies intend to appeal this verdict.

Other Litigation

McGuire v. Metropolitan Life Insurance Company (E.D. Mich., filed February 22, 2012)

The fiduciary for the Union Carbide Employees' Pension Plan alleged that Metropolitan Life Insurance Company, which issued annuity contracts to fund some of the benefits the Plan provides, engaged in transactions that ERISA prohibits and violated duties under ERISA and federal common law by determining that no dividends were payable with respect to the contracts from and after 1999. The parties have resolved this matter, and the court has dismissed the action.

Sun Life Assurance Company of Canada Indemnity Claim

In 2006, Sun Life Assurance Company of Canada ("Sun Life"), as successor to the purchaser of Metropolitan Life Insurance Company's Canadian operations, filed a lawsuit in Toronto, seeking a declaration that Metropolitan Life Insurance Company remains liable for "market conduct claims" related to certain individual life insurance policies sold by Metropolitan Life Insurance Company that were subsequently transferred to Sun Life. In January 2010, the court found that Sun Life had given timely notice of its claim for indemnification but, because it found that Sun Life had not yet incurred an indemnifiable loss, granted Metropolitan Life Insurance Company's motion for summary judgment. Both parties agreed to consider the indemnity claim through arbitration. In September 2010, Sun Life notified Metropolitan Life Insurance Company that a purported class action lawsuit was filed against Sun Life in Toronto alleging sales practices claims regarding the policies sold by Metropolitan Life Insurance Company and transferred to Sun Life. On August 30, 2011, Sun Life notified Metropolitan Life Insurance Company that another purported class action lawsuit was filed against Sun Life in Vancouver, BC alleging sales practices claims regarding certain of the same policies sold by Metropolitan Life Insurance Company and transferred to Sun Life. Sun Life contends that Metropolitan Life Insurance Company is obligated to indemnify Sun Life for some or all of the claims in these lawsuits. These sales practices cases against Sun Life are ongoing, and the Company is unable to estimate the reasonably possible loss or range of loss arising from this litigation.

Fauley v. Metropolitan Life Insurance Company, et al. (Circuit Court of the 19th Judicial Circuit, Lake County, Ill., July 3, 2014)

Plaintiffs filed this lawsuit against defendants, including Metropolitan Life Insurance Company and a former MetLife financial services representative, alleging that the defendants sent unsolicited fax advertisements to plaintiff and others in violation of the Telephone Consumer Protection Act, as amended by the Junk Fax Prevention Act, 47 U.S.C. § 227. The court issued a final order certifying a nationwide settlement class and approving a settlement under which Metropolitan Life Insurance Company has agreed to pay up to $23 million to resolve claims as to fax advertisements sent between August 23, 2008 and August 7, 2014. On March 23, 2016, the intermediate appellate court affirmed the trial court's order. On September 28, 2016, the Illinois Supreme Court denied an objector's petition for leave to appeal.

Voshall v. Metropolitan Life Insurance Company (Superior Court of the State of California, County of Los Angeles, April 8, 2015)

Plaintiff filed this putative class action lawsuit on behalf of himself and all persons covered under a long-term group disability income insurance policy issued by Metropolitan Life Insurance Company to public entities in California between April 8, 2011 and April 8, 2015. Plaintiff alleges that Metropolitan Life Insurance Company improperly reduced benefits by including cost of living adjustments and employee paid contributions in the employer retirement benefits and other income that reduces the benefit payable under such policies. Plaintiff asserts causes of action for declaratory relief, violation of the California Business & Professions Code, breach of contract and breach of the implied covenant of good faith and fair dealing. The Company intends to defend this action vigorously.

12. Contingencies, Commitments and Guarantees (continued)

Martin v. Metropolitan Life Insurance Company (Superior Court of the State of California, County of Contra Costa, filed December 17, 2015)

Plaintiffs filed this putative class action lawsuit on behalf of themselves and all California persons who have been charged compound interest by Metropolitan Life Insurance Company in life insurance policy and/or premium loan balances within the last four years. Plaintiffs allege that Metropolitan Life Insurance Company has engaged in a pattern and practice of charging compound interest on life insurance policy and premium loans without the borrower authorizing such compounding, and that this constitutes an unlawful business practice under California law. Plaintiff asserts causes of action for declaratory relief, violation of California's Unfair Competition Law and Usury Law, and unjust enrichment. Plaintiff seeks declaratory and injunctive relief, restitution of interest, and damages in an unspecified amount. On April 12, 2016, the court granted Metropolitan Life Insurance Company's motion to dismiss. Plaintiffs have filed a notice appealing this ruling.

Lau v. Metropolitan Life Insurance Company (S.D.N.Y. filed, December 3, 2015)

This putative class action lawsuit was filed by a single defined contribution plan participant on behalf of all ERISA plans whose assets were invested in Metropolitan Life Insurance Company's "Group Annuity Contract Stable Value Funds" within the past six years. The suit alleges breaches of fiduciary duty under ERISA and challenges the "spread" with respect to the stable value fund group annuity products sold to retirement plans. The allegations focus on the methodology Metropolitan Life Insurance Company uses to establish and reset the crediting rate, the terms under which plan participants are permitted to transfer funds from a stable value option to another investment option, the procedures followed if an employer terminates a contract, and the level of disclosure provided. Plaintiff seeks declaratory and injunctive relief, as well as damages in an unspecified amount. The Company intends to defend this action vigorously.

Newman v. Metropolitan Life Insurance Company (N.D. Ill., filed March 23, 2016)

Plaintiff filed this putative class action alleging causes of action for breach of contract, fraud, and violations of the Illinois Consumer Fraud and Deceptive Business Practices Act, based on Metropolitan Life Insurance Company's class-wide increase in premiums charged for long-term care insurance policies. Plaintiff alleges a class consisting of herself and all persons over age 65 who selected a Reduced Pay at Age 65 payment feature and whose premium rates were increased after age 65. Plaintiff asserts that premiums could not be increased for these class members and/or that marketing material was misleading as to Metropolitan Life Insurance Company's right to increase premiums. Plaintiff seeks unspecified compensatory, statutory and punitive damages as well as recessionary and injunctive relief. The Company intends to defend this action vigorously.

Sales Practices Claims

Over the past several years, the Company has faced numerous claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds, other products or the misuse of client assets. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to defend vigorously 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.

Summary

Putative or certified class action litigation and other litigation and 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, investor 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.

12. Contingencies, Commitments and Guarantees (continued)

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, very 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

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $3.7 billion and $4.2 billion at September 30, 2016 and December 31, 2015, respectively.

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

The Company commits to fund partnership investments and to lend funds under bank credit facilities, bridge loans and private corporate bond investments. The amounts of these unfunded commitments were $4.9 billion and $4.4 billion at September 30, 2016 and December 31, 2015, respectively.

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that 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 ranging from less than $1 million to $127 million, with a cumulative maximum of $411 million, 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.

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.

The Company's recorded liabilities were $5 million and $4 million at September 30, 2016 and December 31, 2015, respectively, for indemnities, guarantees and commitments.

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 personnel, policy administrative functions 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 cost incurred by the Company and/or affiliate. Expenses and fees incurred with affiliates related to these agreements, recorded in other expenses, were $631 million and $1.7 billion for the three months and nine months ended September 30, 2016, respectively, and $534 million and $1.6 billion for the three months and nine months ended September 30, 2015, respectively. Revenues received from affiliates related to these agreements, recorded in universal life and investment-type product policy fees, were $37 million and $104 million for the three months and nine months ended September 30, 2016, respectively, and $34 million and $103 million for the three months and nine months ended September 30, 2015, respectively. Revenues received from affiliates related to these agreements, recorded in other revenues, were $37 million and $110 million for the three months and nine months ended September 30, 2016, respectively, and $38 million and $114 million for the three months and nine months ended September 30, 2015, respectively.

The Company also entered into agreements with affiliates to provide additional services necessary to conduct the affiliates' activities. Typical services provided under these agreements include management, policy administrative functions, investment advice and distribution services. Expenses incurred by the Company related to these agreements, included in other expenses, were $304 million and $1.1 billion for the three months and nine months ended September 30, 2016, respectively, and $444 million and $1.2 billion for the three months and nine months ended September 30, 2015, respectively, and were reimbursed to the Company by these affiliates.

The Company had net payables to affiliates, related to the items discussed above, of $106 million and $282 million at September 30, 2016 and December 31, 2015, respectively.

See Notes 6 and 11 for additional information on related party transactions.

Sales Distribution Services

In July 2016, MetLife, Inc. completed the sale to MassMutual of MetLife, Inc.'s U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MSI. MassMutual assumed all of the liabilities related to such assets and that arise or occur after the closing of the sale.

Related Party Reinsurance Transactions

The Company has reinsurance agreements with certain of MetLife, Inc.'s subsidiaries, including MetLife USA, First MetLife, MetLife Reinsurance Company of Charleston ("MRC"), MetLife Reinsurance Company of Vermont and Metropolitan Tower Life Insurance Company, all of which are related parties.

13. Related Party Transactions (continued)

Information regarding the significant effects of affiliated reinsurance included on the consolidated statements of operations and comprehensive income (loss) was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Premiums				
Reinsurance assumed	$ 188	$ 164	$ 569	$ 508
Reinsurance ceded	(9)	(9)	(30)	(28)
Net premiums	$ 179	$ 155	$ 539	$ 480
Universal life and investment-type product policy fees				
Reinsurance assumed	$ 14	$ 20	$ 45	$ 46
Reinsurance ceded	(40)	(43)	(109)	(117)
Net universal life and investment-type product policy fees	$ (26)	$ (23)	$ (64)	$ (71)
Other revenues				
Reinsurance assumed	$ 9	$ —	$ (5)	$ —
Reinsurance ceded	143	155	429	467
Net other revenues	$ 152	$ 155	$ 424	$ 467
Policyholder benefits and claims				
Reinsurance assumed	$ 197	$ 164	$ 532	$ 484
Reinsurance ceded	(34)	(38)	(72)	(89)
Net policyholder benefits and claims	$ 163	$ 126	$ 460	$ 395
Interest credited to policyholder account balances				
Reinsurance assumed	$ 8	$ 9	$ 24	$ 24
Reinsurance ceded	(22)	(23)	(66)	(67)
Net interest credited to policyholder account balances	$ (14)	$ (14)	$ (42)	$ (43)
Other expenses				
Reinsurance assumed	$ 9	$ 53	$ 456	$ 169
Reinsurance ceded	145	149	417	444
Net other expenses	$ 154	$ 202	$ 873	$ 613

13. Related Party Transactions (continued)

Information regarding the significant effects of affiliated reinsurance included on the consolidated balance sheets was as follows at:

	September 30, 2016		December 31, 2015	
	Assumed	Ceded	Assumed	Ceded
	(In millions)			
Assets				
Premiums, reinsurance and other receivables	$ 250	$ 15,681	$ 280	$ 15,466
Deferred policy acquisition costs and value of business acquired	362	(223)	439	(193)
Total assets	$ 612	$ 15,458	$ 719	$ 15,273
Liabilities				
Future policy benefits	$ 1,688	$ (15)	$ 1,436	$ (5)
Policyholder account balances	436	—	326	—
Other policy-related balances	183	43	187	43
Other liabilities	2,194	13,443	6,463	13,000
Total liabilities	$ 4,501	$ 13,471	$ 8,412	$ 13,038

The Company ceded two blocks of business to an affiliate on a 75% coinsurance with funds withheld basis. Certain contractual features of these agreements qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheets. The embedded derivatives related to the funds withheld associated with these reinsurance agreements are included within other liabilities and increased the funds withheld balance by $25 million and $8 million at September 30, 2016 and December 31, 2015, respectively. Net derivative gains (losses) associated with these embedded derivatives were less than ($1) million and ($17) million for the three months and nine months ended September 30, 2016, respectively, and less than $1 million and $10 million for the three months and nine months ended September 30, 2015, respectively.

The Company ceded risks to an affiliate related to guaranteed minimum benefit guarantees written directly by the Company. These ceded reinsurance agreements contain embedded derivatives and changes in their estimated 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 $993 million and $712 million at September 30, 2016 and December 31, 2015, respectively. Net derivative gains (losses) associated with the embedded derivatives were ($33) million and $275 million for the three months and nine months ended September 30, 2016, respectively, and $155 million and $98 million for the three months and nine months ended September 30, 2015, respectively.

Certain contractual features of the closed block agreement with MRC create an embedded derivative, which is 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 was included within other liabilities and increased the funds withheld balance by $1.2 billion and $694 million at September 30, 2016 and December 31, 2015, respectively. Net derivative gains (losses) associated with the embedded derivative were ($3) million and ($512) million for the three months and nine months ended September 30, 2016, respectively, and ($5) million and $255 million for the three months and nine months ended September 30, 2015, respectively.

The Company assumes risks from affiliates related to guaranteed minimum benefit guarantees written directly by the affiliates. These assumed reinsurance agreements contain embedded derivatives and changes in their estimated fair value are also included within net derivative gains (losses). The embedded derivatives associated with these agreements are included within policyholder account balances and were $262 million and $126 million at September 30, 2016 and December 31, 2015, respectively. Net derivative gains (losses) associated with the embedded derivatives were $6 million and ($136) million for the three months and nine months ended September 30, 2016, respectively, and ($87) million and ($75) million for the three months and nine months ended September 30, 2015, respectively.

In April 2016, the Company recaptured risks related to certain single premium deferred annuity contracts from MetLife USA. As a result of this recapture, the significant effects to the Company were a decrease in investments and cash and cash equivalents of $4.3 billion and a decrease in DAC of $87 million, offset by a decrease in other liabilities of $4.0 billion. The Company recognized a loss of $95 million, net of income tax, as a result of this reinsurance termination.

14. Subsequent Event

In September 2016, the Company’s Board of Directors approved extraordinary dividends to MetLife, Inc. consisting of all of the issued and outstanding shares of common stock of its wholly-owned subsidiaries, GALIC and NELICO. The Company expects to distribute such dividends in the fourth quarter of 2016, subject to certain regulatory approvals. At the dividend effective date, the Company’s stockholder’s equity will be reduced by the aggregate carrying amount of GALIC and NELICO’s assets in excess of their liabilities. The aggregate carrying amount of GALIC and NELICO’s assets in excess of their liabilities was $3.1 billion at September 30, 2016.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Index to Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements and Other Financial Information

For purposes of this discussion, "MLIC," the "Company," "we," "our" and "us" refer to Metropolitan Life Insurance Company, a New York corporation incorporated in 1868, and its subsidiaries. Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. (MetLife, Inc., together with its subsidiaries and affiliates, "MetLife"). Management's narrative analysis of the Company's results of operations is presented pursuant to General Instruction H(2)(a) of Form 10-Q. This narrative analysis should be read in conjunction with Metropolitan Life Insurance Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 Annual Report"), the cautionary language regarding forward-looking statements 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, or are tied to future periods, 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."

This narrative analysis includes references to our performance measure, operating earnings, that is not based on accounting principles generally accepted in the United States of America ("GAAP"). This measure is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is also our GAAP measure of segment performance. Operating earnings allows analysis of our performance and facilitates comparisons to industry results. Forward-looking guidance provided on a non-GAAP basis cannot be reconciled to the most directly comparable GAAP measures on a forward-looking basis because net income may fluctuate significantly if net investment gains and losses and net derivative gains and losses move outside of estimated ranges. See "— Non-GAAP and Other Financial Disclosures" for definitions and a discussion of these measures, and "— Results of Operations" for reconciliations of historical non-GAAP measures to the most directly comparable GAAP measures.

Business

Overview

The Company is a provider of life insurance, annuities, employee benefits and asset management. In anticipation of MetLife, Inc.'s plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the "Separation"), in the third quarter of 2016, the Company reorganized its businesses into two segments: U.S. and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. See "— Other Key Information — Segment Information" and Note 2 of the Notes to the Interim Condensed Consolidated Financial Statements for further information on the Company's segments and Corporate & Other. See also "— Other Key Information — Significant Events" for information on the Separation. Management continues to evaluate the Company's segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

Other Key Information

Segment Information

Based on the proposed Separation, in the third quarter of 2016, the Company reorganized its businesses as follows:

- The businesses of the Company that MetLife, Inc. plans to separate and include in Brighthouse Financial are reflected in Corporate & Other.
- The businesses in the Company's former Retail segment that MetLife, Inc. does not plan to separate are reflected in a new segment, MetLife Holdings. This segment also includes the long-term care business, reported as part of the Company's former Group, Voluntary & Worksite Benefit ("GVWB") segment.
- The Retirement and Income Solutions business (which represents most of the segment formerly known as Corporate Benefit Funding), and the Group Benefits business (consisting of the remaining components of the Company's former GVWB segment, including the individual disability insurance business previously reported in the former Retail segment), are reflected in a new segment, U.S.

These changes were applied retrospectively and did not have an impact on total consolidated net income or operating earnings in the prior periods. See Note 2 of the Notes to the Interim Condensed Consolidated Financial Statements for further information on the Company's segments.

Significant Events

In September 2016, the Company's Board of Directors approved extraordinary dividends to MetLife, Inc. consisting of all of the issued and outstanding shares of common stock of its wholly-owned subsidiaries, General American Life Insurance Company and New England Life Insurance Company ("NELICO"). The Company expects to distribute such dividends in the fourth quarter of 2016, subject to certain regulatory approvals. See Note 14 of the Notes to the Interim Condensed Consolidated Financial Statements.

In July 2016, MetLife, Inc. completed the sale to Massachusetts Mutual Life Insurance Company ("MassMutual") of MetLife's U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MetLife's affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc. (collectively, the "U.S. Retail Advisor Force Divestiture"). MassMutual assumed all of the liabilities related to such assets that arise or occur at or after the closing of the sale. As part of the transactions, MetLife, Inc. and MassMutual entered into a product development agreement under which MetLife's U.S. retail business will be the exclusive developer of certain annuity products to be issued by MassMutual. In the MassMutual purchase agreement, MetLife, Inc. agreed to indemnify MassMutual for certain claims, liabilities and breaches of representations and warranties up to limits described in the purchase agreement.

On December 18, 2014, the Financial Stability Oversight Council ("FSOC") designated MetLife, Inc. as a non-bank systemically important financial institution ("non-bank SIFI") subject to regulation 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") and the Federal Deposit Insurance Corporation (the "FDIC"), as well as to enhanced supervision and prudential standards. On March 30, 2016, the D.C. District Court ordered that the designation of MetLife, Inc. as a non-bank SIFI by the FSOC be rescinded. On April 8, 2016, the FSOC appealed the D.C. District Court's order to the United States Court of Appeals for the District of Columbia. If the FSOC prevails on appeal or designates MetLife, Inc. as systemically important as part of its ongoing review of non-bank financial companies, MetLife, Inc. could once again be subject to regulation as a non-bank SIFI. See "Business — Regulation — Regulation of MetLife, Inc. as a Non-Bank SIFI" in the 2015 Annual Report, as amended or supplemented in our subsequently filed Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments" and similarly named sections under the caption "Risk Factors."

On January 12, 2016, MetLife, Inc. announced its plan to pursue the Separation. Additionally, on July 21, 2016, MetLife, Inc. announced that, following the Separation, the separated business will be rebranded as "Brighthouse Financial." On October 5, 2016, Brighthouse Financial, Inc., a subsidiary of MetLife, Inc. ("Brighthouse"), filed a registration statement on Form 10 (the "Form 10") with the U.S. Securities and Exchange Commission ("SEC"). The information statement filed as an exhibit to the Form 10 disclosed that MetLife, Inc. intends to include MetLife Insurance Company USA ("MetLife USA"), NELICO, a wholly-owned subsidiary of Metropolitan Life Insurance Company, First MetLife Investors Insurance Company, MetLife Advisers, LLC and certain captive reinsurance companies in the proposed separated business and distribute at least 80.1% of the shares of Brighthouse's common stock on a pro rata basis to the holders of MetLife, Inc. common stock. The ultimate form and timing of the Separation will be influenced by a number of factors, including regulatory considerations and economic conditions. MetLife continues to evaluate and pursue structural alternatives for the proposed Separation. MetLife expects that the life insurance closed block and the life and annuity business sold through Metropolitan Life Insurance Company will not be a part of Brighthouse Financial. The Separation remains subject to certain conditions including, among others, obtaining final approval from the MetLife, Inc. Board of Directors, receipt of a favorable ruling from the Internal Revenue Service ("IRS") and an opinion from MetLife's tax advisor regarding certain U.S. federal income tax matters, and an SEC declaration of the effectiveness of the Form 10.

Regulatory Developments

The U.S. insurance industry is regulated primarily at the state level, with some products and services also subject to federal regulation. In addition, we are subject to regulation under the insurance holding company laws of the states of domicile of our U.S. insurance companies. Furthermore, some of our operations, products and services are subject to consumer protection laws, securities regulation, environmental and unclaimed property laws and regulations, and to the Employee Retirement Income Security Act of 1974 ("ERISA"). If MetLife, Inc. were re-designated as a non-bank SIFI, it could also be subject to regulation by the Federal Reserve and the FDIC and, as a subsidiary of MetLife, Inc., we could be affected by such regulation. We may also be affected by any additional capital requirements to which MetLife, Inc. may become subject as a global systemically important insurer ("G-SII"). See "— Insurance Regulation," "— ERISA Considerations," and "— Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers" below, as well as "Business — Regulation," "Risk Factors — Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth," "Risk Factors — Risks Related to Our Business — Our Statutory Life Insurance Reserve Financings May Be Subject to Cost Increases and New Financings May Be Subject to Limited Market Capacity," and "Risk Factors — Regulatory and Legal Risks — Changes in U.S. Federal, State Securities and State Insurance Laws and Regulations May Affect Our Operations and Our Profitability" included in the 2015 Annual Report, as amended or supplemented in our subsequently filed Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments" and similarly named sections under the caption "Risk Factors."

Insurance Regulation

Insurance Regulatory Examinations and Other Activities

The International Association of Insurance Supervisors ("IAIS") has encouraged U.S. insurance supervisors, such as the New York State Department of Financial Services ("NYDFS"), to establish Supervisory Colleges for U.S.-based insurance groups with international operations, including MetLife, to facilitate cooperation and coordination among the insurance groups' supervisors and to enhance the member regulators' understanding of an insurance group's risk profile. A September 2016 Supervisory College was chaired by the NYDFS and attended by MetLife's key U.S. and international regulators. MetLife, Inc. has not received any reports or recommendations from the Supervisory College meeting, and we do not expect any outcome of the meeting to have a material adverse effect on our business.

New York's Proposed Cybersecurity Regulation

Since late 2015, the NYDFS has been considering a potential cybersecurity regulation for those banking and insurance entities under its jurisdiction. On September 13, 2016, the NYDFS released a proposed regulation for a 45-day comment period. The proposed regulation would require any person operating under a license or similar authorization under the New York banking, insurance or financial services law to establish a cybersecurity program meeting certain core functions, adopt a cybersecurity policy, appoint a Chief Information Security Officer, and oversee the cybersecurity practices of third-party service providers, among other requirements.

ERISA Considerations

The Department of Labor ("DOL") issued new regulations on April 6, 2016 with an effective date for most provisions of April 10, 2017. These regulations substantially expand the definition of "investment advice" and thereby broaden the circumstances under which MLIC or its representatives, in providing investment advice with respect to ERISA plans, plan participants or Individual Retirement Accounts or Annuities ("IRAs"), will be deemed a fiduciary under ERISA or the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to the final regulations, certain communications with plans, plan participants and IRA holders, including the marketing of products, and marketing of investment management or advisory services, could be deemed fiduciary investment advice, thus, causing increased exposure to fiduciary liability if the distributor does not recommend what is in the client's best interests. The DOL also issued amendments to certain of its prohibited transaction exemptions, and issued a new exemption, that applies more onerous disclosure and contract requirements to, and increases fiduciary requirements and fiduciary liability exposure in respect of, transactions involving ERISA plans, plan participants and IRAs. On September 27, 2016, the DOL released Frequently Asked Questions on the new exemption and amendments to certain existing exemptions, which provide guidance concerning the application and implementation of the new and amended prohibited transaction exemptions.

We anticipate that we will need to undertake certain additional tasks in order to comply with certain of the exemptions provided in the DOL regulations, including additional compliance reviews of material shared with distributors, wholesaler and call center training and product reporting and analysis. See "Risk Factors — Regulatory and Legal Risks — Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and In Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth."

On July 11, 2016, the DOL, the IRS and the Pension Benefit Guaranty Corporation proposed revisions to the Form 5500, the form used for ERISA annual reporting. The revisions affect employee pension and welfare benefit plans, including our ERISA plans, and require audits of information, self-directed brokerage account disclosure and additional extensive disclosure. We cannot predict the effect these proposals will have on our business, if enacted, or what other proposals may be made, what legislation may be introduced or enacted, or what impact any such legislation may have on our results of operations and financial condition.

Designation Process and Policy Measures that May Apply to Global Systemically Important Insurers

The IAIS, an association of insurance supervisors and regulators and a member of the Financial Stability Board ("FSB"), an international entity established to coordinate, develop and promote regulatory, supervisory and other financial sector policies in the interest of financial stability, is participating in the FSB's initiative to identify and manage global systemically important financial institutions. To this end, the IAIS published a methodology to assess the systemic relevance of global insurers and a framework of policy measures to be applied to G-SIIs and, on this basis, the FSB again so designated MetLife, Inc. in 2015. The IAIS/FSB process is separate from the U.S. FSOC designation process and MetLife, Inc. remains a G-SII in spite of the rescission of its U.S. non-bank SIFI designation on March 30, 2016. The global designation process is an annual process. Every three years, the IAIS evaluates whether updates to its assessment methodology are necessary.

Current standards call for G-SIIs to be subject to higher loss absorbency requirements ("HLA"). Given the absence of a common global base on which to calculate HLA for insurers, the FSB directed the IAIS to develop basic capital requirements ("BCR"). The first version of the IAIS HLA framework was endorsed by the FSB and the G20 in September and November 2015, respectively, and the BCR and HLA requirements are expected to be refined based on data confidentially submitted by certain G-SIIs to their group-wide supervisors until they are fully adopted and implemented in 2019. The IAIS published a new assessment methodology on June 16, 2016 which was used this year to assess a pool of approximately 50 insurers, including MetLife, Inc. The new methodology reflects changes in the previous definitions of non-traditional and non-insurance activity, along with certain other changes in both quantitative and qualitative assessments. The assessments are complete and designations are pending. It is uncertain whether MetLife, Inc. will be designated a G-SII by the FSB under this new methodology.

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 on the Interim Condensed Consolidated Financial Statements. The most critical estimates include those used in determining:

(i) liabilities for future policy benefits and the accounting for reinsurance;

(ii) capitalization and amortization of deferred policy acquisition costs ("DAC") and the establishment and amortization of value of business acquired ("VOBA");

(iii) estimated fair values of investments in the absence of quoted market values;

(iv) investment impairments;

(v) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;

(vi) measurement of employee benefit plan liabilities;

(vii) measurement of income taxes and the valuation of deferred tax assets; and

(viii) liabilities for litigation and regulatory matters.

In applying our 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 our 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 2015 Annual Report.

We accelerated the annual review of our actuarial assumptions for our variable annuities business from the third quarter to the second quarter of 2016 in connection with the proposed Separation. As a result of this review, we made changes to policyholder behavior and long-term economic assumptions, as well as risk margins. With respect to policyholder behavior, which was the significant update for the second quarter of 2016, we have recorded charges, and in some cases benefits, in prior years as a result of the availability of sufficient and credible data at the conclusion of each review. As an example, in 2012, we recorded a charge to reflect better than expected persistency; and in 2014, we recorded a charge as we began to reflect lower utilization of the elective annuitization option in early generations of our guaranteed minimum income benefit ("GMIBs"). In addition, in the third quarter of 2016, we performed the annual review of our actuarial assumptions for all of our remaining annuity and life businesses. See "— Results of Operations — Consolidated Results — Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015 — Actuarial Assumption Review" and "— Results of Operations — Consolidated Results — Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015 — Actuarial Assumption Review" for further information.

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 and the Company's business.

MetLife's economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon while applying an industry standard method for the inclusion of diversification benefits among risk types. Economic capital-based risk estimation is an evolving science and industry best practices have emerged and continue to evolve. Areas of evolving industry best practices include stochastic liability valuation techniques, alternative methodologies for the calculation of diversification benefits, and the quantification of appropriate shock levels. MetLife's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

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 (loss).

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios 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.

Results of Operations

Consolidated Results

Business Overview. Overall sales improved from prior period levels as a result of increased sales of certain products within our segments for the three months ended September 30, 2016, as compared to the three months ended September 30, 2015. An overall increase in sales from our U.S. segment was primarily driven by the timing of our funding agreement issuances and an increase in structured settlement annuity sales due to price competition, partially offset by lower pension risk transfers and decreases in sales of income annuities and post-retirement benefit products. In our MetLife Holdings segment, life and annuity sales declined as a result of the proposed Separation and the U.S. Retail Advisor Force Divestiture.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Revenues				
Premiums	$ 6,142	$ 6,260	$ 16,801	$ 16,463
Universal life and investment-type product policy fees	638	642	1,928	1,925
Net investment income	2,870	2,797	8,349	8,822
Other revenues	389	383	1,121	1,166
Net investment gains (losses)	42	132	115	264
Net derivative gains (losses)	(205)	558	(562)	827
Total revenues	9,876	10,772	27,752	29,467
Expenses				
Policyholder benefits and claims and policyholder dividends	7,199	7,229	19,943	19,335
Interest credited to policyholder account balances	560	547	1,675	1,628
Capitalization of DAC	(59)	(117)	(285)	(346)
Amortization of DAC and VOBA	212	303	420	595
Interest expense on debt	28	31	84	96
Other expenses	1,183	1,644	4,231	4,444
Total expenses	9,123	9,637	26,068	25,752
Income (loss) before provision for income tax	753	1,135	1,684	3,715
Provision for income tax expense (benefit)	123	867	232	1,589
Net income (loss)	630	268	1,452	2,126
Less: Net income (loss) attributable to noncontrolling interests	(7)	(8)	(9)	(1)
Net income (loss) attributable to Metropolitan Life Insurance Company	$ 637	$ 276	$ 1,461	$ 2,127

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

During the three months ended September 30, 2016, income (loss) before provision for income tax decreased $382 million (increased $362 million, net of income tax) from the prior period primarily driven by unfavorable changes in net derivative gains (losses) and net investment gains (losses), partially offset by an increase in operating earnings.

Management of Investment Portfolio and Hedging Market Risks with Derivatives. 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. 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 currency exchange rates, credit spreads and equity market levels.

We purchase investments 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 currency exchange rates, 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, which creates volatility in earnings.

Certain direct or assumed variable annuity products with guaranteed minimum benefits 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). We use reinsurance and derivatives to hedge the market and other risks inherent in these variable annuity guarantees. Ceded reinsurance of direct variable annuity products with guaranteed minimum benefits 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) and volatility in earnings, but does not have an economic impact on us.

Net Derivative Gains (Losses). Direct, assumed and ceded variable annuity embedded derivatives, as well as the associated freestanding derivatives, are referred to as "VA program derivatives" in the following table. All other embedded derivatives and freestanding 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:

	Three Months Ended September 30,	
	2016	2015
	(In millions)	
Non-VA program derivatives		
Interest rate	$ (91)	$ 474
Foreign currency exchange rate	10	92
Credit	36	(21)
Equity	6	—
Non-VA embedded derivatives	2	39
Total non-VA program derivatives	(37)	584
VA program derivatives		
Embedded derivatives-direct and assumed guarantees:		
Market risks	296	(377)
Nonperformance risk adjustment	(47)	37
Other risks	(82)	(145)
Total	167	(485)
Embedded derivatives-ceded reinsurance:		
Market and other risks	(41)	165
Nonperformance risk adjustment	9	(11)
Total	(32)	154
Freestanding derivatives hedging direct and assumed embedded derivatives	(303)	305
Total VA program derivatives	(168)	(26)
Net derivative gains (losses)	$ (205)	$ 558

The unfavorable change in net derivative gains (losses) on non-VA program derivatives was $621 million ($404 million, net of income tax). This was primarily due to long-term interest rates decreasing less in the current period versus the prior period, unfavorably impacting receive-fixed interest rate swaps, interest rate swaptions and interest rate floors, primarily hedging long duration liability portfolios. Additionally, the U.S. dollar weakened in comparison to the Euro in the current period versus remaining unchanged in the prior period, unfavorably impacting foreign currency swaps. In addition, a change in the value of the assets underlying reinsurance-related funds withheld unfavorably impacted non-VA embedded derivatives. 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 unfavorable change in net derivative gains (losses) on VA program derivatives was $142 million ($92 million, net of income tax). This was due to an unfavorable change of $78 million ($51 million, net of income tax) in 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 those risks, as well as by an unfavorable change of $64 million ($42 million, net of income tax) related to the change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives, net of the impact of the nonperformance risk adjustment on the ceded variable annuity embedded derivatives. Other risks relate primarily to the impact of policyholder behavior and other non-market risks that generally cannot be hedged.

The foregoing unfavorable change of $78 million ($51 million, net of income tax) was primarily driven by changes in market factors.

The primary changes in market factors are summarized as follows:

- Long-term interest rates decreased less in the current period than in the prior period, contributing to an unfavorable change in our freestanding derivatives and a favorable change in our embedded derivatives. For example, the 30-year U.S. swap rate decreased by 3% in the current period and decreased by 14% in the prior period.
- Key equity index levels mainly increased in the current period and decreased in the prior period, contributing to an unfavorable change in our freestanding derivatives and a favorable change in our embedded derivatives. For example, the Standard & Poor's Ratings Services ("S&P") 500 Index increased by 3% in the current period and decreased by 7% in the prior period.
- Key equity volatility measures decreased in the current period and were mixed in the prior period, contributing to a favorable change in our embedded derivatives and an unfavorable change in our freestanding derivatives.

We calculate the nonperformance risk adjustment as the change in the embedded derivative discounted at the risk-adjusted rate (which includes our own credit spread to the extent that the embedded derivative is in-the-money) less the change in the embedded derivative discounted at the risk-free rate. The unfavorable change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives of $84 million ($55 million, net of income tax) was primarily due to an unfavorable change of $63 million, before income tax, as a result of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, and an unfavorable change of $21 million, before income tax, related to changes in our own credit spread. The favorable change in the nonperformance risk adjustment on the ceded variable annuity embedded derivatives of $20 million ($13 million, net of income tax) was due to a favorable change of $13 million, before income tax, related to changes in our own credit spread, and a favorable change of $7 million, before income tax, as a result of the impact of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees.

When equity index levels decrease in isolation, the direct and assumed variable annuity guarantees become more valuable to policyholders, which results in an increase in the undiscounted embedded derivative liability. Discounting this unfavorable change by the risk-adjusted rate yields a smaller loss than by discounting at the risk-free rate, thus creating a gain from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees.

When the risk-free interest rate decreases in isolation, discounting the embedded derivative liability produces a higher valuation of the liability than if the risk-free interest rate had remained constant. Discounting this unfavorable change by the risk-adjusted rate yields a smaller loss than by discounting at the risk-free interest rate, thus creating a gain from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees.

When our own credit spread increases in isolation, discounting the embedded derivative liability produces a lower valuation of the liability than if our own credit spread had remained constant. As a result, a gain is created from including an adjustment for nonperformance risk on the direct and assumed variable annuity embedded derivatives. The opposite impact occurs with respect to the nonperformance risk adjustment on the ceded variable annuity guarantees when the reinsurer's credit spread increases in isolation. For each of these primary market drivers, the opposite effect occurs when they move in the opposite direction.

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 agreements 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.

Net Investment Gains (Losses). The unfavorable change in net investment gains (losses) of $90 million ($59 million, net of income tax) primarily reflects lower gains on real estate, partially offset by current period gains on sales of fixed maturity securities.

Actuarial Assumption Review. We annually review our long-term actuarial assumptions for policyholder behavior, market returns and other actuarial items. With respect to policyholder behavior, we have recorded charges, and in some cases benefits, in prior years as a result of the availability of sufficient and credible data at the conclusion of each review. See "— Summary of Critical Accounting Estimates." During the current period, we performed a review of actuarial assumptions related to reserves and DAC for our annuity and life businesses with the exception of our variable annuity business, which was reviewed in the second quarter of 2016 in connection with the proposed Separation.

Results for the current period include a $94 million loss ($61 million, net of income tax) associated with our annual assumption review related to reserves and DAC, of which a $1 million gain ($1 million, net of income tax) was recognized in net derivative gains (losses). Of the $94 million charge, a gain of $19 million ($12 million, net of income tax) was related to reserves and a loss of $113 million ($73 million, net of income tax) was associated with DAC.

The $1 million gain recognized in net derivative gains (losses) associated with this review of actuarial assumptions was included within the other risks in embedded derivatives - direct and assumed guarantees and market and other risks in embedded derivatives - ceded reinsurance captions in the table above.

As a result of our current period annual actuarial assumption review, changes were made to economic, policyholder behavior and mortality assumptions, as well as operational updates. The most significant impacts were in the MetLife Holdings segment and are summarized as follows:

- Changes in policyholder behavior, mortality assumptions and economic assumptions resulted in reserve increases, net of reinsurance, offset by favorable DAC for a net gain of $13 million ($8 million, net of income tax).
- The remaining updates resulted in reserve decreases, net of reinsurance, offset by unfavorable DAC for a net loss of $107 million ($69 million, net of income tax). The most notable assumption update related to our projection of closed block results and resulted in a net loss.

Results for the prior period include a $163 million ($106 million, net of income tax), net of reinsurance, charge associated with our annual actuarial assumption review related to reserves and DAC for all of our annuity and life businesses, of which a $2 million loss ($1 million, net of income tax) was recognized in net derivative gains (losses). Of the $163 million charge, $60 million ($39 million, net of income tax) was related to reserves and $103 million ($67 million, net of income tax) was associated with DAC.

Taxes. Income tax expense for the three months ended September 30, 2016 was $123 million, or 16% of income (loss) before provision for income tax, compared with $867 million, or 76% of income (loss) before provision for income tax, for the three months ended September 30, 2015. The Company's current and prior period effective tax rates differ from the U.S. statutory rate of 35% typically due to non-taxable investment income and tax credits for low income housing. Current period results include a one-time tax benefit of $36 million for tax audit settlements. Prior period results include a one-time tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties.

Operating Earnings. As more fully described in "— Non-GAAP and Other Financial Disclosures," we use operating earnings, which does not equate to net income (loss) 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 net income (loss). Operating earnings increased $912 million, net of income tax, to $847 million, net of income tax, for the three months ended September 30, 2016 from a loss of $65 million, net of income tax, for the three months ended September 30, 2015.

Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015

During the nine months ended September 30, 2016, income (loss) before provision for income tax decreased $2.0 billion ($674 million, net of income tax) from the prior period primarily driven by unfavorable changes in net derivative gains (losses) and net investment gains (losses), partially offset by a favorable change in operating earnings.

Net Derivative Gains (Losses). Direct, assumed and ceded variable annuity embedded derivatives, as well as the associated freestanding derivatives, are referred to as "VA program derivatives" in the following table. All other embedded derivatives and all freestanding 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:

	Nine Months Ended September 30,	
	2016	2015
	(In millions)	
Non-VA program derivatives		
Interest rate	$ 992	$ 344
Foreign currency exchange rate	(50)	198
Credit	45	(6)
Equity	9	—
Non-VA embedded derivatives	(664)	339
Total non-VA program derivatives	332	875
VA program derivatives		
Embedded derivatives-direct and assumed guarantees:		
Market risks	(85)	(155)
Nonperformance risk adjustment	173	33
Other risks	(1,209)	(203)
Total	(1,121)	(325)
Embedded derivatives-ceded reinsurance:		
Market and other risks	340	105
Nonperformance risk adjustment	(64)	(8)
Total	276	97
Freestanding derivatives hedging direct and assumed embedded derivatives	(49)	180
Total VA program derivatives	(894)	(48)
Net derivative gains (losses)	$ (562)	$ 827

The unfavorable change in net derivative gains (losses) on non-VA program derivatives was $543 million ($353 million, net of income tax). This was unfavorable change was driven by a change in the value of the assets underlying reinsurance-related funds withheld unfavorably impacting non-VA embedded derivatives. This unfavorable change was partially offset by a favorable change due to long-term interest rates decreasing more in the current period versus the prior period, favorably impacting receive-fixed interest rate swaps, interest rate total return swaps and interest rates floors. 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 unfavorable change in net derivative gains (losses) on VA program derivatives was $846 million ($550 million, net of income tax). This was due to an unfavorable change of $930 million ($605 million, net of income tax) in 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 those risks, partially offset by a favorable change of $84 million ($55 million, net of income tax) related to the change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives, net of the impact of the nonperformance risk adjustment on the ceded variable annuity embedded derivatives. Other risks relate primarily to the impact of policyholder behavior and other non-market risks that generally cannot be hedged.

The foregoing unfavorable change of $930 million ($605 million, net of income tax) was primarily driven by changes in other risks and market factors.

The primary changes in other risks are summarized as follows:

- Updates to actuarial policyholder behavior assumptions within the valuation model. For details, see "— Actuarial Assumption Review."
- An increase in the risk margin adjustment, measuring policyholder behavior risks, which was also affected by the actuarial assumption update, along with market and interest rate changes.
- A combination of other factors, including reserve changes influenced by benefit features and actual policyholder behavior.

The primary changes in market factors are summarized as follows:

- Long-term interest rates decreased more in the current period than in the prior period, contributing to a favorable change in our freestanding derivatives and an unfavorable change in our embedded derivatives. For example, the 30-year U.S. swap rate decreased by 32% in the current period and decreased by 7% in the prior period.
- Key equity index levels were mixed in the current period and mostly decreased in the prior period, contributing to an unfavorable change in our freestanding derivatives and a favorable change in our embedded derivatives. For example, the S&P 500 Index increased by 6% in the current period and decreased by 7% in the prior period.

We calculate the nonperformance risk adjustment as the change in the embedded derivative discounted at the risk-adjusted rate (which includes our own credit spread to the extent that the embedded derivative is in-the-money) less the change in the embedded derivative discounted at the risk-free rate. The favorable change in the nonperformance risk adjustment on the direct and assumed variable annuity embedded derivatives of $140 million ($91 million, net of income tax) was primarily due to a favorable change of $138 million, before income tax, as a result of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, and a favorable change of $2 million, before income tax, related to changes in our own credit spread. The unfavorable change in the nonperformance risk adjustment on the ceded variable annuity embedded derivatives of $56 million ($36 million, net of income tax) was due to an unfavorable change of $52 million, before income tax, as a result of the impact of changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees, and an unfavorable change of $4 million, before income tax, related to changes in our own credit spread.

Net Investment Gains (Losses). The unfavorable change in net investment gains (losses) of $149 million ($97 million, net of income tax) primarily reflects lower gains in real estate and real estate joint ventures and higher impairments on common stock, and were partially offset by increased net gains on the transfer of fixed maturity securities to MetLife USA, related to the recapture of risks related to certain single premium deferred annuity contracts.

Actuarial Assumption Review. Results for the current period include a non-cash charge of $722 million ($469 million, net of income tax) associated with the annual review of actuarial assumptions, of which $798 million ($519 million, net of income tax) was recognized in net derivative gains (losses). Of the $722 million charge, $787 million ($512 million, net of income tax) was related to reserves and a benefit of $65 million ($43 million, net of income tax) was associated with DAC.

The $798 million loss recognized in net derivative gains (losses) associated with this review of assumptions was included within the other risks in embedded derivatives - direct and assumed guarantees and market and other risks in embedded derivatives - ceded reinsurance captions in the table above.

As a result of the annual review of actuarial assumptions, changes were made to economic, policyholder behavior and mortality assumptions, as well as operational updates. The significant impacts of the assumption review were on the variable annuity block of business and are summarized as follows:

- Changes in policyholder behavior assumptions resulted in reserve increases, partially offset by favorable DAC amortization resulting in a net charge of $444 million ($289 million, net of income tax). The policyholder behavior assumption changes included:
  - Lower utilization of the elective annuitization option on the guarantee riders on the contracts;
  - Lower election of the guaranteed principal option in certain of our GMIBs, which, if exercised, returns to the policyholder the original purchase payment amounts;
  - Adjusting the rate at which policyholders withdrew funds through systematic withdrawals; and
  - Higher policyholder persistency related to the portion of the business that will remain with the Company after the proposed Separation, dependent on the amount a contract is in-the-money.
- Changes in economic assumptions resulted in reserve increases and unfavorable DAC amortization resulting in a charge of $90 million ($59 million, net of income tax). These changes include reducing the long-term separate account return assumption from 7.25% to 7.00% (from 7.00% to 6.75% for GMIB's invested in managed volatility funds), and reducing the projected ultimate 10-year treasury rate from 4.50% to 4.25%.
- The remaining updates resulted in reserve increases and unfavorable DAC resulting in a charge of $186 million ($121 million, net of income tax). The most notable assumption update related to our projection of closed block results and resulted in a net loss.

Results for the prior period include a $163 million ($106 million, net of income tax), net of reinsurance, charge associated with our annual assumption review related to reserves and DAC, of which a $2 million loss ($1 million, net of income tax) was recognized in net derivative gains (losses). Of the $163 million charge, $60 million ($39 million, net of income tax) was related to reserves and $103 million ($67 million, net of income tax) was associated with DAC.

Taxes. Income tax expense for the nine months ended September 30, 2016 was $232 million, or 14% of income (loss) before provision for income tax, compared with $1.6 billion, or 43% of income (loss) before provision for income tax, for the nine months ended September 30, 2015. The Company's effective tax rates differ from the U.S. statutory rate of 35% typically due to non-taxable investment income, and tax credits for low income housing. Current period results include a one-time tax benefit of $36 million for tax audit settlements. Prior period results include a one-time tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties.

Operating Earnings. Operating earnings increased $280 million, net of income tax, to $1.9 billion, net of income tax, for the nine months ended September 30, 2016 from $1.7 billion, net of income tax, for the nine months ended September 30, 2015.

Reconciliation of net income (loss) to operating earnings

Three Months Ended September 30, 2016

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Net income (loss)	$ 446	$ 71	$ 113	$ 630
Less: Net investment gains (losses)	34	10	(2)	42
Less: Net derivative gains (losses)	(19)	(184)	(2)	(205)
Less: Other adjustments to net income (1)	(73)	(85)	(12)	(170)
Less: Provision for income tax (expense) benefit	21	89	6	116
Operating earnings	$ 483	$ 241	$ 123	$ 847

Three Months Ended September 30, 2015

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Net income (loss)	$ 653	$ 347	$ (732)	$ 268
Less: Net investment gains (losses)	129	32	(29)	132
Less: Net derivative gains (losses)	245	174	139	558
Less: Other adjustments to net income (1)	(42)	(89)	(47)	(178)
Less: Provision for income tax (expense) benefit	(115)	(41)	(23)	(179)
Operating earnings	$ 436	$ 271	$ (772)	$ (65)

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Nine Months Ended September 30, 2016

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Net income (loss)	$ 1,485	$ 220	$ (253)	$ 1,452
Less: Net investment gains (losses)	(16)	171	(40)	115
Less: Net derivative gains (losses)	518	(554)	(526)	(562)
Less: Other adjustments to net income (1)	(204)	25	(127)	(306)
Less: Provision for income tax (expense) benefit	(104)	125	242	263
Operating earnings	$ 1,291	$ 453	$ 198	$ 1,942

Nine Months Ended September 30, 2015

	U.S.	MetLife Holdings	Corporate & Other	Total
	(In millions)			
Net income (loss)	$ 1,587	$ 1,013	$ (474)	$ 2,126
Less: Net investment gains (losses)	288	87	(111)	264
Less: Net derivative gains (losses)	158	268	401	827
Less: Other adjustments to net income (1)	(108)	(237)	(33)	(378)
Less: Provision for income tax (expense) benefit	(117)	(41)	(91)	(249)
Operating earnings	$ 1,366	$ 936	$ (640)	$ 1,662

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Reconciliation of revenues to operating revenues and expenses to operating expenses

Three Months Ended September 30, 2016

	U.S.	MetLife Holdings	Corporate & Other	Total
		(In millions)		
Total revenues	$ 6,966	$ 2,696	$ 214	$ 9,876
Less: Net investment gains (losses)	35	10	(3)	42
Less: Net derivative gains (losses)	(18)	(184)	(3)	(205)
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	—	—	—
Less: Other adjustments to revenues (1)	(73)	(40)	(1)	(114)
Total operating revenues	$ 7,022	$ 2,910	$ 221	$ 10,153
Total expenses	$ 6,270	$ 2,606	$ 247	$ 9,123
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	(28)	9	(19)
Less: Other adjustments to expenses (1)	—	74	1	75
Total operating expenses	$ 6,270	$ 2,560	$ 237	$ 9,067

Three Months Ended September 30, 2015

	U.S.	MetLife Holdings	Corporate & Other	Total
		(In millions)		
Total revenues	$ 7,362	$ 3,099	$ 311	$ 10,772
Less: Net investment gains (losses)	129	32	(29)	132
Less: Net derivative gains (losses)	244	175	139	558
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	—	—	—
Less: Other adjustments to revenues (1)	(39)	(47)	2	(84)
Total operating revenues	$ 7,028	$ 2,939	$ 199	$ 10,166
Total expenses	$ 6,347	$ 2,594	$ 696	$ 9,637
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	67	24	91
Less: Other adjustments to expenses (1)	2	(24)	25	3
Total operating expenses	$ 6,345	$ 2,551	$ 647	$ 9,543

____

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Nine Months Ended September 30, 2016

	U.S.	MetLife Holdings	Corporate & Other	Total
		(In millions)		
Total revenues	$ 19,580	$ 8,084	$ 88	$ 27,752
Less: Net investment gains (losses)	(16)	171	(40)	115
Less: Net derivative gains (losses)	518	(555)	(525)	(562)
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	—	—	—
Less: Other adjustments to revenues (1)	(193)	(121)	(3)	(317)
Total operating revenues	$ 19,271	$ 8,589	$ 656	$ 28,516
Total expenses	$ 17,272	$ 7,812	$ 984	$ 26,068
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	(288)	7	(281)
Less: Other adjustments to expenses (1)	12	142	116	270
Total operating expenses	$ 17,260	$ 7,958	$ 861	$ 26,079

Nine Months Ended September 30, 2015

	U.S.	MetLife Holdings	Corporate & Other	Total
		(In millions)		
Total revenues	$ 19,247	$ 9,082	$ 1,138	$ 29,467
Less: Net investment gains (losses)	288	87	(111)	264
Less: Net derivative gains (losses)	158	268	401	827
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	—	—	—
Less: Other adjustments to revenues (1)	(118)	(152)	4	(266)
Total operating revenues	$ 18,919	$ 8,879	$ 844	$ 28,642
Total expenses	$ 16,779	$ 7,596	$ 1,377	$ 25,752
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	—	66	18	84
Less: Other adjustments to expenses (1)	(10)	19	19	28
Total operating expenses	$ 16,789	$ 7,511	$ 1,340	$ 25,640

(1) See definitions of operating revenues and operating expenses under "— Non-GAAP and Other Financial Disclosures" for the components of such adjustments.

Consolidated Results — Operating

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Overview. The primary drivers of the increase in operating earnings were prior period charges for taxes and related interest expenses, as well as higher investment yields. Our financial results include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses.

Business Growth. We benefited from higher sales and business growth in certain of our products. An increase in our investment portfolio from premiums and deposits in our Retirement and Income Solutions business and positive net flows in our MetLife Holdings segment generated higher net investment income. These increases in net investment income were partially offset by a reduction in the invested asset base due to the recapture of an assumed fixed annuity agreement with an affiliate in the second quarter of 2016. In addition, consistent with the growth in average invested assets from increased premiums, interest credited on long-duration contracts increased. Lower interest expense related to the aforementioned recapture of the assumed fixed annuity agreement resulted in an increase in operating earnings. The changes in business growth discussed above resulted in an $18 million increase in operating earnings.

Market Factors. Market factors, including sustained low interest rates, volatile equity markets, and foreign currency fluctuations continued to impact our investment yields; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields increased as a result of higher returns on alternate investments, prior period mark-to-market losses on trading securities and higher income on currency and interest rate derivatives. These favorable changes were partially offset by the adverse impact of the sustained low interest rate environment on fixed maturity securities and mortgage loans, as proceeds from maturing investments and the growth in the investment portfolio described above were invested at lower yields. In addition, lower interest crediting rates, consistent with the sustained low interest rate environment, contributed to the increase to operating earnings. The changes in market factors discussed above resulted in a $58 million increase in operating earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Unfavorable underwriting resulted in a $35 million decrease in operating earnings and was primarily due to unfavorable mortality, primarily in our MetLife Holdings and U.S. segments, partially offset by favorable morbidity, primarily in our U.S. segment. The impact of the annual actuarial assumption review resulted in a net operating earnings decrease of $11 million and was primarily related to unfavorable DAC unlockings in our MetLife Holdings segment. The annual actuarial assumption review in the current period included our annuity and life businesses with the exception of our variable annuity business, which was reviewed in the second quarter of 2016; whereas, the annual review in the prior period included all of our annuity and life businesses.

Expenses and Taxes. Operating earnings increased due to a decline in expenses of $245 million, mainly the result of a $235 million charge for interest on uncertain tax positions in the prior period. The Company's effective tax rates differ from the U.S. statutory rate of 35% typically due to non-taxable investment income and tax credits for investments in low income housing. Current period results include a one-time tax benefit of $36 million for tax audit settlements. Prior period results include a one-time tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties. In addition, the Company realized additional tax benefits of $18 million compared to the prior period, primarily from the higher utilization of tax preferenced investments.

Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Overview. The primary drivers of the increase in operating earnings were prior period charges for taxes and related interest expenses, partially offset by lower investment yields and refinements to DAC and certain insurance liabilities. Our financial results include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses.

Business Growth. We benefited from higher sales and business growth in certain of our products. An increase in our investment portfolio from premiums and deposits in our Retirement and Income Solutions business, positive net flows from our life businesses in our MetLife Holdings segment and positive net flows in our Group Benefits business generated higher net investment income. These increases in net investment income were partially offset by a reduction in the invested asset base due to the aforementioned recapture of an assumed fixed annuity agreement with an affiliate. In addition, consistent with the growth in average invested assets from increased premiums, interest credited on long-duration contracts increased. Lower interest expense related to the aforementioned recapture of the assumed fixed annuity agreement resulted in an increase in operating earnings. The changes in business growth discussed above resulted in a $42 million increase in operating earnings.

Market Factors. Market factors, including sustained low interest rates, volatile equity markets and foreign currency fluctuations continued to impact our investment yields; however, certain impacts were mitigated by derivatives used to hedge these risks. The sustained low interest rate environment resulted in a decline in net investment income on fixed maturity securities and mortgage loans, as proceeds from maturing investments and the growth in the investment portfolio described above were invested at lower yields. Additionally, investment yields decreased as a result of lower returns on other limited partnership interests, real estate joint ventures and alternative investments. Additionally, lower earnings on our securities lending program resulted from lower margins due to the impact of a flatter yield curve, as margins correlate more to the slope of the yield curve rather than the absolute level of interest rates, as well as lower program size. These unfavorable changes were partially offset by higher income on currency and interest rate derivatives and resulted in a $346 million decrease in operating earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Unfavorable underwriting decreased operating earnings by $22 million as unfavorable mortality and morbidity in our MetLife Holdings segment was partially offset by favorable mortality in our U.S. segment. The impact of the annual actuarial assumption review, which occurred in both periods, resulted in a net operating earnings decrease of $42 million and was primarily related to unfavorable DAC unlockings in our MetLife Holdings segment. Refinements to DAC and certain insurance-related and other liabilities, which were recorded in both periods, resulted in a $90 million decrease in operating earnings, primarily in our MetLife Holdings and U.S. segments.

Expenses and Taxes. Operating earnings increased due to a decline in expenses of $99 million, mainly the result of the aforementioned $235 million charge for interest on uncertain tax positions in the prior period, partially offset by costs associated with the aforementioned recapture of an assumed fixed annuity agreement. In addition, expenses declined as a result of lower costs associated with corporate initiatives and projects. The Company's effective tax rates differ from the U.S. statutory rate of 35% typically due to non-taxable investment income and tax credits for investments in low income housing. Current period results include a one-time tax benefit of $36 million for tax audit settlements. Prior period results included the aforementioned one-time tax charge of $557 million recorded under accounting guidance for the recognition of tax uncertainties. In addition, the Company realized additional tax benefits of $54 million compared to the prior period, primarily from the higher utilization of tax preferenced investments.

Segment Results and Corporate & Other

U.S.

Business Overview. An increase in sales was primarily driven by the timing of our funding agreement issuances in our Retirement and Income Solutions business. Funding ratios for defined benefit pension plans of S&P 500 companies continued to fall in 2016, limiting their ability to engage in full pension plan buyouts. However, we expect that customers may choose to close out portions of pension plans over time, with the largest volume of business generally occurring near the end of any year. The impact of this decline in funding ratios for defined benefit pension plans of S&P 500 companies was lower pension risk transfers, which resulted in lower premiums. In addition, sales of income annuities and post-retirement benefit products were lower. These decreases were partially offset by the impact of a change in competitive pricing in the market, which drove an increase in structured settlement annuity sales. Changes in premiums for the Retirement and Income Solutions business were almost entirely offset by the related changes in policyholder benefits and claims. Sales improved across the Group Benefits business compared to the prior period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Operating revenues				
Premiums	$ 5,036	$ 5,134	$ 13,451	$ 13,080
Universal life and investment-type product policy fees	244	232	741	699
Net investment income	1,554	1,482	4,518	4,590
Other revenues	188	180	561	550
Total operating revenues	7,022	7,028	19,271	18,919
Operating expenses				
Policyholder benefits and claims and policyholder dividends	5,281	5,379	14,232	13,858
Interest credited to policyholder account balances	322	303	964	902
Capitalization of DAC	(17)	(14)	(43)	(50)
Amortization of DAC and VOBA	14	15	43	46
Interest expense on debt	2	1	7	4
Other operating expenses	668	661	2,057	2,029
Total operating expenses	6,270	6,345	17,260	16,789
Provision for income tax expense (benefit)	269	247	720	764
Operating earnings	$ 483	$ 436	$ 1,291	$ 1,366

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. The impact of higher deposits and funding agreement issuances in the current period resulted in higher invested assets, which drove an increase in net investment income. However, consistent with the growth in average invested assets from increased premiums, interest credited on long-duration contracts increased. In addition, an increase in other operating expenses, mainly the result of growth across the segment, was more than offset by the remaining increase in premiums, fees and other revenues. The combined impact of the items discussed above increased operating earnings by $42 million.

Market Factors. Market factors, including sustained low interest rates, volatile equity markets and foreign currency fluctuations continued to impact our investment yields; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields increased driven by higher income on interest rate derivatives, higher returns on real estate and real estate joint ventures and hedge funds. These increases were partially offset by the adverse impact of the sustained low interest rate environment on our fixed maturity securities, as proceeds from maturing investments and the growth in the investment portfolio described above were invested at lower yields, as well as lower returns on private equities. In addition, lower interest crediting rates, consistent with the sustained low interest rate environment, contributed to the increase to operating earnings. The changes in market factors discussed above resulted in a $6 million increase in operating earnings.

Underwriting. Less favorable mortality in our term life business, mainly due to higher severity, was partially offset by favorable claims experience in our universal life business, which resulted in a decrease of $25 million in operating earnings. Favorable claims experience in our dental business combined with favorable morbidity in our individual disability business drove an increase in operating earnings of $20 million. Favorable mortality from our income annuity business was mostly offset by less favorable mortality in our specialized life insurance products.

Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. The impact of deposits, funding agreement issuances and increased premiums in the current period resulted in higher average invested assets, improving net investment income. However, consistent with the growth in average invested assets from increased premiums, interest credited on long-duration contracts increased. In addition, an increase in other operating expenses, mainly the result of growth across the segment, was more than offset by the remaining increase in premiums, fees and other revenues. The combined impact of the items discussed above increased operating earnings by $89 million.

Market Factors. Market factors, including sustained low interest rates, volatile equity markets and foreign currency fluctuations continued to impact our investment yields; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields decreased as a result of the impact of the sustained low interest rate environment on fixed maturity securities, as proceeds from maturing investments and the growth in the investment portfolio described above were invested at lower yields, as well as lower returns on other limited partnership interests and alternative investments. Additionally, lower investment earnings on our securities lending program resulted primarily from the impact of a flatter yield curve, as margins correlate more to the slope of the yield curve rather than the absolute level of interest rates, as well as a lower program size. These unfavorable changes were partially offset by higher income on interest rate and currency derivatives and higher returns on real estate and real estate joint ventures. Certain of our funding agreements and guaranteed interest contract liabilities have interest credited rates that are contractually tied to current market rates, specifically the 3-month London Interbank Offered Rate ("LIBOR") and, as a result, a higher average interest credited rate drove an increase in interest credited expense. The changes in market factors discussed above resulted in a $155 million decrease in operating earnings.

Underwriting and Other Insurance Adjustments. Unfavorable claims experience in our group disability and dental businesses were mostly offset by favorable claims experience in our individual disability and voluntary businesses and resulted in a slight decrease in operating earnings. Favorable mortality in the current period, mainly due to favorable claims experience in our life business, resulted in a $28 million increase in operating earnings. Less favorable mortality from our specialized life insurance products and pension risk transfer business resulted in a $14 million decrease in operating earnings. Refinements to certain insurance and other liabilities, which were recorded in both periods, resulted in a $24 million decrease in operating earnings.

MetLife Holdings

Business Overview. As a result of the proposed Separation and the U.S. Retail Advisor Force Divestiture, we have discontinued marketing of life and annuity products in this segment, which has led to lower sales. A significant portion of our operating earnings is driven by separate account balances. Most directly, these balances determine asset-based fee income but they also impact DAC amortization and asset-based commissions. Separate account balances are driven by sales, movements in the market, surrenders, withdrawals, benefit payments, transfers and policy charges. Separate account balances have increased due to market performance, partially offset by the impact of negative net flows, as benefits, surrenders and withdrawals exceeded sales. While net flows are still negative, we are seeing stability in surrenders and withdrawals. Although we have discontinued selling our long-term care product, we continue to collect premiums and administer the existing block of business, which contributed to asset growth in the segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Operating revenues				
Premiums	$ 1,091	$ 1,111	$ 3,303	$ 3,331
Universal life and investment-type product policy fees	310	320	928	960
Net investment income	1,463	1,482	4,260	4,488
Other revenues	46	26	98	100
Total operating revenues	2,910	2,939	8,589	8,879
Operating expenses				
Policyholder benefits and claims and policyholder dividends	1,814	1,841	5,475	5,365
Interest credited to policyholder account balances	230	233	687	696
Capitalization of DAC	(44)	(100)	(239)	(291)
Amortization of DAC and VOBA	217	169	591	410
Interest expense on debt	2	—	5	3
Other operating expenses	341	408	1,439	1,328
Total operating expenses	2,560	2,551	7,958	7,511
Provision for income tax expense (benefit)	109	117	178	432
Operating earnings	$ 241	$ 271	$ 453	$ 936

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. A decrease in our invested asset base was primarily due to the recapture of an assumed fixed annuity reinsurance agreement with an affiliate in the second quarter of 2016. This decline was partially offset by positive net flows in our life business coupled with the aforementioned impact of our long-term care business on asset growth, resulting in a decrease in net investment income. Consistent with the asset growth in the long-term care business, interest credited on insurance liabilities increased. In addition, the impact of lower sales and lower surrender charges in the current period reduced operating earnings. More than offsetting these decreases in operating earnings was lower interest expense related to the aforementioned recapture of the assumed fixed annuity agreement. The net impact of the aforementioned items resulted in a $4 million increase in operating earnings.

Market Factors. Market factors, including sustained low interest rates, volatile equity markets, and foreign currency fluctuations, continued to impact our investment yields; however, certain impacts were mitigated by derivatives used to hedge these risks. Higher returns on other limited partnership interests and increased prepayment fees contributed to this increase in operating earnings. In addition, the impact of lower average crediting rates on certain insurance liabilities and a decrease in DAC amortization contributed to the increase in operating earnings. These increases were partially offset by the impact of the sustained low interest rate environment on net investment income, specifically from fixed maturity securities and mortgage loans as proceeds from maturing investments were reinvested at lower yields. In addition, we had lower income on interest rate derivatives. The changes in market factors discussed above resulted in an $8 million increase in operating earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Unfavorable mortality in our universal life and traditional life, businesses was partially offset by favorable morbidity in our long-term care business and resulted in a decrease of $34 million in operating earnings. The results of our annual review of actuarial assumptions resulted in a decrease in operating earnings of $9 million. The annual actuarial assumption review in the current period included our annuity and life businesses with the exception of our U.S. variable annuity business, which was reviewed in the second quarter of 2016; whereas, the annual review in the prior period included all of our annuity and life businesses. Refinements to DAC and certain insurance-related liabilities recorded in the current period resulted in an increase in operating earnings of $7 million. In addition, an increase in policyholder dividends in the closed block, which we instituted in the fourth quarter of 2015, decreased operating earnings by $10 million.

Expenses. Operating earnings increased due to a decline in expenses of $10 million, mainly the result of lower amortization of deferred reinsurance commissions related to certain variable annuity reinsurance agreements entered into with an affiliate.

Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. Our life, annuities and long-term care businesses experienced net asset growth, which resulted in higher net investment income; however, consistent with the aforementioned asset growth, interest credited on insurance liabilities also increased. The aforementioned recapture of an assumed fixed annuity reinsurance agreement resulted in lower interest expense, which was partially offset by an increase in DAC amortization. These increases were partially offset by a lower invested asset base due to the aforementioned recapture of an assumed fixed annuity reinsurance agreement, the impact of lower sales and lower surrender charges in the current period. The combined impact of the items discussed above resulted in a $19 million increase in operating earnings.

Market Factors. Market factors, including sustained low interest rates, volatile equity markets, and foreign currency fluctuations, continued to impact our investment yields; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields decreased on our fixed maturity securities and mortgage loans as proceeds from maturing investments and the growth in the investment portfolio described above were invested at lower yields. In addition, we had lower income on interest rate derivatives and alternative investments, as well as lower returns on other limited partnership interests. These decreases in net investment income were partially offset by higher prepayment fees and higher income on currency derivatives. In the deferred annuity business, operating earnings declined due to lower asset-based fee income, as average separate account balances decreased and DAC amortization increased. The changes in market factors discussed above resulted in a $182 million decrease in operating earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Unfavorable claims experience in our long-term care business, unfavorable mortality in our traditional life businesses and less favorable fund returns related to a significant reinsurance treaty resulted in a $37 million decrease in operating earnings. The impact of our annual actuarial assumption review, which occurred in both periods, resulted in a net operating earnings decrease of $33 million and was primarily related to unfavorable DAC unlockings. Refinements to DAC and certain insurance-related liabilities that were recorded in both periods resulted in a $66 million decrease in operating earnings, which includes a current period reserve adjustment resulting from modeling improvements in the reserving process in our universal life business. In addition, an increase in policyholder dividends in the closed block, which we instituted in the fourth quarter of 2015, decreased operating earnings by $19 million.

Expenses. A $162 million net increase in expenses was primarily the result of costs associated with the aforementioned recapture of an assumed fixed annuity agreement. This increase in expenses was partially offset by lower amortization of deferred reinsurance commissions related to certain variable annuity reinsurance agreements entered into with an affiliate, as well as lower technology and employee-related costs.

Corporate & Other

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Operating revenues				
Premiums	$ 15	$ 15	$ 47	$ 52
Universal life and investment-type product policy fees	58	65	182	191
Net investment income	(7)	(58)	(35)	85
Other revenues	155	177	462	516
Total operating revenues	221	199	656	844
Operating expenses				
Policyholder benefits and claims and policyholder dividends	29	27	103	100
Interest credited to policyholder account balances	9	9	26	26
Capitalization of DAC	2	(3)	(3)	(5)
Amortization of DAC and VOBA	10	20	51	47
Interest expense on debt	24	30	72	88
Other operating expenses	163	564	612	1,084
Total operating expenses	237	647	861	1,340
Provision for income tax expense (benefit)	(139)	324	(403)	144
Operating earnings	$ 123	$ (772)	$ 198	$ (640)

The table below presents operating earnings by source, net of income tax:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In millions)			
Other business activities	$ 31	$ 22	$ 49	$ 61
Other net investment income	(16)	(49)	(68)	2
Interest expense on debt	(16)	(20)	(47)	(57)
Corporate initiatives and projects	(14)	(18)	(32)	(64)
Incremental tax benefit	133	(481)	331	(318)
Other	5	(226)	(35)	(264)
Operating earnings	$ 123	$ (772)	$ 198	$ (640)

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Other Business Activities. Operating earnings from other business activities increased $9 million. This was primarily related to improved results from our start-up operations.

Other Net Investment Income. A $33 million increase in other net investment income was driven by higher returns on alternative investments and prior period mark-to-market losses on our trading securities. These increases were partially offset by a decrease in net investment income as a result of a lower invested asset base.

Incremental Tax Benefit. Corporate & Other benefits from the impact of certain permanent tax preferenced items, including non-taxable investment income and tax credits for investments in low income housing. As a result, our effective tax rate differs from the U.S. statutory rate of 35%. The current period includes a one-time tax benefit of $36 million for tax audit settlements. The prior period included the aforementioned tax charge of $557 million, which was recorded under accounting guidance for the recognition of tax uncertainties. In addition, we had higher utilization of tax preferenced items, which increased our operating earnings by $21 million over the prior period.

Other. The prior period included the aforementioned $235 million charge for interest on uncertain tax positions. The prior period also included a $7 million impairment charge on a real estate property. These increases were partially offset by a $7 million decrease in refunds received for favorable outcomes on prior years' tax audits and $5 million of higher interest on uncertain tax positions in the current period. Additionally, our results include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses.

Nine Months Ended September 30, 2016 Compared with the Nine Months Ended September 30, 2015

Unless otherwise stated, all amounts discussed below are net of income tax.

Other Business Activities. Operating earnings from other business activities decreased $12 million. This was primarily related to lower fees and higher employee-related expenses in our life business. In addition, the impact of our annual actuarial assumption review, which occurred in both periods, resulted in a decrease in operating earnings of $9 million. These decreases were partially offset by higher results from our start-up operations.

Other Net Investment Income. A $70 million decrease in other net investment income was driven by a lower invested asset base, as well as lower returns on real estate and real estate joint ventures and private equities. These decreases were partially offset by prior period mark-to-market losses on trading securities.

Corporate Initiatives and Projects. Expenses associated with corporate initiatives and projects decreased by $32 million, primarily due to lower relocation costs, severance and consulting expenses associated with certain enterprise-wide initiatives.

Incremental Tax Benefit. Corporate & Other benefits from the impact of certain permanent tax preferenced items, including non-taxable investment income and tax credits for investments in low income housing. As a result, our effective tax rate differs from the U.S. statutory rate of 35%. The current period includes a one-time tax benefit of $36 million for tax audit settlements. The prior period included the aforementioned tax charge of $557 million, which was recorded under accounting guidance for the recognition of tax uncertainties. In addition, we had higher utilization of tax preferenced investments, which increased our operating earnings by $56 million over the prior period.

Other. The prior period included the aforementioned $235 million charge for interest on uncertain tax positions. The prior period also included a $7 million impairment charge on real estate property. These increases were partially offset by $12 million of higher interest on uncertain tax positions and a $7 million decrease in refunds received for favorable outcomes on prior years' tax audits. Additionally, our results include fees earned related to an affiliated reinsurance agreement, which were recorded in other revenues, but were almost entirely offset by related charges in other expenses.

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.

Non-GAAP and Other Financial Disclosures

In this report, the Company presents certain measures of its performance that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures enhance the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business.

The following non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Non-GAAP financial measures:	Comparable GAAP financial measures:
(i) operating revenues	(i) revenues
(ii) operating expenses	(ii) expenses
(iii) operating earnings	(iii) net income (loss)

See "— Results of Operations" for reconciliations of these measures to the most directly comparable historical GAAP measures. A reconciliation of these non-GAAP measures to the most directly comparable GAAP measures is not accessible on a forward-looking basis because we believe it is not possible without unreasonable efforts to provide other than a range of net investment gains and losses and net derivative gains and losses, which can fluctuate significantly within or outside the range and from period to period and may have a material impact on net income.

Our definitions of the various non-GAAP and other financial measures discussed in this report may differ from those used by other companies:

Operating earnings

This measure is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is also our GAAP measure of segment performance. Operating earnings allows analysis of our performance and facilitates comparisons to industry results.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues and operating expenses

These financial measures focus on our primary businesses principally by excluding the impact of market volatility, which could distort trends, and revenues and costs related to non-core products and divested businesses and certain entities required to be consolidated under GAAP. Also, these measures exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife and are referred to as divested businesses. Operating revenues also excludes net investment gains (losses) and net derivative gains (losses).

The following additional adjustments are made to 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 investment hedge adjustments which represent earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, and (iii) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP.

The following additional adjustments are made to expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment;
- 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 operating expenses excludes costs related to noncontrolling interests and goodwill impairments.

The tax impact of the adjustments mentioned are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company's effective tax rate.

The following additional information is relevant to an understanding of our performance results:

- 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.
- Allocated equity is the portion of common stockholders' equity that MetLife's management allocates to each of its segments and sub-segments based on local capital requirements and economic capital. See "— Economic Capital."

Subsequent Events

See Note 14 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 13a-15(e) under the Securities Exchange Act of 1934 ("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 13a-15 (f) during the quarter ended September 30, 2016 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 the 2015 Annual Report; (ii) Part II, Item 1, of Metropolitan Life Insurance Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016; and (iii) Note 12 of the Notes to the Interim Condensed Consolidated Financial Statements in Part I of this report.

Asbestos-Related Claims

Metropolitan Life Insurance Company is and has been a defendant in a large number of asbestos-related suits filed primarily in state courts. These suits principally allege that the plaintiff or plaintiffs suffered personal injury resulting from exposure to asbestos and seek both actual and punitive damages.

As reported in the 2015 Annual Report, Metropolitan Life Insurance Company received approximately 3,856 asbestos-related claims in 2015. During the nine months ended September 30, 2016 and 2015, Metropolitan Life Insurance Company received approximately 3,267 and 2,971 new asbestos-related claims, respectively. See Note 17 of the Notes to the Consolidated Financial Statements included in the 2015 Annual Report for historical information concerning asbestos claims and Metropolitan Life Insurance Company's increase in its recorded liability at December 31, 2014. The number of asbestos cases that may be brought, the aggregate amount of any liability that Metropolitan Life Insurance Company may incur, and the total amount paid in settlements in any given year are uncertain and may vary significantly from year to year.

Metropolitan Life Insurance Company reevaluates on a quarterly and annual basis its exposure from asbestos litigation, including studying its claims experience, reviewing external literature regarding asbestos claims experience in the United States, assessing relevant trends impacting asbestos liability and considering numerous variables that can affect its asbestos liability exposure on an overall or per claim basis. These variables include bankruptcies of other companies involved in asbestos litigation, legislative and judicial developments, the number of pending claims involving serious disease, the number of new claims filed against it and other defendants and the jurisdictions in which claims are pending. Based upon its regular reevaluation of its exposure from asbestos litigation, Metropolitan Life Insurance Company has updated its liability analysis for asbestos-related claims through September 30, 2016.

Unclaimed Property Litigation

West Virginia Lawsuits

On September 20, 2012, the West Virginia Treasurer filed an action against Metropolitan Life Insurance Company in West Virginia state court *(West Virginia ex rel. John D. Perdue v. Metropolitan Life Insurance Company, Circuit Court of Putnam County, Civil Action No. 12-C-295)* alleging that Metropolitan Life Insurance Company violated the West Virginia Uniform Unclaimed Property Act (the "Act"), seeking to compel compliance with the Act, and seeking payment of unclaimed property, interest, and penalties. On November 21, 2012 and January 9, 2013, the Treasurer filed substantially identical suits against NELICO and General American Life Insurance Company, respectively. On August 17 2016, these companies and the West Virginia Treasurer reached an agreement in principle to resolve these actions.

Total Control Accounts Litigation

Owens v. Metropolitan Life Insurance Company (N.D. Ga., filed April 17, 2014)

Plaintiff filed this putative class action lawsuit on behalf of all persons for whom Metropolitan Life Insurance Company established a retained asset account, known as a total control account ("TCA"), to pay death benefits under an ERISA plan. The action alleges that Metropolitan Life Insurance Company's use of the TCA as the settlement option for life insurance benefits under some group life insurance policies violates Metropolitan Life Insurance Company's fiduciary duties under ERISA. As damages, plaintiff seeks disgorgement of profits that Metropolitan Life Insurance Company realized on accounts owned by members of the putative class. On September 27, 2016 the court denied Metropolitan Life Insurance Company's summary judgment motion in full and granted plaintiff's partial summary judgment motion. The Company intends to defend this action vigorously.

Diversified Lending Group Litigations

Hartshorne v. MetLife Inc., et al. (Los Angeles County Superior Court, filed March 25, 2015)

Plaintiffs have named MetLife, Inc., MetLife Securities, Inc. and NELICO in 12 related lawsuits in California state court alleging various causes of action including multiple negligence and statutory claims relating to a Ponzi scheme involving the Diversified Lending Group. In August 2016, a trial of claims by one of the plaintiffs, Christine Ramirez, resulted in a verdict against MetLife, Inc., MetLife Securities, Inc. and NELICO for approximately $200 thousand in compensatory damages and $15 million in punitive damages. These companies intend to appeal this verdict.

Other Litigation

Fauley v. Metropolitan Life Insurance Company, et al. (Circuit Court of the 19th Judicial Circuit, Lake County, Ill., July 3, 2014)

Plaintiffs filed this lawsuit against defendants, including Metropolitan Life Insurance Company and a former MetLife financial services representative, alleging that the defendants sent unsolicited fax advertisements to plaintiff and others in violation of the Telephone Consumer Protection Act, as amended by the Junk Fax Prevention Act, 47 U.S.C. § 227. The court issued a final order certifying a nationwide settlement class and approving a settlement under which Metropolitan Life Insurance Company has agreed to pay up to $23 million to resolve claims as to fax advertisements sent between August 23, 2008 and August 7, 2014. On March 23, 2016, the intermediate appellate court affirmed the trial court's order. On September 28, 2016, the Illinois Supreme Court denied an objector's petition for leave to appeal.

Summary

Putative or certified class action litigation and other litigation and 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, investor 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, very 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 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 2015 Annual Report, as amended or supplemented by the information under "Risk Factors" in Part II, Item 1A, of each of Metropolitan Life Insurance Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016. Other than as described in this Item 1A, there have been no other material changes to our risk factors from the risk factors previously disclosed in the 2015 Annual Report, as amended or supplemented by such information in Metropolitan Life Insurance Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016.

Regulatory and Legal Risks

The following updates and replaces the similarly named sections of the risk factor entitled "Our Insurance Businesses Are Highly Regulated, and Changes in Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability and Limit Our Growth" included in the 2015 Annual Report, as amended or supplemented by such information in Metropolitan Life Insurance Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016. There have been no material changes to other sections of such risk factor, which include: "Insurance Regulation — U.S. Federal Regulation Affecting Insurance" and "General."

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

Our insurance operations are subject to a wide variety of insurance and other laws and regulations. See "Business — Regulation" included in the 2015 Annual Report, as amended or supplemented by discussions of regulatory developments elsewhere herein, and in our subsequently filed Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments," and as further amended or supplemented below.

Insurance Regulation

ERISA Considerations

We provide products and services to certain employee benefit plans that are subject to ERISA or 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 those fiduciaries may not cause a covered plan to engage in certain prohibited transactions. The prohibited transaction rules of ERISA and the Code generally restrict the provision of investment advice to ERISA plans and participants and IRAs if the investment recommendation results in fees paid to the individual advisor, the firm that employs the advisor or their affiliates that vary according to the investment recommendation chosen. Similarly, without an exemption, fiduciary advisors are prohibited from receiving compensation from third parties in connection with their advice. ERISA also affects certain of our in-force insurance policies and annuity contracts as well as insurance policies and annuity contracts we may sell in the future.

The DOL issued new regulations on April 6, 2016 with an effective date for most provisions of April 10, 2017. These regulations substantially expand the definition of "investment advice" and thereby broaden the circumstances under which MLIC or its representatives, in providing investment advice with respect to ERISA plans, plan participants or IRAs, will be deemed a fiduciary under ERISA or the Code. Pursuant to the final regulations, certain communications with plans, plan participants and IRA holders, including the marketing of products, and marketing of investment management or advisory services, could be deemed fiduciary investment advice, thus causing increased exposure to fiduciary liability if the distributor does not recommend what is in the client's best interests. While the final regulations also provide that, to a limited extent, contracts sold and advice provided prior to April 10, 2017 do not have to be modified to comply with the new investment advice regulations, there is lack of clarity surrounding some of the conditions for qualifying for this limited exception. There can be no assurance that the DOL will agree with our interpretation of these provisions, in which case the DOL and IRS could assess significant penalties against a portion of products sold prior to April 10, 2017. The assessment of such penalties could also trigger substantial litigation risk. Any such penalties and related litigation could adversely affect our results of operations and financial condition.

The DOL also issued amendments to certain of its prohibited transaction exemptions, and issued a new exemption that applies more onerous disclosure and contract requirements to, and increases fiduciary requirements and fiduciary liability exposure in respect of, transactions involving ERISA plans, plan participants and IRAs.

While we continue to analyze the impact of the final regulations on our business, we believe they could have an adverse effect on sales of annuity products to ERISA qualified plans such as IRAs through our independent distribution partners. The new regulations deem advisors, including independent distributors, who sell fixed index-linked annuities to IRAs, IRA rollovers or 401(k) plans, fiduciaries and prohibit them from receiving compensation unless they comply with a prohibited transaction exemption. The exemption requires advisors to comply with impartial conduct standards and may require us to exercise additional oversight of the sales process. Compliance with the prohibited transaction exemption will likely result in increased regulatory burdens on us and our independent distribution partners, changes to our compensation practices and product offerings and increased litigation risk, which could adversely affect our results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business — Regulatory Developments — ERISA Considerations," as well as "Business — Regulation — ERISA Considerations" included in the 2015 Annual Report.

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

Operational Risks

Any Failure to Protect the Confidentiality of Client Information Could Adversely Affect Our Reputation and Have a Material Adverse Effect on Our Business, Financial Condition and Results of Operations

Pursuant to U.S. federal and state laws, and laws of other jurisdictions in which MetLife operates, various government agencies have established rules protecting the privacy and security of personal information. In addition, most U.S. states and a number of jurisdictions outside the United States have enacted laws, which vary significantly from jurisdiction to jurisdiction, to safeguard the privacy and security of personal information. The MetLife employees who conduct our business have access to, and routinely process, personal information of clients through a variety of media, including information technology systems. We rely on various internal processes and controls to protect the confidentiality of client information that is accessible to, or in the possession of, our company and MetLife employees. It is possible that a MetLife employee could, intentionally or unintentionally, disclose or misappropriate confidential client information or our data could be the subject of a cybersecurity attack. If we fail to maintain adequate internal controls or if MetLife employees fail to comply with our policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of client information could occur. Such internal control inadequacies or non-compliance could materially damage our reputation or lead to civil or criminal penalties, which, in turn, could have a material adverse effect on our business, financial condition and results of operations. In addition, we analyze customer data to better manage our business. There has been increased scrutiny, including from U.S. state regulators, regarding the use of "big data" techniques such as price optimization. We cannot predict what, if any, actions may be taken with regard to "big data," but any inquiries could cause reputational harm and any limitations could have a material impact on 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 Metropolitan Life Insurance Company, its subsidiaries or affiliates, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (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 Metropolitan Life Insurance Company, its subsidiaries and affiliates may be found elsewhere in this Quarterly Report on Form 10-Q and Metropolitan Life Insurance Company's other public filings, which are available without charge through the U.S. Securities and Exchange Commission 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.

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Peter M. Carlson

Name: Peter M. Carlson
Title: Executive Vice President and Chief Accounting Officer (Authorized Signatory and Principal Accounting Officer)

Date: November 9, 2016

Exhibit Index

(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 Metropolitan Life Insurance Company, its subsidiaries or affiliates, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (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 Metropolitan Life Insurance Company, its subsidiaries and affiliates may be found elsewhere in this Quarterly Report on Form 10-Q and Metropolitan Life Insurance Company's other public filings, which are available without charge through the U.S. Securities and Exchange Commission 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.

ANNEX D

Metropolitan Life Insurance Company's Current Report on Form 8-K dated May 16, 2016 filed with the Securities and Exchange Commission on May 19, 2016

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 16, 2016

Metropolitan Life Insurance Company
(Exact Name of Registrant as Specified in Its Charter)

New York	**000-55029**	**13-5581829**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

200 Park Avenue, New York, New York	**10166-0188**
(Address of Principal Executive Offices)	(Zip Code)

212-578-9500
(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 Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ 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 the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 16, 2016, the Superintendent of Financial Services of the State of New York (the "Superintendent") approved amendments to the Charter (as amended, the "Charter") and By-Laws (as so amended, the "By-Laws") of Metropolitan Life Insurance Company (the "Company") previously approved by the Company's Board of Directors (the "Board"), rendering them effective. The Company is a wholly-owned subsidiary of MetLife, Inc.

The Charter and By-Laws now provide for the date of each annual meeting of shareholders to be held within thirty days before or after the second Tuesday of June, rather than on the fourth Tuesday of April or within sixty days thereafter. They now provide for a minimum of seven directors, at least one of whom must be a resident of the State of New York; they previously provided for at least thirteen directors, at least three whom had to be New York residents. They also now authorize the Company's shareholders to elect officers of the Company (except for any Chief Executive Officer, Chairman, President, Chief Financial Officer, Secretary, Treasurer, Controller, General Counsel, officer of the rank of Executive Vice President or higher, or any officer who is deemed to be a principal officer of the Company under Section 1202(b) of the New York Insurance Law) and for the shareholders to remove officers they have elected. The Board retains the authority to appoint, and remove officers it has appointed, that the Charter and By-Laws previously gave it.

The Charter now includes an updated definition of life insurance consistent with the current statutory definition and requires Superintendent consent for the issuance of any additional shares of Company common stock. The Charter did not previously require such consent.

The By-Laws now provide for the Board to determine which director will preside at Board meetings and which officer shall be the Chief Executive Officer, rather to determine these roles from among the officer directors. The By-Laws also now provide, with respect to acts or omissions on or after February 25, 2014, for a limited indemnity of directors of the Company who are not employees of the Company or its affiliates. The By-laws previously provided for a limited indemnity for all directors and officers of the Company.

The foregoing description of the Charter and By-Laws is not complete and is qualified in its entirety by reference to the Charter and By-Laws, which are filed as exhibit hereto in redline form showing the amendments described above and in unmarked form, and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

3.1 Amended and Restated Charter of Metropolitan Life Insurance Company, effective May 16, 2016, redlined for amendments effective May 16, 2016.

3.2 Amended and Restated Charter of Metropolitan Life Insurance Company, effective May 16, 2016.

3.3 Amended and Restated By-Laws of Metropolitan Life Insurance Company, effective May 16, 2016, redlined for amendments effective May 16, 2016.

3.4 Amended and Restated By-Laws of Metropolitan Life Insurance Company, effective May 16, 2016.

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 hereunto duly authorized.

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Timothy J. Ring
Name: Timothy J. Ring
Title: Senior Vice President and Secretary

Date: May 19, 2016

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT
3.1	Amended and Restated Charter of Metropolitan Life Insurance Company, effective May 16, 2016, redlined for amendments effective May 16, 2016.
3.2	Amended and Restated Charter of Metropolitan Life Insurance Company, effective May 16, 2016.
3.3	Amended and Restated By-Laws of Metropolitan Life Insurance Company, effective May 16, 2016, redlined for amendments effective May 16, 2016.
3.4	Amended and Restated By-Laws of Metropolitan Life Insurance Company, effective May 16, 2016.

Exhibit 3.1

AMENDED AND RESTATED CHARTER OF
METROPOLITAN LIFE INSURANCE COMPANY

Under
Section 1206 of the Insurance Law
and Sections 801 and 807 of the Business Corporation Law

1. The name of the corporation is Metropolitan Life Insurance Company.

2. The corporation was incorporated on May 4, 1866 under the name *"National Travelers Insurance Company."* The name of the corporation was changed to *"Metropolitan Life Insurance Company"* on March 24, 1868.

3. The Charter of the corporation is hereby amended, as authorized by Section 1206 of the Insurance Law of New York (the *"Insurance Law")* and Sections 801 and 807 of the Business Corporation Law of New York, to ~~specifically provide that the corporation's powers include the provision of legal services insurance and to~~ update the definition of life insurance, provide for the date of each annual meeting of shareholders, to provide for how officers of the company shall be determined, and to require the consent of the Superintendent of Financial Services of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law) for the issuance of any additional shares of Common Stock of the corporation.

4. On ~~October 23, 2001~~February 24, 2016, the amendment and restatement of the Charter was authorized by a majority vote of the Board of Directors of the corporation and ~~thereafter~~ consented to and authorized by the holder of all of the issued and outstanding capital stock of the corporation entitled to vote thereon, effective upon the filing of the amended and restated Charter in the office of the Superintendent of Financial Services of the State of New York with his approval endorsed thereon.

5. The text of the Charter, as amended by the filing of this Amended and Restated Charter, is hereby restated to read in full as follows:

ARTICLE I
CORPORATE NAME

The name of the corporation shall continue to be "Metropolitan Life Insurance Company." The corporation may use, in the transaction of any or all of its business and affairs in Canada, including the exercise of any or all of its rights, such name or such name expressed in the French language. Such name when so expressed shall be "La Métropolitaine, compagnie d'assurance vie."

ARTICLE II
PLACE OF BUSINESS

The corporation shall be located and have its principal place of business in the Borough of Manhattan, City of New York, County of New York, and State of New York.

ARTICLE III
ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of the shareholders of the corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held on the ~~fourth~~ second Tuesday of ~~April~~June, or otherwise, within ~~60~~ 30 days ~~thereafter~~before or after that date, as the Board may determine, provided that the Superintendent of Financial Services ~~Insurance~~ of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law) is given notice of the date determined by the Board prior to such date, at such place, either within or without the State of New York, as may be fixed from time to time by resolution of the Board and set forth in the notice or waiver of notice of the meeting.

ARTICLE IV
BUSINESS OF THE CORPORATION

The business of the corporation and the kinds of insurance to be undertaken by it are:

(1) "life insurance," meaning every insurance upon the lives of human beings, and every insurance appertaining thereto, including the granting of endowment benefits, additional benefits in the event of death by accident, additional benefits to safeguard the contract from lapse, accelerated payments of part or all of the death benefit or a special surrender value upon (A) diagnosis of terminal illness defined as a life expectancy of twelve months or less, (B) diagnosis of a medical condition requiring extraordinary medical care or treatment regardless of life expectancy, (C) certification by a licensed health care practitioner of any condition which requires continuous care for the remainder of the insured's life in an eligible facility or at home when the insured is chronically ill as defined by Section 7702(B) of the Internal Revenue Code and regulations thereunder, provided the accelerated payments qualify under Section 101(g)(3) of the Internal Revenue Code and all other applicable sections of federal law in order to maintain favorable tax treatment, ~~or~~ (D) certification by a licensed health care practitioner that the insured is chronically ill as defined by Section 7702 (B) of the Internal Revenue Code and regulations thereunder, provided the accelerated payments qualify under Section 101(g)(3) of the Internal Revenue Code and all other applicable sections of federal law in order to maintain favorable tax treatment and the insurer that issues such policy is a qualified long term care insurance carrier under Section 4980c of the Internal Revenue Code or provide a special surrender value, upon total and permanent disability of the insured, and optional modes of settlement of proceeds, (E) the insured's having been a resident of a nursing home, as defined in Section 2801 of the Public Health Law, for a period of three months or more, with an expectation that such insured will remain a resident of a nursing home until death, or (F) the insured's having been the recipient of end of life or palliative care, for a period of three months or more, at a residential health care facility as defined in Subdivision 3 of Section 2801 of the Public Health Law, home care services as defined in Subdivision 1 of Section 3602 of the Public Health Law or hospice as defined in Subdivision 1 of Section 4002 of the Public Health Law, with the expectation that such insured will continue to require such services until death. "Life insurance" also includes additional benefits to safeguard the contract against lapse in the

event of unemployment of the insured or in the event the insured is a resident of a nursing home. Amounts paid the insurer for life insurance and proceeds applied under optional modes of settlement or under dividend options may be allocated by the insurer to one or more separate accounts pursuant to Section 4240 of the Insurance Law;

(2) "annuities," meaning all agreements to make periodical payments for a period certain or where the making or continuance of all or some of a series of such payments, or the amount of any such payment, depends upon the continuance of human life, except payments made under the authority of paragraph one hereof. Amounts paid the insurer to provide annuities and proceeds applied under optional modes of settlement or under dividend options may be allocated by the insurer to one or more separate accounts pursuant to Section 4240 of the Insurance Law;

(3) "accident and health insurance," meaning (i) insurance against death or personal injury by accident or by any specified kind or kinds of accident and insurance against sickness, ailment or bodily injury, including insurance providing disability benefits pursuant to article nine of the workers' compensation law, except as specified in item (ii) hereof; and (ii) non-cancellable disability insurance, meaning insurance against disability resulting from sickness, ailment or bodily injury (but excluding insurance solely against accidental injury) under any contract which does not give the insurer the option to cancel or otherwise terminate the contract at or after one year from its effective date or renewal date; and

(4) "legal services insurance" meaning insurance providing legal services or reimbursement of the cost of legal services;

as heretofore authorized by and under this Charter and paragraphs 1, 2, 3 and 29 of Section 1113(a) of the Insurance Law; together with such reinsurance business (in addition to reinsurance of the kinds of insurance business hereinabove stated) as may be permitted to the corporation by Section 1114 of said Law; together with such business in which the corporation may be authorized to engage pursuant to any amendment to paragraphs 1, 2, 3 and 29 of Section 1113(a) or Section 1114 of said Law which may be hereafter adopted; and together with any other kind or kinds of business to the extent reasonably ancillary or necessarily or properly incidental to the kinds of insurance business which the corporation is so authorized to do.

The corporation shall also have the general rights, powers and privileges now or hereafter granted by the Insurance Law or any other law to stock life insurance companies having power to do the kinds of business hereinabove referred to and any and all other rights, powers and privileges of a corporation, as the same may now or hereafter be declared by applicable law.

ARTICLE V
CORPORATE POWERS

Section 1. The business of the corporation shall be managed under the direction of its Board, by committees thereof and by such officers and agents as the Board or such committees may empower.

Section 2. The Board shall consist of not less than ~~thirteen~~ seven directors (except for vacancies temporarily unfilled) nor more than thirty directors, as may be determined by the Board by resolution adopted by a majority of the authorized number of directors immediately prior to such determination. Not less than one-third of the directors shall be persons who are not officers or employees of the corporation or of any entity controlling, controlled by, or under common control with the corporation, and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity ("Outside Directors").

Section 3. The Board shall have power to make and prescribe such By-Laws, rules and regulations for the transaction of the business of the corporation and the conduct of its affairs, not inconsistent with the laws of the State of New York and this Charter as may be deemed expedient, and to amend or repeal such By-Laws, rules and regulations, except as otherwise provided in such By-Laws.

Section 4. The Board shall have the power to declare by by-law what number of directors shall constitute a quorum for the transaction of business; provided, however, that such number shall be no less than a majority of the authorized number of directors, at least one of whom shall be an Outside Director.

Section 5. The Board shall elect or appoint a Chairman, a Chief Executive Officer, a President, one or more Vice-Presidents, a Chief Financial Officer, a Secretary, a Treasurer, a Controller and a General Counsel and such other officers as it may deem appropriate, except that officers of the rank of Vice-President and below may be elected or appointed by the Compensation Committee of the Board. Officers shall have such powers and perform such duties as may be authorized by the By-Laws or by or pursuant to authorization of the Board or the Chief Executive Officer.

ARTICLE VI
ELECTION OF DIRECTORS AND OFFICERS

Section 1. The directors of the corporation shall be elected by the shareholders as prescribed by law and the By-Laws of the corporation. The shareholders of the corporation shall have the power to elect or appoint such officers as they may deem appropriate, but may not elect or appoint any Chief Executive Officer, Chairman, President, Chief Financial Officer, Secretary, Treasurer, Controller, General Counsel, officer of the rank of Executive Vice President or higher, or any officer who is deemed to be a principal officer of the corporation under Section 1202(b) of the New York Insurance Law. The officers of the corporation shall otherwise be elected or appointed as provided in the By-Laws of the corporation. Each director shall be at least 18 years old, at all times a majority of the directors shall be citizens and residents of the United States and not less than ~~three~~ one shall be a resident~~s~~ of the State of New York.

Section 2. Vacancies in the Board, including vacancies resulting from any increase in the authorized number of directors or the removal of any director, except a removal of a director without cause, shall be filled by a vote of the Board until the next annual meeting of shareholders of the corporation, except that if the number of directors then in office is less than a quorum, such vacancies may be filled by a vote of a majority of directors then in office.

ARTICLE VII
LIABILITY OF DIRECTORS

No director shall be personally liable to the corporation or any of its shareholders or any of its policyholders for damages for any breach of duty as a director; provided, however, that the foregoing provision shall not eliminate or limit:

(i) the liability of a director if a judgment or other final adjudication adverse to the director establishes that the director personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or establishes that the director’s acts or omissions were in bad faith or involved intentional misconduct or were acts or omissions (a) which the director knew or reasonably should have known violated the Insurance Law or (b) which violated a specific standard of care imposed on directors directly, and not by reference, by a provision of the Insurance Law (or any regulations promulgated thereunder), or (c) which constituted a knowing violation of any other law; or

(ii) the liability of a director for any act or omission prior to April 26, 1990.

ARTICLE VIII
STOCK

The amount of authorized capital of the corporation shall be $10,000,000 and shall consist of 1,000,000,000 authorized shares of Common Stock, par value $.01 per share. No additional shares that the corporation has authority to issue shall be issued without the prior written consent of the Superintendent of Financial Services of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation’s insurance business under applicable law).

ARTICLE IX
DURATION

The duration of the corporation shall be perpetual.

Exhibit 3.2

AMENDED AND RESTATED CHARTER OF
METROPOLITAN LIFE INSURANCE COMPANY

Under
Section 1206 of the Insurance Law
and Sections 801 and 807 of the Business Corporation Law

1. The name of the corporation is Metropolitan Life Insurance Company.

2. The corporation was incorporated on May 4, 1866 under the name *"National Travelers Insurance Company."* The name of the corporation was changed to *"Metropolitan Life Insurance Company"* on March 24, 1868.

3. The Charter of the corporation is hereby amended, as authorized by Section 1206 of the Insurance Law of New York (the *"Insurance Law")* and Sections 801 and 807 of the Business Corporation Law of New York, to update the definition of life insurance, provide for the date of each annual meeting of shareholders, to provide for how officers of the company shall be determined, and to require the consent of the Superintendent of Financial Services of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law) for the issuance of any additional shares of Common Stock of the corporation.

4. On February 24, 2016, the amendment and restatement of the Charter was authorized by a majority vote of the Board of Directors of the corporation and consented to and authorized by the holder of all of the issued and outstanding capital stock of the corporation entitled to vote thereon, effective upon the filing of the amended and restated Charter in the office of the Superintendent of Financial Services of the State of New York with his approval endorsed thereon.

5. The text of the Charter, as amended by the filing of this Amended and Restated Charter, is hereby restated to read in full as follows:

ARTICLE I
CORPORATE NAME

The name of the corporation shall continue to be "Metropolitan Life Insurance Company." The corporation may use, in the transaction of any or all of its business and affairs in Canada, including the exercise of any or all of its rights, such name or such name expressed in the French language. Such name when so expressed shall be "La Métropolitaine, compagnie d'assurance vie."

ARTICLE II
PLACE OF BUSINESS

The corporation shall be located and have its principal place of business in the Borough of Manhattan, City of New York, County of New York, and State of New York.

ARTICLE III
ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of the shareholders of the corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held on the second Tuesday of June, or otherwise, within 30 days before or after that date, as the Board may determine, provided that the Superintendent of Financial Services of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law) is given notice of the date determined by the Board prior to such date, at such place, either within or without the State of New York, as may be fixed from time to time by resolution of the Board and set forth in the notice or waiver of notice of the meeting.

ARTICLE IV
BUSINESS OF THE CORPORATION

The business of the corporation and the kinds of insurance to be undertaken by it are:

(1) "life insurance," meaning every insurance upon the lives of human beings, and every insurance appertaining thereto, including the granting of endowment benefits, additional benefits in the event of death by accident, additional benefits to safeguard the contract from lapse, accelerated payments of part or all of the death benefit or a special surrender value upon (A) diagnosis of terminal illness defined as a life expectancy of twelve months or less, (B) diagnosis of a medical condition requiring extraordinary medical care or treatment regardless of life expectancy, (C) certification by a licensed health care practitioner of any condition which requires continuous care for the remainder of the insured's life in an eligible facility or at home when the insured is chronically ill as defined by Section 7702(B) of the Internal Revenue Code and regulations thereunder, provided the accelerated payments qualify under Section 101(g)(3) of the Internal Revenue Code and all other applicable sections of federal law in order to maintain favorable tax treatment, (D) certification by a licensed health care practitioner that the insured is chronically ill as defined by Section 7702 (B) of the Internal Revenue Code and regulations thereunder, provided the accelerated payments qualify under Section 101(g)(3) of the Internal Revenue Code and all other applicable sections of federal law in order to maintain favorable tax treatment and the insurer that issues such policy is a qualified long term care insurance carrier under Section 4980c of the Internal Revenue Code or provide a special surrender value, upon total and permanent disability of the insured, and optional modes of settlement of proceeds, (E) the insured's having been a resident of a nursing home, as defined in Section 2801 of the Public Health Law, for a period of three months or more, with an expectation that such insured will remain a resident of a nursing home until death, or (F) the insured's having been the recipient of end of life or palliative care, for a period of three months or more, at a residential health care facility as defined in Subdivision 3 of Section 2801 of the Public Health Law, home care services as defined in Subdivision 1 of Section 3602 of the Public Health Law or hospice as defined in Subdivision 1 of Section 4002 of the Public Health Law, with the expectation that such insured will continue to require such services until death. "Life insurance" also includes additional benefits to safeguard the contract against lapse in the

event of unemployment of the insured or in the event the insured is a resident of a nursing home. Amounts paid the insurer for life insurance and proceeds applied under optional modes of settlement or under dividend options may be allocated by the insurer to one or more separate accounts pursuant to Section 4240 of the Insurance Law;

(2) "annuities," meaning all agreements to make periodical payments for a period certain or where the making or continuance of all or some of a series of such payments, or the amount of any such payment, depends upon the continuance of human life, except payments made under the authority of paragraph one hereof. Amounts paid the insurer to provide annuities and proceeds applied under optional modes of settlement or under dividend options may be allocated by the insurer to one or more separate accounts pursuant to Section 4240 of the Insurance Law;

(3) "accident and health insurance," meaning (i) insurance against death or personal injury by accident or by any specified kind or kinds of accident and insurance against sickness, ailment or bodily injury, including insurance providing disability benefits pursuant to article nine of the workers' compensation law, except as specified in item (ii) hereof; and (ii) non-cancellable disability insurance, meaning insurance against disability resulting from sickness, ailment or bodily injury (but excluding insurance solely against accidental injury) under any contract which does not give the insurer the option to cancel or otherwise terminate the contract at or after one year from its effective date or renewal date; and

(4) "legal services insurance" meaning insurance providing legal services or reimbursement of the cost of legal services;

as heretofore authorized by and under this Charter and paragraphs 1, 2, 3 and 29 of Section 1113(a) of the Insurance Law; together with such reinsurance business (in addition to reinsurance of the kinds of insurance business hereinabove stated) as may be permitted to the corporation by Section 1114 of said Law; together with such business in which the corporation may be authorized to engage pursuant to any amendment to paragraphs 1, 2, 3 and 29 of Section 1113(a) or Section 1114 of said Law which may be hereafter adopted; and together with any other kind or kinds of business to the extent reasonably ancillary or necessarily or properly incidental to the kinds of insurance business which the corporation is so authorized to do.

The corporation shall also have the general rights, powers and privileges now or hereafter granted by the Insurance Law or any other law to stock life insurance companies having power to do the kinds of business hereinabove referred to and any and all other rights, powers and privileges of a corporation, as the same may now or hereafter be declared by applicable law.

ARTICLE V
CORPORATE POWERS

Section 1. The business of the corporation shall be managed under the direction of its Board, by committees thereof and by such officers and agents as the Board or such committees may empower.

Section 2. The Board shall consist of not less than seven directors (except for vacancies temporarily unfilled) nor more than thirty directors, as may be determined by the Board by resolution adopted by a majority of the authorized number of directors immediately prior to such determination. Not less than one-third of the directors shall be persons who are not officers or employees of the corporation or of any entity controlling, controlled by, or under common control with the corporation, and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity ("Outside Directors").

Section 3. The Board shall have power to make and prescribe such By-Laws, rules and regulations for the transaction of the business of the corporation and the conduct of its affairs, not inconsistent with the laws of the State of New York and this Charter as may be deemed expedient, and to amend or repeal such By-Laws, rules and regulations, except as otherwise provided in such By-Laws.

Section 4. The Board shall have the power to declare by by-law what number of directors shall constitute a quorum for the transaction of business; provided, however, that such number shall be no less than a majority of the authorized number of directors, at least one of whom shall be an Outside Director.

Section 5. The Board shall elect or appoint a Chairman, a Chief Executive Officer, a President, one or more Vice-Presidents, a Chief Financial Officer, a Secretary, a Treasurer, a Controller and a General Counsel and such other officers as it may deem appropriate, except that officers of the rank of Vice-President and below may be elected or appointed by the Compensation Committee of the Board. Officers shall have such powers and perform such duties as may be authorized by the By-Laws or by or pursuant to authorization of the Board or the Chief Executive Officer.

ARTICLE VI
ELECTION OF DIRECTORS AND OFFICERS

Section 1. The directors of the corporation shall be elected by the shareholders as prescribed by law and the By-Laws of the corporation. The shareholders of the corporation shall have the power to elect or appoint such officers as they may deem appropriate, but may not elect or appoint any Chief Executive Officer, Chairman, President, Chief Financial Officer, Secretary, Treasurer, Controller, General Counsel, officer of the rank of Executive Vice President or higher, or any officer who is deemed to be a principal officer of the corporation under Section 1202(b) of the New York Insurance Law. The officers of the corporation shall otherwise be elected or appointed as provided in the By-Laws of the corporation. Each director shall be at least 18 years old, at all times a majority of the directors shall be citizens and residents of the United States and not less than one shall be a resident of the State of New York.

Section 2. Vacancies in the Board, including vacancies resulting from any increase in the authorized number of directors or the removal of any director, except a removal of a director without cause, shall be filled by a vote of the Board until the next annual meeting of shareholders of the corporation, except that if the number of directors then in office is less than a quorum, such vacancies may be filled by a vote of a majority of directors then in office.

ARTICLE VII
LIABILITY OF DIRECTORS

No director shall be personally liable to the corporation or any of its shareholders or any of its policyholders for damages for any breach of duty as a director; provided, however, that the foregoing provision shall not eliminate or limit:

(i) the liability of a director if a judgment or other final adjudication adverse to the director establishes that the director personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or establishes that the director's acts or omissions were in bad faith or involved intentional misconduct or were acts or omissions (a) which the director knew or reasonably should have known violated the Insurance Law or (b) which violated a specific standard of care imposed on directors directly, and not by reference, by a provision of the Insurance Law (or any regulations promulgated thereunder), or (c) which constituted a knowing violation of any other law; or

(ii) the liability of a director for any act or omission prior to April 26, 1990.

ARTICLE VIII
STOCK

The amount of authorized capital of the corporation shall be $10,000,000 and shall consist of 1,000,000,000 authorized shares of Common Stock, par value $.01 per share. No additional shares that the corporation has authority to issue shall be issued without the prior written consent of the Superintendent of Financial Services of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law).

ARTICLE IX
DURATION

The duration of the corporation shall be perpetual.

IN WITNESS WHEREOF, Metropolitan Life Insurance Company, by authority of its Board of Directors, has caused this Amended and Restated Charter to be signed by its Chairman of the Board, President and Chief Executive Officer and its corporate seal to be affixed hereto attested by its Senior Vice President and Secretary on May 9, 2016.

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Steven A. Kandarian
Steven A. Kandarian
Chairman of the Board, President and Chief Executive Officer

ATTEST

/s/ Timothy J. Ring
Timothy J. Ring
Senior Vice President and Secretary

ACKNOWLEDGEMENT

STATE OF NEW YORK):

COUNTY OF NEW YORK):

BEFORE ME, the undersigned, a Notary Public, on this day personally appeared Steven A. Kandarian, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of Metropolitan Life Insurance Company, a New York life insurance company, and that he has executed the same as the act of said corporation in the capacities therein stated by authority of its board of directors.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of May, 2016.

/s/ Brenda Chiarello
Brenda Chiarello
Notary Public, State of New York
No. 01CH6020407
Qualified in Queens County
Certificate Filed in New York County
Commission Expires March 1, 2019

Exhibit 3.3

METROPOLITAN LIFE INSURANCE COMPANY

Amended and Restated By-Laws

Amended and Restated
By-Laws of Metropolitan Life Insurance Company

ARTICLE I

SHAREHOLDERS

Section 1.1 Annual Meetings. The annual meeting of the shareholders of the corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held on the ~~fourth~~ second Tuesday of ~~April~~June, or otherwise, within ~~60~~ 30 days ~~thereafter~~before or after that date, as the Board may determine, provided that the Superintendent of Financial Services ~~Insurance~~ of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law) is given notice of the date determined by the Board prior to such date, at such place, either within or without the State of New York, as may be fixed from time to time by resolution of the Board and set forth in the notice or waiver of notice of the meeting. In lieu of an annual meeting of shareholders, action may be taken by the unanimous written consent of the shareholders in accordance with Section 1.9 hereof.

Section 1.2 Special Meetings. Special meetings of the shareholders may be called at any time by the Chief Executive Officer (or, in the event of such Chief Executive Officer's absence or disability, by the President), or by the Board. A special meeting shall be called by the Chief Executive Officer (or, in the event of such Chief Executive Officer's absence or disability, by the President), or by the Secretary, immediately upon receipt of a written request therefor by shareholders holding in the aggregate not less than 25% of the outstanding shares of the corporation at the time entitled to vote at any meeting of the shareholders, which request shall state the purpose or purposes of such meeting. If such officers shall fail to call such meeting within 20 days after receipt of such request, any shareholder executing such request may call such meeting. Such special meetings of the shareholders shall be held at such places, within or without the State of New York, as shall be specified in the respective notices or waivers of notice thereof.

Section 1.3 Notice of Meetings. The Secretary or any Assistant Secretary shall cause written notice of the place, date and hour of each meeting of the shareholders, and, in the case of a special meeting, the purpose or purposes for which such meeting is called and by or at whose direction such notice is being issued, to be given personally or by first class mail, not fewer than ten nor more than sixty days before the date of the meeting.

No notice of any meeting of shareholders need be given to any shareholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders need be specified in a written waiver of notice. The attendance of any shareholder, in person or by proxy, at a meeting of shareholders shall constitute a waiver of notice of such meeting, except when the shareholder attends a meeting for the express purpose of objecting, prior to the conclusion of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 1.4 Quorum. Except as otherwise required by law or by the Charter, the presence in person or by proxy of the holders of record of a majority of the votes of shares entitled to vote at any meeting of shareholders shall constitute a quorum for the transaction of business at such meeting. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

Section 1.5 Voting. Every holder of record of shares entitled to vote at a meeting of shareholders shall be entitled to one vote for each share standing in such shareholder's name on the books of the corporation on the record date set therefor. Except as otherwise required by law or by the Charter or by Section 1.7 hereof (regarding the election of directors), any corporate action shall be authorized by a majority of the votes cast in favor of or against such action by the holder of record of shares represented at any meeting at which a quorum is present. An abstention shall not constitute a vote cast.

Section 1.6 Proxies. Every shareholder entitled to vote at any meeting of the shareholders or to express consent to or dissent from corporate action without a meeting may, in any legally valid manner, authorize another person or persons to vote at any such meeting and express such consent or dissent for such shareholder by proxy. No such proxy shall be voted or acted upon after the expiration of eleven months from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the shareholder executing it, except in those cases where applicable law provides that a proxy shall be irrevocable.

Section 1.7 Election and Term of Directors. The directors shall be elected at each annual meeting of the shareholders to hold office until the next annual meeting of shareholders. Each director shall hold office until the expiration of the term for which he or she is elected and until such director's successor has been duly elected and qualified, or until his or her earlier death, resignation or removal. At each annual meeting of the shareholders of the corporation, at which a quorum is present, the directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in such election.

Section 1.8 Organization; Procedure. The Board shall determine whom from among the officers or directors shall preside at the meeting of shareholders. The order of business and all other matters of procedure at every meeting of shareholders may be determined by such presiding officer. The Secretary, or in the event of the Secretary's absence or disability, an Assistant Secretary or, in the Assistant Secretary's absence, an appointee of the presiding officer, shall act as Secretary of the meeting.

Section 1.9 Consent of Shareholders in Lieu of Meeting. Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by law, by the Charter or by these By-Laws, the meeting and vote of shareholders may be dispensed with, if all of the shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Regular Board Meetings. Regular meetings of the Board for the transaction of any business shall be held at such times and places, either within or without the State of New York, as may be fixed from time to time by resolution of the Board; provided, however, that at least one regular meeting of the Board shall be held in each calendar year. Except as otherwise required by law or these By-Laws, notice of regular meetings need not be given.

Section 2.2 Special Board Meetings, Waiver of Notice. Special meetings of the Board shall be held whenever called by the chief executive officer or by any three directors. Notice of each such special meeting shall be mailed to each director at such director's residence or usual place of business or other address filed with the Secretary for such purpose, or shall be sent to such director by any form of telecommunication, or be delivered or given to such director personally or by telephone, not later than the second day preceding the day on which such meeting is to be held. Notice of any meeting of the Board need not, however, be given to any director who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Every such notice shall state the time, place and purpose of the meeting.

Section 2.3 Participation by Telephone. Any one or more members of the Board or any committee thereof may participate in any meeting of the Board or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting of the Board or such committee for quorum and voting purposes.

Section 2.4 Action Without a Meeting. Any action which is required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or such committee shall be filed with the minutes of the proceedings of the Board or committee.

Section 2.5 Number, Quorum and Adjournments. The Board shall consist of not less than ~~thirteen~~ seven directors (except for vacancies temporarily unfilled) nor more than thirty directors, as may be determined by the Board by resolution adopted by a majority of the authorized number of directors immediately prior to any such determination. The authorized number of directors of the corporation may be increased or decreased at any time by a vote of the majority of the authorized number of directors immediately prior to such vote; provided, however, that no such decrease in the authorized number of directors shall shorten the term of any incumbent director. Not less than one-third of the directors shall be persons who are not officers or employees of the corporation or of any entity controlling, controlled by, or under common control with the corporation and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity ("Non-Management Directors"). At any meeting of the Board, the presence of at least a majority of the authorized number of directors, at least one of whom shall be a Non-Management Director, shall constitute a quorum for the transaction of business. Except as otherwise provided by law or these By-Laws, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board. A majority of the directors present, whether or not a quorum shall be present, may adjourn any meeting. Notice of the time and place of an adjourned meeting of the Board shall be given if and as determined by a majority of the directors present at the time of the adjournment.

Section 2.6 Presiding Officer. The Board shall determine whom from among the ~~officer~~ directors shall preside at meetings of the Board. ~~In the event of the absence or disability of all such officer directors, the Board shall select one of its members present to preside.~~

Section 2.7 Board Vacancies. Any vacancy in the Board, including any vacancy resulting from any increase in the authorized number of directors or the removal of any director, except a removal of a director without cause, shall be filled by a vote of the Board until the next annual meeting of shareholders of the corporation and until such director's successor shall have been elected and qualified; provided, however, that if the number of directors then in office is less than a quorum, any vacancy may be filled by a vote of a majority of directors then in office.

ARTICLE III

COMMITTEES

Section 3.1 Standing Committees. The Board shall have the following standing committees, each consisting of not less than three directors, as shall be determined by the Board:

Executive Committee
Investment Committee
Compensation Committee
Audit Committee
Governance Committee
Finance Committee

Section 3.2 Designation of Members and Chair of Standing Committees. At its first meeting following the annual meeting of shareholders of the corporation, the Board shall, by resolution adopted by a majority of the then authorized number of directors, designate from among the directors the members of the standing committees and from among the members of each such committee a chair thereof, which members shall serve as such, at the pleasure of the Board, so long as they shall continue in office as directors, until the meeting following the next annual meeting of shareholders of the corporation and thereafter until the appointment of their successors. Each member of the Audit Committee, the Compensation Committee and the Governance Committee shall be a Non-Management Director, and not less than one-third of the members of each other committee shall be Non-Management Directors. The Board may by similar resolution designate one or more directors as alternate members of such committees, who may replace any absent member or members at any meeting of such committees; provided, however, that the membership of the committee shall satisfy the preceding sentence following such designation. Vacancies in the membership or chair positions of any standing committee may be filled in the same manner as original designations at any regular or special meeting of the Board, and the chief executive officer may designate from among the remaining members of any standing committee whose chair position is vacant a chair who shall serve until a successor is designated by the Board.

Section 3.3 Notices of Times of Meetings of Standing Committees and Presiding Officers. Meetings of each standing committee shall be held upon call of the chief executive officer, or upon call of the chair of such standing committee or two members of such standing committee. Meetings of each standing committee may also be held at such other times as it may determine. Meetings of a standing committee shall be held at such places and upon such notice as it shall determine or as shall be specified in the calls of such meetings. Any such chair, if present, or such member or members of each committee as may be designated by the chief executive officer, shall preside at meetings thereof or, in the event of the absence or disability of any thereof or failing such designation, the committee shall select from among its members present a presiding officer.

Section 3.4 Quorum. At each meeting of any standing committee there shall be present to constitute a quorum for the transaction of business at least a majority of the members but in no event less than two members, at least one of whom shall be a Non- Management Director. Subject to the preceding sentence, any alternate member who is replacing an absent member shall be counted in determining whether a quorum is present. The vote of a majority of the members present at a meeting of any standing committee at the time of the vote, if a quorum is present at such time, shall be the act of such committee.

Section 3.5 Standing Committee Minutes. Each of the standing committees shall keep minutes of its meetings.

Section 3.6 Executive Committee. The Executive Committee shall make recommendations to the Board with respect to the policyholder dividend and surplus policies and practices of the corporation and, during the intervals between meetings of the Board, except as otherwise provided in Section 3.13, shall have and may exercise the authority of the Board in the management of the property, business and affairs of the corporation, including the authority to declare dividends in respect of the corporation's stock.

Section 3.7 Investment Committee. The Investment Committee, subject to and as may be provided in any resolution of the Board, shall have and may exercise the authority of the Board with respect to the management of the investment assets of the corporation, including purchases and sales thereof.

Section 3.8 Compensation Committee. The Compensation Committee shall recommend to the Board the selection of all principal officers (as determined by the Committee) and such other officers as the Committee may determine to elect or appoint as officers, shall evaluate the performance and recommend to the Board the compensation of such principal officers and such other officers as the Committee may determine. Except as otherwise provided in any resolution of the Board, the Committee shall have and may exercise all the authority of the Board with respect to compensation, benefits and personnel administration of the employees of the corporation and may elect or appoint officers as provided in Section 4.2 of these By-Laws.

Section 3.9 Audit Committee. The Audit Committee shall have and may exercise the authority of the Board: to recommend to the Board the selection of the corporation's independent certified public accountants; to review the scope, plans and results relating to the internal and external audits of the corporation and its financial statements; and to review the financial condition of the corporation. Except as otherwise provided in any resolution of the Board, the Committee shall have and may exercise the authority of the Board: to monitor and evaluate the integrity of the corporation's financial reporting processes and procedures; to assess the significant business and financial risks and exposures of the corporation and to evaluate the adequacy of the corporation's internal controls in connection with such risks and exposures, including, but not limited to, accounting and audit controls over cash, securities, receipts, disbursements and other financial transactions; and to review the corporation's policies on ethical business conduct and monitor compliance therewith.

Section 3.10 Governance Committee. The Governance Committee shall nominate candidates for Director for election by shareholders and for filling vacancies on the Board. Except as otherwise provided in any resolution of the Board, the Committee shall review and make recommendations to the Board with respect to the organization, structure, size, composition and operation of the Board and its Committees, including, but not limited to, the compensation for non-employee directors and shall review and make recommendations with respect to other corporate governance matters and matters that relate to the corporation's status as a member of a subsidiary of a publicly-held company.

Section 3.11 Finance Committee. The Finance Committee shall, in conformity with guidelines established from time to time by the Board, approve or make recommendations to the Board with respect to the approval of financial matters, including, but not limited to, acquisitions and divestitures proposed by management, the payment of dividends on the corporation's outstanding equity securities, investments in and funding of the corporation's subsidiaries and affiliates, and the issuance or assumption by the corporation of financial guarantees, indemnity obligations and other contingent obligations.

Section 3.12 Special Committees. The Board may, by resolution adopted by a majority of the then authorized number of directors, designate special committees, each consisting of three or more directors of the corporation, which committees, except as otherwise prescribed by law or by Section 3.13, shall have and may exercise the authority of the Board to the extent provided in the resolutions designating such committees. Nothing herein shall be deemed to prevent the chief executive officer from appointing one or more special committees of directors for the purpose of advising the chief executive officer; provided, however, that no such committee shall have or may exercise any authority of the Board.

Section 3.13 Limitations of the Authority of Committees. Notwithstanding any other provisions of these By-Laws, no committee shall have authority as to the following matters:

(1) the submission to shareholders of any action that needs shareholder approval under applicable law;

(2) the filling of vacancies in the Board or in any committee;

(3) the fixing of compensation of the directors for serving on the Board or on any committee;

(4) the amendment or repeal of these By-Laws or adoption of new By-Laws; and

(5) the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

ARTICLE IV

OFFICERS

Section 4.1 Chief Executive Officer. The Board shall determine whom from among the officers ~~directors~~ shall act as Chief Executive Officer.

Subject to the control of the Board and to the extent not otherwise prescribed by these By-Laws, the Chief Executive Officer shall supervise the carrying out of the policies adopted or approved by the Board, shall manage the business of the Company and shall possess such other powers and perform such other duties as may be incident to the office of chief executive officer.

Section 4.2 Other Officers. In addition to the Chief Executive Officer, the Board ~~shall~~ may elect or appoint a Chairman, a President, one or more Vice-Presidents, a Chief Financial Officer, a Secretary, a Treasurer, a Controller and a General Counsel, and such other officers as it may deem appropriate, except that officers of the rank of Vice- President and below may be elected or appointed by the Compensation Committee of the Board. Officers may also be elected or appointed as provided in the corporation’s Charter. Officers other than the Chief Executive Officer shall have such powers and perform such duties as may be authorized by these By-Laws or by or pursuant to authorization of the Board or the Chief Executive Officer.

All officers elected or appointed by the Board shall hold office at the pleasure of the Board. An officer elected by the shareholders may be removed, with or without cause, by vote of the shareholders, but the officer’s authority to act as an officer may be suspended by the Board for cause.

ARTICLE V

EXECUTION OF PAPERS

Section 5.1 Instruments. Any officer, or any employee or agent designated for the purpose by the Chief Executive Officer, or a designee of the Chief Executive Officer, shall have power to execute all instruments in writing necessary or desirable for the corporation to execute in the transaction and management of its business and affairs (including, without limitation, contracts and agreements, transfers of bonds, stocks, notes and other securities, proxies, powers of attorney, deeds, leases, releases, satisfactions and instruments entitled to be recorded in any jurisdiction, but excluding, to the extent otherwise provided for in these By-Laws, authorizations for the disposition of the funds of the corporation deposited in its name and policies, contracts, agreements, amendments and endorsements of, for or in connection with insurance or annuities).

Section 5.2 Deposits; Checks. Any funds of the corporation may be deposited from time to time in such banks, trust companies or other depositaries as may be determined by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Treasurer or by such officers or agents as may be authorized by the Board of Directors or the Chief Executive Officer, the Chief Financial Officer or the Treasurer to make such determination. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such agent or agents of the corporation, and in such manner, as the Board of Directors or the Chief Executive Officer from time to time may determine.

Section 5.3 Policies. All policies, contracts, agreements, amendments and endorsements, executed by the corporation as insurer, of, for or in connection with insurance or annuities shall bear such signature or signatures of such officer or officers as may be designated for the purpose by the Board.

Section 5.4 Facsimile Signatures. All instruments necessary or desirable for the corporation to execute in the transaction and management of its business and affairs, including those set forth in Sections 5.2 and 5.3 of these By-Laws, may be executed by use of or bear facsimile signatures as and to the extent authorized by the Board or a committee thereof or the chief executive officer. If any officer or employee whose facsimile signature has been placed upon any form of instrument shall have ceased to be such officer or employee before an instrument in such form is issued, such instrument may be issued with the same effect as if such person had been such officer or employee at the time of its issue.

ARTICLE VI

CAPITAL STOCK

Section 6.1 Certificates of Shares. Every holder of shares in the corporation shall be entitled to have a certificate (unless such shares shall be uncertificated shares) signed by, or in the name of the corporation by (i) the Chairman of the Board, the President or a Vice-President, and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by him or her in the corporation. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable provisions of law, the Charter and these By-Laws.

Section 6.2 Lost, Stolen or Destroyed Certificates. The Board may direct that a new certificate be issued in place of any certificate previously issued by the corporation alleged to have been lost, stolen or destroyed, upon delivery to the Board of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Board may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 6.3 Transfers of Stock; Registered Shareholders. Shares of stock of the corporation shall be transferable only upon the books of the corporation kept for such purpose upon surrender to the corporation or its transfer agent or agents of a certificate (unless such shares shall be uncertificated shares) representing shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer.

The Board, subject to these By-laws, may make such rules, regulations and conditions as it may deem expedient concerning the subscription for, issue, transfer and registration of, shares of stock. Except as otherwise provided by law, the corporation, prior to due presentment for registration of transfer, may treat the registered owner of shares as the person exclusively entitled to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner.

Section 6.4 Record Date. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal or corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than fifty days prior to any other action.

Section 6.5 Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrar. The same person may act as transfer agent and registrar for the corporation.

Section 6.6 Dividends. Subject to any applicable provisions of law and the Charter, dividends or other distributions upon the outstanding shares of the corporation may be declared by the Board at any regular or special meeting of the Board, or by the Executive Committee as provided in Section 3.6, and any such dividend or distribution may be paid in cash, property, bonds or shares of the corporation, including the bonds or shares of other corporations, except as limited by applicable law.

ARTICLE VII

GENERAL

Section 7.1 Indemnification of Directors and Officers. To the full extent permitted by the laws of the State of New York, the corporation shall indemnify any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person, or such person's testator or intestate,

(1) is or was a director ~~or officer~~ of the corporation (but not also an employee of the corporation or any of its affiliates), or

(2) with respect to acts or omissions prior to February 25, 2014 as to which the officer requested indemnification from the corporation prior to February 25, 2014, ~~serves or served another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity at the request of the corporation, and also~~ is or was an ~~director or~~ officer of the corporation,

against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with or as a result of such action or proceeding, or any appeal therein.

ARTICLE VIII

EMERGENCY BOARD OF DIRECTORS

Section 8.1 Emergency Board of Directors. Notwithstanding any different provision in the New York Business Corporation Law, the New York Insurance Law, the Charter of the corporation or these By-Laws, (i) during a period in which, by reason of loss of life, epidemic disease, destruction or damage of property, contamination of property by radiological, chemical or bacteriological means, or disruption of the means of transportation and communications, resulting from an attack (as defined in Article 1 of the New York State Defense Emergency Act), it is impossible or impracticable for the business of insurance in New York to be conducted in strict accord with the provisions of law or charters applicable thereto, and (ii) to the extent required by declaration of the Superintendent of ~~Insurance~~ Financial Services under such Act, prior to such period and after an attack, as a result of which a quorum of the Board of Directors cannot readily be convened for action, this By-Law provision shall apply. All the powers and duties vested in the Board of Directors shall vest automatically in an Emergency Board of Directors, which shall consist of all members of the Board of Directors who are readily available and capable of acting. The Emergency Board of Directors shall use all reasonable efforts to promptly provide notice of the change in the status of the Board of Directors to the Superintendent of Financial Services ~~Insurance~~ of the New York State ~~Insurance~~ Department of Financial Services. This Emergency Board shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation. A meeting of the Emergency Board may be called by any Director or any member of the most senior executive management committee of the corporation (the "Executive Group"). Notice of the time and place of the meeting shall be given by or on behalf of the person calling the meeting to only such of the Directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including by telephone, personal delivery, facsimile or email. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting. Two members in attendance shall constitute a quorum at any meeting of the Emergency Board. The Emergency Board shall continue to be vested with the powers and duties of the Board of Directors until such time following the emergency as a quorum of the original members of the Board of Directors prior to the emergency can readily be convened for action.

ARTICLE IX

AMENDMENT OF BY-LAWS

Section 9.1 Amendments. These By-Laws or any of them may be amended, altered or repealed by the Board at any regular or special meeting if written notice setting forth the proposed amendment, alteration or repeal shall have been mailed to all directors at least five days before the meeting or upon the affirmative vote by the holders of a majority of the outstanding shares; provided, however, that Section 7.1 of these By-Laws may not be amended, altered or repealed by the Board or the shareholders so as to affect adversely any then existing rights of any director or officer.

Exhibit 3.4

METROPOLITAN LIFE INSURANCE COMPANY

Amended and Restated By-Laws

Amended and Restated
By-Laws of Metropolitan Life Insurance Company

ARTICLE I

SHAREHOLDERS

Section 1.1 Annual Meetings. The annual meeting of the shareholders of the corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held on the second Tuesday of June, or otherwise, within 30 days before or after that date, as the Board may determine, provided that the Superintendent of Financial Services of the State of New York (or any governmental officer, body or authority that succeeds the Superintendent as the primary regulator of the corporation's insurance business under applicable law) is given notice of the date determined by the Board prior to such date, at such place, either within or without the State of New York, as may be fixed from time to time by resolution of the Board and set forth in the notice or waiver of notice of the meeting. In lieu of an annual meeting of shareholders, action may be taken by the unanimous written consent of the shareholders in accordance with Section 1.9 hereof.

Section 1.2 Special Meetings. Special meetings of the shareholders may be called at any time by the Chief Executive Officer (or, in the event of such Chief Executive Officer's absence or disability, by the President), or by the Board. A special meeting shall be called by the Chief Executive Officer (or, in the event of such Chief Executive Officer's absence or disability, by the President), or by the Secretary, immediately upon receipt of a written request therefor by shareholders holding in the aggregate not less than 25% of the outstanding shares of the corporation at the time entitled to vote at any meeting of the shareholders, which request shall state the purpose or purposes of such meeting. If such officers shall fail to call such meeting within 20 days after receipt of such request, any shareholder executing such request may call such meeting. Such special meetings of the shareholders shall be held at such places, within or without the State of New York, as shall be specified in the respective notices or waivers of notice thereof.

Section 1.3 Notice of Meetings. The Secretary or any Assistant Secretary shall cause written notice of the place, date and hour of each meeting of the shareholders, and, in the case of a special meeting, the purpose or purposes for which such meeting is called and by or at whose direction such notice is being issued, to be given personally or by first class mail, not fewer than ten nor more than sixty days before the date of the meeting.

No notice of any meeting of shareholders need be given to any shareholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders need be specified in a written waiver of notice. The attendance of any shareholder, in person or by proxy, at a meeting of shareholders shall constitute a waiver of notice of such meeting, except when the shareholder attends a meeting for the express purpose of objecting, prior to the conclusion of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 1.4 Quorum. Except as otherwise required by law or by the Charter, the presence in person or by proxy of the holders of record of a majority of the votes of shares entitled to vote at any meeting of shareholders shall constitute a quorum for the transaction of business at such meeting. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

Section 1.5 Voting. Every holder of record of shares entitled to vote at a meeting of shareholders shall be entitled to one vote for each share standing in such shareholder's name on the books of the corporation on the record date set therefor. Except as otherwise required by law or by the Charter or by Section 1.7 hereof (regarding the election of directors), any corporate action shall be authorized by a majority of the votes cast in favor of or against such action by the holder of record of shares represented at any meeting at which a quorum is present. An abstention shall not constitute a vote cast.

Section 1.6 Proxies. Every shareholder entitled to vote at any meeting of the shareholders or to express consent to or dissent from corporate action without a meeting may, in any legally valid manner, authorize another person or persons to vote at any such meeting and express such consent or dissent for such shareholder by proxy. No such proxy shall be voted or acted upon after the expiration of eleven months from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the shareholder executing it, except in those cases where applicable law provides that a proxy shall be irrevocable.

Section 1.7 Election and Term of Directors. The directors shall be elected at each annual meeting of the shareholders to hold office until the next annual meeting of shareholders. Each director shall hold office until the expiration of the term for which he or she is elected and until such director's successor has been duly elected and qualified, or until his or her earlier death, resignation or removal. At each annual meeting of the shareholders of the corporation, at which a quorum is present, the directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in such election.

Section 1.8 Organization; Procedure. The Board shall determine whom from among the officers or directors shall preside at the meeting of shareholders. The order of business and all other matters of procedure at every meeting of shareholders may be determined by such presiding officer. The Secretary, or in the event of the Secretary's absence or disability, an Assistant Secretary or, in the Assistant Secretary's absence, an appointee of the presiding officer, shall act as Secretary of the meeting.

Section 1.9 Consent of Shareholders in Lieu of Meeting. Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by law, by the Charter or by these By-Laws, the meeting and vote of shareholders may be dispensed with, if all of the shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Regular Board Meetings. Regular meetings of the Board for the transaction of any business shall be held at such times and places, either within or without the State of New York, as may be fixed from time to time by resolution of the Board; provided, however, that at least one regular meeting of the Board shall be held in each calendar year. Except as otherwise required by law or these By-Laws, notice of regular meetings need not be given.

Section 2.2 Special Board Meetings, Waiver of Notice. Special meetings of the Board shall be held whenever called by the chief executive officer or by any three directors. Notice of each such special meeting shall be mailed to each director at such director's residence or usual place of business or other address filed with the Secretary for such purpose, or shall be sent to such director by any form of telecommunication, or be delivered or given to such director personally or by telephone, not later than the second day preceding the day on which such meeting is to be held. Notice of any meeting of the Board need not, however, be given to any director who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Every such notice shall state the time, place and purpose of the meeting.

Section 2.3 Participation by Telephone. Any one or more members of the Board or any committee thereof may participate in any meeting of the Board or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting of the Board or such committee for quorum and voting purposes.

Section 2.4 Action Without a Meeting. Any action which is required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or such committee shall be filed with the minutes of the proceedings of the Board or committee.

Section 2.5 Number, Quorum and Adjournments. The Board shall consist of not less than seven directors (except for vacancies temporarily unfilled) nor more than thirty directors, as may be determined by the Board by resolution adopted by a majority of the authorized number of directors immediately prior to any such determination. The authorized number of directors of the corporation may be increased or decreased at any time by a vote of the majority of the authorized number of directors immediately prior to such vote; provided, however, that no such decrease in the authorized number of directors shall shorten the term of any incumbent director. Not less than one-third of the directors shall be persons who are not officers or employees of the corporation or of any entity controlling, controlled by, or under common control with the corporation and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity ("Non-Management Directors"). At any meeting of the Board, the presence of at least a majority of the authorized number of directors, at least one of whom shall be a Non-Management Director, shall constitute a quorum for the transaction of business. Except as otherwise provided by law or these By-Laws, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board. A majority of the directors present, whether or not a quorum shall be present, may adjourn any meeting. Notice of the time and place of an adjourned meeting of the Board shall be given if and as determined by a majority of the directors present at the time of the adjournment.

Section 2.6 Presiding Officer. The Board shall determine whom from among the directors shall preside at meetings of the Board.

Section 2.7 Board Vacancies. Any vacancy in the Board, including any vacancy resulting from any increase in the authorized number of directors or the removal of any director, except a removal of a director without cause, shall be filled by a vote of the Board until the next annual meeting of shareholders of the corporation and until such director's successor shall have been elected and qualified; provided, however, that if the number of directors then in office is less than a quorum, any vacancy may be filled by a vote of a majority of directors then in office.

ARTICLE III

COMMITTEES

Section 3.1 Standing Committees. The Board shall have the following standing committees, each consisting of not less than three directors, as shall be determined by the Board:

Executive Committee
Investment Committee
Compensation Committee
Audit Committee
Governance Committee
Finance Committee

Section 3.2 Designation of Members and Chair of Standing Committees. At its first meeting following the annual meeting of shareholders of the corporation, the Board shall, by resolution adopted by a majority of the then authorized number of directors, designate from among the directors the members of the standing committees and from among the members of each such committee a chair thereof, which members shall serve as such, at the pleasure of the Board, so long as they shall continue in office as directors, until the meeting following the next annual meeting of shareholders of the corporation and thereafter until the appointment of their successors. Each member of the Audit Committee, the Compensation Committee and the Governance Committee shall be a Non-Management Director, and not less than one-third of the members of each other committee shall be Non-Management Directors. The Board may by similar resolution designate one or more directors as alternate members of such committees, who may replace any absent member or members at any meeting of such committees; provided, however, that the membership of the committee shall satisfy the preceding sentence following such designation. Vacancies in the membership or chair positions of any standing committee may be filled in the same manner as original designations at any regular or special meeting of the Board, and the chief executive officer may designate from among the remaining members of any standing committee whose chair position is vacant a chair who shall serve until a successor is designated by the Board.

Section 3.3 Notices of Times of Meetings of Standing Committees and Presiding Officers. Meetings of each standing committee shall be held upon call of the chief executive officer, or upon call of the chair of such standing committee or two members of such standing committee. Meetings of each standing committee may also be held at such other times as it may determine. Meetings of a standing committee shall be held at such places and upon such notice as it shall determine or as shall be specified in the calls of such meetings. Any such chair, if present, or such member or members of each committee as may be designated by the chief executive officer, shall preside at meetings thereof or, in the event of the absence or disability of any thereof or failing such designation, the committee shall select from among its members present a presiding officer.

Section 3.4 Quorum. At each meeting of any standing committee there shall be present to constitute a quorum for the transaction of business at least a majority of the members but in no event less than two members, at least one of whom shall be a Non- Management Director. Subject to the preceding sentence, any alternate member who is replacing an absent member shall be counted in determining whether a quorum is present. The vote of a majority of the members present at a meeting of any standing committee at the time of the vote, if a quorum is present at such time, shall be the act of such committee.

Section 3.5 Standing Committee Minutes. Each of the standing committees shall keep minutes of its meetings.

Section 3.6 Executive Committee. The Executive Committee shall make recommendations to the Board with respect to the policyholder dividend and surplus policies and practices of the corporation and, during the intervals between meetings of the Board, except as otherwise provided in Section 3.13, shall have and may exercise the authority of the Board in the management of the property, business and affairs of the corporation, including the authority to declare dividends in respect of the corporation's stock.

Section 3.7 Investment Committee. The Investment Committee, subject to and as may be provided in any resolution of the Board, shall have and may exercise the authority of the Board with respect to the management of the investment assets of the corporation, including purchases and sales thereof.

Section 3.8 Compensation Committee. The Compensation Committee shall recommend to the Board the selection of all principal officers (as determined by the Committee) and such other officers as the Committee may determine to elect or appoint as officers, shall evaluate the performance and recommend to the Board the compensation of such principal officers and such other officers as the Committee may determine. Except as otherwise provided in any resolution of the Board, the Committee shall have and may exercise all the authority of the Board with respect to compensation, benefits and personnel administration of the employees of the corporation and may elect or appoint officers as provided in Section 4.2 of these By-Laws.

Section 3.9 Audit Committee. The Audit Committee shall have and may exercise the authority of the Board: to recommend to the Board the selection of the corporation's independent certified public accountants; to review the scope, plans and results relating to the internal and external audits of the corporation and its financial statements; and to review the financial condition of the corporation. Except as otherwise provided in any resolution of the Board, the Committee shall have and may exercise the authority of the Board: to monitor and evaluate the integrity of the corporation's financial reporting processes and procedures; to assess the significant business and financial risks and exposures of the corporation and to evaluate the adequacy of the corporation's internal controls in connection with such risks and exposures, including, but not limited to, accounting and audit controls over cash, securities, receipts, disbursements and other financial transactions; and to review the corporation's policies on ethical business conduct and monitor compliance therewith.

Section 3.10 Governance Committee. The Governance Committee shall nominate candidates for Director for election by shareholders and for filling vacancies on the Board. Except as otherwise provided in any resolution of the Board, the Committee shall review and make recommendations to the Board with respect to the organization, structure, size, composition and operation of the Board and its Committees, including, but not limited to, the compensation for non-employee directors and shall review and make recommendations with respect to other corporate governance matters and matters that relate to the corporation's status as a member of a subsidiary of a publicly-held company.

Section 3.11 Finance Committee. The Finance Committee shall, in conformity with guidelines established from time to time by the Board, approve or make recommendations to the Board with respect to the approval of financial matters, including, but not limited to, acquisitions and divestitures proposed by management, the payment of dividends on the corporation's outstanding equity securities, investments in and funding of the corporation's subsidiaries and affiliates, and the issuance or assumption by the corporation of financial guarantees, indemnity obligations and other contingent obligations.

Section 3.12 Special Committees. The Board may, by resolution adopted by a majority of the then authorized number of directors, designate special committees, each consisting of three or more directors of the corporation, which committees, except as otherwise prescribed by law or by Section 3.13, shall have and may exercise the authority of the Board to the extent provided in the resolutions designating such committees. Nothing herein shall be deemed to prevent the chief executive officer from appointing one or more special committees of directors for the purpose of advising the chief executive officer; provided, however, that no such committee shall have or may exercise any authority of the Board.

Section 3.13 Limitations of the Authority of Committees. Notwithstanding any other provisions of these By-Laws, no committee shall have authority as to the following matters:

(1) the submission to shareholders of any action that needs shareholder approval under applicable law;

(2) the filling of vacancies in the Board or in any committee;

(3) the fixing of compensation of the directors for serving on the Board or on any committee;

(4) the amendment or repeal of these By-Laws or adoption of new By-Laws; and

(5) the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

ARTICLE IV

OFFICERS

Section 4.1 Chief Executive Officer. The Board shall determine whom from among the officers shall act as Chief Executive Officer.

Subject to the control of the Board and to the extent not otherwise prescribed by these By-Laws, the Chief Executive Officer shall supervise the carrying out of the policies adopted or approved by the Board, shall manage the business of the Company and shall possess such other powers and perform such other duties as may be incident to the office of chief executive officer.

Section 4.2 Other Officers. In addition to the Chief Executive Officer, the Board may elect or appoint a Chairman, a President, one or more Vice-Presidents, a Chief Financial Officer, a Secretary, a Treasurer, a Controller and a General Counsel, and such other officers as it may deem appropriate, except that officers of the rank of Vice- President and below may be elected or appointed by the Compensation Committee of the Board. Officers may also be elected or appointed as provided in the corporation's Charter. Officers other than the Chief Executive Officer shall have such powers and perform such duties as may be authorized by these By-Laws or by or pursuant to authorization of the Board or the Chief Executive Officer.

All officers elected or appointed by the Board shall hold office at the pleasure of the Board. An officer elected by the shareholders may be removed, with or without cause, by vote of the shareholders, but the officer's authority to act as an officer may be suspended by the Board for cause.

ARTICLE V

EXECUTION OF PAPERS

Section 5.1 Instruments. Any officer, or any employee or agent designated for the purpose by the Chief Executive Officer, or a designee of the Chief Executive Officer, shall have power to execute all instruments in writing necessary or desirable for the corporation to execute in the transaction and management of its business and affairs (including, without limitation, contracts and agreements, transfers of bonds, stocks, notes and other securities, proxies, powers of attorney, deeds, leases, releases, satisfactions and instruments entitled to be recorded in any jurisdiction, but excluding, to the extent otherwise provided for in these By-Laws, authorizations for the disposition of the funds of the corporation deposited in its name and policies, contracts, agreements, amendments and endorsements of, for or in connection with insurance or annuities).

Section 5.2 Deposits; Checks. Any funds of the corporation may be deposited from time to time in such banks, trust companies or other depositaries as may be determined by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Treasurer or by such officers or agents as may be authorized by the Board of Directors or the Chief Executive Officer, the Chief Financial Officer or the Treasurer to make such determination. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such agent or agents of the corporation, and in such manner, as the Board of Directors or the Chief Executive Officer from time to time may determine.

Section 5.3 Policies. All policies, contracts, agreements, amendments and endorsements, executed by the corporation as insurer, of, for or in connection with insurance or annuities shall bear such signature or signatures of such officer or officers as may be designated for the purpose by the Board.

Section 5.4 Facsimile Signatures. All instruments necessary or desirable for the corporation to execute in the transaction and management of its business and affairs, including those set forth in Sections 5.2 and 5.3 of these By-Laws, may be executed by use of or bear facsimile signatures as and to the extent authorized by the Board or a committee thereof or the chief executive officer. If any officer or employee whose facsimile signature has been placed upon any form of instrument shall have ceased to be such officer or employee before an instrument in such form is issued, such instrument may be issued with the same effect as if such person had been such officer or employee at the time of its issue.

ARTICLE VI

CAPITAL STOCK

Section 6.1 Certificates of Shares. Every holder of shares in the corporation shall be entitled to have a certificate (unless such shares shall be uncertificated shares) signed by, or in the name of the corporation by (i) the Chairman of the Board, the President or a Vice-President, and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by him or her in the corporation. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable provisions of law, the Charter and these By-Laws.

Section 6.2 Lost, Stolen or Destroyed Certificates. The Board may direct that a new certificate be issued in place of any certificate previously issued by the corporation alleged to have been lost, stolen or destroyed, upon delivery to the Board of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Board may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 6.3 Transfers of Stock; Registered Shareholders. Shares of stock of the corporation shall be transferable only upon the books of the corporation kept for such purpose upon surrender to the corporation or its transfer agent or agents of a certificate (unless such shares shall be uncertificated shares) representing shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer.

The Board, subject to these By-laws, may make such rules, regulations and conditions as it may deem expedient concerning the subscription for, issue, transfer and registration of, shares of stock. Except as otherwise provided by law, the corporation, prior to due presentment for registration of transfer, may treat the registered owner of shares as the person exclusively entitled to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner.

Section 6.4 Record Date. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal or corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than fifty days prior to any other action.

Section 6.5 Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrar. The same person may act as transfer agent and registrar for the corporation.

Section 6.6 Dividends. Subject to any applicable provisions of law and the Charter, dividends or other distributions upon the outstanding shares of the corporation may be declared by the Board at any regular or special meeting of the Board, or by the Executive Committee as provided in Section 3.6, and any such dividend or distribution may be paid in cash, property, bonds or shares of the corporation, including the bonds or shares of other corporations, except as limited by applicable law.

ARTICLE VII

GENERAL

Section 7.1 Indemnification of Directors and Officers. To the full extent permitted by the laws of the State of New York, the corporation shall indemnify any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person, or such person's testator or intestate,

(1) is or was a director of the corporation (but not also an employee of the corporation or any of its affiliates), or

(2) with respect to acts or omissions prior to February 25, 2014 as to which the officer requested indemnification from the corporation prior to February 25, 2014, is or was an officer of the corporation,

against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with or as a result of such action or proceeding, or any appeal therein.

ARTICLE VIII

EMERGENCY BOARD OF DIRECTORS

Section 8.1 Emergency Board of Directors. Notwithstanding any different provision in the New York Business Corporation Law, the New York Insurance Law, the Charter of the corporation or these By-Laws, (i) during a period in which, by reason of loss of life, epidemic disease, destruction or damage of property, contamination of property by radiological, chemical or bacteriological means, or disruption of the means of transportation and communications, resulting from an attack (as defined in Article 1 of the New York State Defense Emergency Act), it is impossible or impracticable for the business of insurance in New York to be conducted in strict accord with the provisions of law or charters applicable thereto, and (ii) to the extent required by declaration of the Superintendent of Financial Services under such Act, prior to such period and after an attack, as a result of which a quorum of the Board of Directors cannot readily be convened for action, this By-Law provision shall apply. All the powers and duties vested in the Board of Directors shall vest automatically in an Emergency Board of Directors, which shall consist of all members of the Board of Directors who are readily available and capable of acting. The Emergency Board of Directors shall use all reasonable efforts to promptly provide notice of the change in the status of the Board of Directors to the Superintendent of Financial Services of the New York State Department of Financial Services. This Emergency Board shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation. A meeting of the Emergency Board may be called by any Director or any member of the most senior executive management committee of the corporation (the "Executive Group"). Notice of the time and place of the meeting shall be given by or on behalf of the person calling the meeting to only such of the Directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including by telephone, personal delivery, facsimile or email. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting. Two members in attendance shall constitute a quorum at any meeting of the Emergency Board. The Emergency Board shall continue to be vested with the powers and duties of the Board of Directors until such time following the emergency as a quorum of the original members of the Board of Directors prior to the emergency can readily be convened for action.

ARTICLE IX

AMENDMENT OF BY-LAWS

Section 9.1 Amendments. These By-Laws or any of them may be amended, altered or repealed by the Board at any regular or special meeting if written notice setting forth the proposed amendment, alteration or repeal shall have been mailed to all directors at least five days before the meeting or upon the affirmative vote by the holders of a majority of the outstanding shares; provided, however, that Section 7.1 of these By-Laws may not be amended, altered or repealed by the Board or the shareholders so as to affect adversely any then existing rights of any director or officer.

REGISTERED OFFICE OF
THE ISSUER

c/o U.S. Bank Trust National Association
300 Delaware Avenue, 9th Floor
Wilmington, Delaware 19801
United States of America

PRINCIPAL EXECUTIVE OFFICE OF
METROPOLITAN LIFE INSURANCE COMPANY

Metropolitan Life Insurance Company
200 Park Avenue
New York, New York 10166

DEALERS

U.S. DEALERS

ANZ Securities, Inc.
277 Park Avenue, 31st Floor
New York, New York 10172
United States of America

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019
United States of America

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013
United States of America

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, New York 10010
United States of America

Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005
United States of America

Goldman, Sachs & Co.
200 West Street
New York, New York 10282
United States of America

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, New York 10018
United States of America

NON-U.S. DEALERS

Australia and New Zealand Banking Group Limited
Level 6, ANZ Tower
242 Pitt Street
Sydney NSW 2000
Australia

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

CIBC World Markets Inc.
161 Bay Street, Fifth Floor
Toronto, ON M5J 2S8
Canada

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179
United States of America

Jefferies LLC
520 Madison Avenue
New York, New York 10022
United States of America

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park
New York, New York 10036
United States of America

Mizuho Securities USA Inc.
320 Park Avenue, 11th Floor
New York, New York 10022
United States of America

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
United States of America

nabSecurities, LLC
28th Floor, 245 Park Avenue
New York, New York 10167
United States of America

RBC Capital Markets, LLC
Three World Financial Center
200 Vesey Street
New York, New York 10281
United States of America

RBS Securities Inc. (marketing name NatWest Markets)
600 Washington Boulevard
Stamford, Connecticut 06901
United States of America

Scotia Capital (USA) Inc.
250 Vesey Street
New York, New York 10281
United States of America

TD Securities (USA) LLC
31 West 52nd Street
New York, New York 10019-6101
United States of America

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London EC4V 3BJ
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Mizuho International plc
Mizuho House
30 Old Bailey
London EC4M 7AU
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

National Australia Bank Limited
Level 25, 255 George Street
Sydney, NSW 2000
Australia

RBC Dominion Securities Inc.
200 Bay Street
Royal Bank Plaza, 2nd Floor
North Tower
Toronto, ON M5J 2W7
Canada

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
United Kingdom

The Royal Bank of Scotland plc (trading as NatWest Markets)
250 Bishopsgate
London EC2M 4AA
United Kingdom

UBS Securities LLC
1285 Avenue of the Americas
New York, New York 10019
United States of America

U.S. Bancorp Investments, Inc.
214 N. Tryon Street, 26th Floor
Charlotte, North Carolina 28202
United States of America

Wells Fargo Securities, LLC
550 South Tryon Street
Charlotte, North Carolina 28202
United States of America

Scotia Capital Inc.
40 King Street West, 68th Floor
Scotia Plaza
Toronto, ON M5W 2X6
Canada

The Toronto-Dominion Bank
60 Threadneedle Street
London, EC2R 8AP
United Kingdom

TD Securities Inc.
222 Bay Street, 7th Floor
Toronto, Ontario MSK 1A2
Canada

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

UBS AG
P.O. Box
8098 Zurich
Switzerland

UBS AG, Australia Branch
Level 16 Chifley Tower
2 Chifley Square
Sydney, New South Wales 2000
Australia

Wells Fargo Securities International Limited
1 Plantation Place
30 Fenchurch Street
London EC3M 3BD
United Kingdom

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Of METROPOLITAN LIFE INSURANCE COMPANY

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, New York 10112
United States of America

ADMINISTRATOR

AMACAR Pacific Corp.
6525 Morrison Boulevard, Suite 318,
Charlotte, North Carolina 28211
United States of America

DELAWARE TRUSTEE

U.S. Bank Trust National Association
300 Delaware Avenue, 9th Floor
Wilmington, Delaware 19801
United States of America

INDENTURE TRUSTEE, PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Citibank, N.A.
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
United Kingdom

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre, Earlsfort Terrace
Dublin 2
The Republic of Ireland

LEGAL ADVISORS

To Metropolitan Life Insurance Company as to certain matters of New York law and United States federal law and special U.S. federal income tax counsel to Metropolitan Life Insurance Company and the Issuer

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
United States of America

To the Issuer as to certain matters of Delaware law

Richards, Layton & Finger, P.A.
One Rodney Square
920 King Street
Wilmington, Delaware 19801
United States of America

To the Dealers as to certain matters of New York and United States law

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
United States of America