

**MetLife, Inc.**

**Notes to the Consolidated Financial Statements — (Continued)**

**Variable Annuity Guarantees**

*In the Event of Death*

Defined as the guaranteed minimum death benefit less the total contract account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

*At Annuitization*

Defined as the amount (if any) that would be required to be added to the total contract account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date, even though the contracts contain terms that only allow annuitization of the guaranteed amount after the 10th anniversary of the contract, which not all contractholders have achieved.

**Two Tier Annuities**

Defined as the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date. These contracts apply a lower rate of funds if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize.

**Universal and Variable Life Contracts**

Defined as the guarantee amount less the account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

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 at:

|  | December 31,   |               |                |               |
|--|----------------|---------------|----------------|---------------|
|  | 2012           |               | 2011           |               |
|  | In the         | At            | In the         | At            |
|  | Event of Death | Annuitization | Event of Death | Annuitization |
|  | (In millions)  |               |                |               |
| <b>Annuity Contracts (1)</b>                           |                |               |                |               |
| <b>Variable Annuity Guarantees</b>                     |                |               |                |               |
| Total contract account value (3) . . . . .             | \$184,095      | \$ 89,137     | \$163,845      | \$ 72,016     |
| Separate account value . . . . .                       | \$143,893      | \$ 84,354     | \$121,841      | \$ 66,739     |
| Net amount at risk . . . . .                           | \$ 9,501       | \$ 4,593 (2)  | \$ 16,641      | \$ 2,686 (2)  |
| Average attained age of contractholders . . . . .      | 62 years       | 62 years      | 62 years       | 61 years      |
| <b>Two Tier Annuities</b>                              |                |               |                |               |
| General account value . . . . .                        | N/A            | \$ 848        | N/A            | \$ 386        |
| Net amount at risk . . . . .                           | N/A            | \$ 232        | N/A            | \$ 60         |
| Average attained age of contractholders . . . . .      | N/A            | 51 years      | N/A            | 60 years      |
|  |                |               |                |               |
|  | December 31,   |               |                |               |
|  | 2012           |               | 2011           |               |
|  | Secondary      | Paid-Up       | Secondary      | Paid-Up       |
|  | Guarantees     | Guarantees    | Guarantees     | Guarantees    |
|  | (In millions)  |               |                |               |
| <b>Universal and Variable Life Contracts (1)</b>       |                |               |                |               |
| Account value (general and separate account) . . . . . | \$ 14,256      | \$ 3,828      | \$ 12,946      | \$ 3,963      |
| Net amount at risk . . . . .                           | \$189,197      | \$ 23,276     | \$188,642      | \$ 24,991     |
| Average attained age of policyholders . . . . .        | 54 years       | 60 years      | 53 years       | 59 years      |

- (1) The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.
- (2) The Company had previously disclosed the NAR based on the excess of the benefit base over the contractholder's total contract account value on the balance sheet date. Such amounts were \$9.7 billion and \$12.1 billion at December 31, 2012 and 2011, respectively. The Company has provided, in the table above, the NAR as defined above. The Company believes that this definition is more representative of the potential economic exposures of these guarantees as the contractholders do not have access to this difference other than through annuitization.
- (3) Includes amounts, which are not reported in the consolidated balance sheets, from assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan.

**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, 2012, 2011 and 2010, the Company issued \$35.1 billion, \$39.9 billion and \$34.1 billion, respectively, and repaid \$31.1 billion, \$41.6 billion and \$30.9 billion, respectively, of such funding agreements. At December 31, 2012 and 2011, liabilities for funding agreements outstanding, which are included in PABs, were \$30.0 billion and \$25.5 billion, respectively.

Certain of the Company's subsidiaries are members of the FHLB. Holdings of FHLB common stock by branch, included in equity securities, were as follows at: