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Q1 2004 MetLife Inc. Earnings Conference Call  
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CORPORATE PARTICIPANTS  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
   
Rob Henrikson MetLife Inc. - President of U.S. Insurance and Financial Services Business  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
   
Kevin Helmintoller MetLife Inc. - Investor Relations  
   
Lee Launer MetLife Inc. - Executive Vice President, CIO  
   
Tim Journy MetLife Inc. - Controller  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
   
Bill Toppeta MetLife Inc. - President of International  
CONFERENCE CALL PARTICIPANTS  
   
Liz Werner Sandler O'Neill & Partners  
   
Ed Spehar Merrill Lynch  
   
Nigel Dally Morgan Stanley  
   
Jason Zucker Fox-Pitt, Kelton  
   
Saul Martinez Bear Stearns  
   
Colin Devine Smith Barney  
   
Andrew Kligerman UBS Warburg  
   
Joan Zief Goldman Sachs  
   
Vanessa Wilson Deutsche Bank  
PRESENTATION  
   
Operator  
Welcome to the MetLife first quarter earnings release conference call. At this time all participants are in a listen-only mode. Later we will  
conduct a question-and-answer session. Instructions will be given at that time. If you should require assistance during the call, please  
press star then zero. As a reminder, this conference is being recorded.  
Before we get started, I would like to read the following statement on behalf of MetLife.  
Except with respect to historical information, statements made in this conference call constitute forward-looking statements within the  
meaning of the Federal Securities laws including statements relating to trends in the company's operations and financial results, the  
markets for its products and the future development of its business. MetLife's actual results may differ materially from the results  
anticipated in the forward-looking statements as a result of risks and uncertainties including those described in MetLife filings with the  
SEC including its S-1 and S-3 registration statements. MetLife specifically disclaims any obligation to update or revise any  
forward-looking statement whether as a result of new information, future developments or otherwise.  
With that I'd like to turn the conference over to Kevin Helmintoller, head of Investor Relations. Please go ahead.  
   
Kevin Helmintoller MetLife Inc. - Investor Relations  
Thank you. Good morning. Thanks for joining us.  
First let me remind you of the fact that we are talking about some certain non-GAAP measures this morning. We will be discussing  
certain historical and forward-looking financial information which includes measures not based on Generally Accepted Accounting  
Principals, so-called non-GAAP measures.  
We have reconciled the historical financial information to the most directly comparable GAAP measures in our earnings press release  
and quarterly financial supplement for this quarter both of which are available at our Web site at Metlife.com on our Investor Relations  
page. A reconciliation of forward-looking financial information to the most directly comparable GAAP measure is not accessible because  
MetLife believes it is not possible to provide a reliable forecast of net investment related gains and losses which can fluctuate from period  
to period and may have a significant impact on GAAP net income.  
This morning we will hear from Bob Benmosche, Rob Henrikson and Bill Wheeler. And first I would like to turn it over to Bob.

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Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Thanks, Kevin.  
A lot of you remember in December when we had our investor day we presented a very clear plan and strategy to grow our businesses  
that would produce a 10 to 15% earnings per share growth handily over this three-year horizon that we talked about in the plan. Our  
confidence then and our confidence now about achieving that plan is really about our diversity of earnings sources, which I believe you  
see in this quarter. It's the financial strength of this company because this is a company that makes guarantees to people that are way  
out in the future. It's about the MetLife brand that pulls us all together and it's really the breadth of talent in this company, the people  
that make this company come alive every day.  
And so when you look at the quarter clearly, our premiums and fees were up 11.8% resulting in operating earnings up 33.6% from last  
year. You also see our annuity deposits grew to $3.4 billion and here again, what the public is looking for is to do business with a  
company they know and trust that can provide them certain guarantees or promises in the future and that's where Living Benefits come  
into play as part of our business and from the growth of our business.  
The Institutional segment, while we had some wind to our face last year, as we all remember talking about the retirement savings  
segment, we had a little wind to our back, and Rob will talk in just a few minutes about that segment of the business as well as the  
overall U.S. businesses.  
Our spreads continue to have the same level over the last period of time. Bill Wheeler will talk about again, what our spreads look like.  
We keep reminding everybody this is important to have good asset liability matching and manage our spreads and not worry about what  
the actual rates are doing in the marketplace.  
International earnings were also strong. We're having some early successes in Mexico however they are early successes. We still have to  
go through the entire year but things look pretty good there.  
And last but by not least, it's Moody's. Moody's as you know has moved Met's outlook to stable. We're a solid Aa2 company which is  
important as we talk about our reputation, our brands in the marketplace and the guarantees we make.  
So what I'd like to do now, because I look forward to your questions, is turn it over to Rob who will also make a few comments. Rob?  
   
Rob Henrikson MetLife Inc. - President of U.S. Insurance and Financial Services Business  
Good morning everybody. I'm pleased to report that our U.S. insurance and financial service operation generated very strong results in  
the first quarter of 2004.  
First, Individual Business.  
Individual Business produced a 15% increase in operating earnings versus the first quarter a year ago. You'll hear more details about the  
earnings from Bill Wheeler.  
This 15% bottom-line growth is being accomplished while adding top-line growth of 18% in premiums and deposits over the first quarter  
2003. Annuity deposits were up 32% to nearly $3.4 billion for the quarter.  
Variable and universal life premiums and deposits were up 3% versus first quarter a year ago, decrease in variable life have been more  
than offset by the growth in our universal life business. We continue to be pleased with our sales growth in Individual Business, although  
agent count is down due to enforced minimum performance standards, aggregate sales are up.  
Sales productivity is also up substantially in the MetLife Financial Services and NEF channels over first quarter last year. The increase in  
productivity shows across all product lines. Cross-selling within the channels is, for example, evidenced by substantial sales growth in  
long-term care and disability.

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As you know we introduced and are continuing to roll out an agency profitability model along with other metrics that have already helped  
us more clearly identify agencies doing well, not only for themselves but also for MetLife.  
Finally we continue to sharpen our products. On the life insurance front we recently launched a new term product for independent  
distribution and as many of you know we are introducing a guaranteed withdrawal benefit this summer in our highly competitive annuity  
line.  
Now turning to Institutional.  
The Institutional Business produced a 45% growth in operating earnings versus a year ago. Premiums and fees were up 13% versus the  
prior year quarter, well above our targets.  
Group Life premiums were up 9%. As you know our guidance on Group Life premium growth is from 4 to 6% which is well above industry  
averages.  
The unusual premium growth this quarter was helped significantly by our performance in integrating the John Hancock acquisition and  
some large case activity. Excluding these events we are right on target.  
Non-medical premiums were up 10%. This growth was achieved despite the move toward more administrative service only business  
where we only record fee income but overall profitability is strong and with robust return on equity.  
We're also pleased with our sales growth with Group Life sales over 15% and sales in our Small Business Center up over 35% versus the  
prior year quarter.  
We see continued success in the national accounts jumbo market. Of some note, new customers are buying and committing to effective  
dates with us off cycle, that's the typical January 1 cycle, which will be reflected in our premiums later this current year.  
As you may have seen we announced last week the launch of a new generation of institutional annuity payout products providing future  
income for retirement needs. We plan to continue to focus on this marketplace both on a group and retail basis. And we are already  
seeing strong signs of growing institutional client interest.  
As we discussed and predicted last quarter the group disability morbidity ratio came down nicely in the first quarter to 93.3%, with  
reported incidents down from the fourth quarter as we had expected. Disability sales are up nicely, mostly driven by increased quote  
activity, particularly in the middle market.  
Before I pass it to the Bill just a quick word on MetLife Bank.  
Remember the bank was created to generate new customers for the enterprise and enhance cross-buying opportunities. Deposits ended  
the quarter at 1.6 billion, up 1.1 billion in the last year and 23% just since year-end. In addition the bank is on track to break even on a run  
rate basis by the end of the year, ahead of schedule.  
So to reiterate we had a strong overall quarter, we're continuing to focus on improving profitability, and we're growing across each of our  
major product lines. We've had a great foundation to meet our objectives for the full year 2004. With that I'll turn it over to Bill.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Thank you, Rob. Good morning everybody.  
As I think you've probably seen in our press release and our quarterly financial supplement, MetLife's financial performance in this  
quarter was very strong. I'm going to review some of the highlights of the quarter including our top line results, our key operating

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margins, our capital management strategy, and a couple other topics which I think you're going to be interested in.  
We are certainly happy with the strong growth in our premiums and fees for the quarter. You know we came in at over 6 billion and that's  
a record. That’s the first time we've done that.  
That represents top-line growth of premiums and fees of almost 12% year-over-year, which is very good. And while this growth rate was  
influenced by the acquisition of the Allianz Life reinsurance business at RGA, and also a small block of group life business from John  
Hancock, we also divested our Spanish operations in the fourth quarter, or early this year, and if you adjust for all those transactions the  
top-line growth rate was still 9.7%, which is excellent.  
In terms of some of the strong performers in the quarter, annuity fee income was up 59% year-over-year, premium and fee growth in  
reinsurance was 43%, international if you're adjusting for the Spain divestiture, had growth of 21%, and our entire International Business  
grew at 13% for the quarter. So we had a number of divisions and product areas which did very well.  
Now if you turn to our key operating margins I think one thing you need to keep in mind is that, you know, we derive a lot of strength from  
the diversity of our earnings and you'll see that in both our investment spreads this quarter as well as underwriting results. And while  
you're going see certain variability in the margins among product lines, the overall results have been very stable and so let's look at  
investment margins for a minute.  
Let me take you back in time. If you look at our weighted average interest spread for all of our key spread businesses, and would be  
almost, you know, every spread that we disclosed in the QFS, our spread for all of 2002, investment spread, was approximately 182 basis  
points, and the comparable number for 2003 was 177 basis points. For the first quarter of '04, it was back up to 182 basis points.  
And I think what you can conclude from that is that MetLife's done a very good job of managing its spreads over time in very different  
interest rate environments. It also means that we consider our investment spread results for the first quarter to be normal for the  
company overall.  
I think it's important for you to realize that it's really the spread that drives earnings, it's not our yield alone. And in all of our key product  
areas, crediting rates are going to continue to move down and we expect that that's going to continue even with the recent move to a  
4.5% yield on the 10-year treasury.  
In general we believe that we have structured our portfolio in a way which will preserve our investment margins under many different  
interest rate scenarios.  
Now, turning to our underwriting results, as we discussed on our last call and as Rob just alluded to we expected to see a reversal of  
what happened in the fourth quarter, which was higher morbidity in group disability and low mortality experience in Group Life and  
AD&D. And in fact that appears to be exactly what happened.  
As we saw the reporting of deaths catch up here in the first quarter, claim closures and disability returned to normal and also our  
approved incidents rate in group disability declined approximately 10% while mortality in both Group Life and AD&D rose accordingly.  
Unusual underwriting experience also impacted results in Retirement and Savings somewhat with higher reported mortality in the first  
quarter our close-out businesses underwriting results were quite strong but we would expect those to return to more normal levels for  
the remainder of the year.  
Finally in Auto & Home, they also had a very good quarter from an underwriting point of view. The combined ratio came in at 98.8%  
including 2.3 points of CATS, and that's compared with 103% the prior year, including 1.8 of CATS.  
Now turning to operating expenses for a moment. As we discussed in the fourth quarter, or for the fourth quarter period, operating  
expenses were higher than an expected run rate in the fourth. We did see expenses come back down to what I would say a more normal,

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closer to a normalized level in the first quarter but we continue to invest heavily in our IT platforms and our customer service initiatives  
and we've also continued to rationalize office space and associated leases.  
Our pension and post retirement costs did come down as expected in the quarter as you can clearly see in our QFS. And also during the  
first quarter is when you're likely to see the costs of staffing up for new group contracts most of which will represent a new ongoing  
expense level but some of those costs will be sort of one-time in nature.  
Now let me move on and talk about some of the other issues about the quarter and let's start with the adoption of SOP 03-1.  
I'm sure many of you are becoming experts on this topic but unfortunately both the insurance industry and I think the accounting  
profession are still trying to figure out how to interpret these new regs. And what we decided to do for the quarter is take a fairly  
conservative interpretation of the adoption of these regulations and so we applied SOP 03-1 to our UL business and that in our minds has  
resulted in reserves which we believe are at least partially redundant with our unearned premium reserves.  
Even with this sort of adoption we don't see a material negative impact to our ongoing results. It does affect the UL results slightly but  
only in a minor way.  
But if the current interpretation of how this will affect UL holds, we'll probably to have change the design of our UL product and my guess  
is the whole industry will as well. But it is our guess, and it is only a guess is that the FASB will release some new guidance to change the  
interpretation of how SOP 03-1 will affect UL, and that may very well result in another cumulative impact being recorded in a future  
quarter, so stay tuned.  
In terms of the detail of the $158 million charge, let me give you a little breakdown there. 68 million would be considered to hit prior  
operating income and most of that occurred in individual business, and of the 68 million impact there after tax, 78 million of that would  
have been in UL reserves and we actually released 10 million of reserves in our annuities, and, yes, the SOP 03-1 caused to us release  
annuity reserves which is kind of interesting.  
The other $90 million of impact here for the company is associated with the reclassification of 1.7 billion of separate accounts to the  
general account and the handling, and how the pass-through accounts are treated. This is basically taking the unrealized investment  
gains that we had in our other comprehensive income account on our balance sheet and moving that to realized gains and losses.  
And again that was broken down by about $60 million in Institutional Business and $30 million in International. So hopefully I confused  
you already.  
You heard Bob mention the recent change in our ratings outlook to stable by Moody's. We're certainly happy with that change but I want  
to be clear on what that means in terms of capital management.  
I think previously I've said that our target of $500 million stock buyback for this year was contingent upon a stable outlook from Moody's.  
And so our expectation is that's what we're going to continue to do this year.  
We only purchased $65 million in the first quarter sort of in front of the Moody's ruling but so to hit 500 million we're obviously going to  
have to step up the level of our activity to approximately 150 million a quarter for the remainder of the year to hit the full $500 million  
target.  
Turning to statutory results they were also quite strong for the quarter. The combined statutory entities’ net income was $668 million.  
Now before, you annualize that number let me tell you that the first quarter number is always a little higher due to the way the tax  
benefit flows from policy holder dividends so we are still on track to achieve approximately 2 billion in full year net statutory income.  
Total adjusted statutory capital for the quarter ended at 15.7 billion and this also reflected a $450 million contribution to our pension  
plan.

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You know, overall I think all businesses in MetLife's organization had a very strong first quarter, and established a very good base for  
2004. While the operating results of 78 cents per share did come in above our internal plans we continue to target 308 to 318 in  
operating earnings per share for the full year '04 so we feel more confident about those numbers all the time.  
We have had robust premium and deposit growth. We have a very good handle on our margins, and we continue to operate from a  
position of strength with regard to our capital position. So we feel good about what's happened this quarter. And with that I'd like to turn  
it over to the operator for questions.  
   
Kevin Helmintoller MetLife Inc. - Investor Relations  
Linda, we'll be ready to take questions.  
QUESTIONS AND ANSWERS  
   
Operator  
Thank you. Ladies and gentlemen, if you wish to ask a question, please press star then one on your touch-tone phone. You will hear a  
tone indicating you've been placed in queue. You may remove yourself from the queue at any time by pressing the pound key. If you are  
using a speaker phone please pick up the handset before pressing the numbers. Once again, if you have a question please press star one  
at this time. One moment, please, for the first question. Our first question comes from the line of Liz Werner with Sandler O'Neill. Please  
go ahead.  
   
Liz Werner Sandler O'Neill & Partners  
Good morning. Thank you. I had just two questions. I wanted to know if you could talk about how much excess capital you think you'll  
generate this year and what -- I'm sorry?  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Go ahead, Liz.  
   
Liz Werner Sandler O'Neill & Partners  
Okay. And what you might expect to do above and beyond the share repurchase if there is anything you can do with the excess capital.  
And then secondly, is it possible to quantify what you expect to achieve for expense savings this year recognizing that the first quarter  
may have had some additional expenses related to the group contracts but hopefully getting a little closer to what you would view as  
normalized expense run rate?  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Sure. In terms of excess capital, you know, I think we use a rule of thumb of something like after paying interest and dividends at the  
holding company, order of magnitude, 700, $800 million of capital that will be generated. Obviously we're planning on spending most of  
that for the stock buyback this year. So my expectation is, is that won't change unless there's some unusual event which occurs.  
In terms of expense saves, you know, we actually, you know what we've said publicly is that, or what we said on investor day in December  
is that we expect over the next three years to improve our expense ratio for the whole company by 200 basis points, and that's total  
expenses, other operating expenses divided by premiums, fees and other income. And that 200 basis point move in three years  
represents about sort of $600 million of added expense efficiency.  
Now interestingly in the first quarter, even though we had sort of higher expense levels I think expenses increased by about 7%, a little  
over 7% quarter-over-quarter, but the top-line actually grew at 12. So our expense efficiency ratio actually dropped 100 BIPS just in the  
first quarter alone. I don't think that's necessarily sustainable because the top-line was so good, but we made good progress this year, or  
this quarter, and I suspect we're going to make good progress this year. But it's hard for me to put a tighter number on that right now.

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Liz Werner Sandler O'Neill & Partners  
That's very helpful. Thank you.  
   
Operator  
Our next question comes from the line of Ed Spehar with Merrill Lynch. Please go ahead.  
   
Ed Spehar Merrill Lynch  
Good morning, everyone. I had two questions. First on annuity sales. I think that early this year you lowered the accumulation rate on the  
IB product from 6 to 5%, while I think at least one of your bigger competitors there remains at 6. So I'm wondering if you could talk about  
what do you think you're going to see? Are you going to see some fall-off in variable annuity sales as you head into the sort of second  
half, or second quarter of the year?  
And then on the SOP, Bill, I was wondering if you could tell us why you think it's sort of redundant reserves under the SOP. I guess the  
feeling I've had is that, and some others have had, I think is that the secondary guarantee products had not been appropriately reflected,  
sort of the potential risk in the out years today and that this is trying to address that. So maybe if you could give us a little bit more detail  
on that, it would be helpful. Thanks.  
   
Rob Henrikson MetLife Inc. - President of U.S. Insurance and Financial Services Business  
Yes, Ed, on the annuity sales, in terms of the drop in the rate we've seen, you know, a slight decrease particularly in the third-party sales,  
but in terms of agency sales, there's virtually no effect at all, and moving forward, we have greater penetration with additional partners  
and so forth that we will continue robust sales there. So I don't see anything material relative to the reduction in rates.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
And, Ed, on SOP, [indiscernible] I'll give it my best shot to explain why we think it's redundant. On UL, you know, the COI or the cost of  
insurance charges, we tend to take more of those early in the contract rather than later. And I think under sort of good accounting policy  
you would say, well, then you should recognize more, if you're going to take the revenue early you should recognize the liabilities early.  
And there's nothing wrong with that conceptually but we don't actually let those additional cost of insurance fees or income flow through  
our income statement.  
We set up a UREV account, an unearned premium reserve and then we amortize those fees over the life of the contract. So what the  
FASB has said, or some of their affiliates have said is that we don't -- we should recognize the reserves now even though we're not taking  
the revenue now, and so that's why we think they're redundant so.  
So now we either are going to have to weigh the way we adjust the UREV account and start and maybe not amortize at all and just let it  
flow through, or we should probably not have -- or should we think about how the UL reserves are going to be calculated under this  
ruling.  
Now, apparently, just to give you even more detail on this, there's a staff memo from the FASB that's circulating now which is rethinking  
how the treatment of UL. But, you know, who knows what will -- I suspect there's going to be a lot of -- you know, there's going to be a lot  
of discussion before they kind of figure out how they may change their interpretation but I have a feeling they probably will, if I had to bet.  
Did that clear it all up for you?  
   
Ed Spehar Merrill Lynch  
Just one quick follow-up.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
They're laughing at me here in the room.

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Bob Benmosche MetLife Inc. - Chairman, President, CEO  
This is Bob Benmosche. I must tell you that Eric Steigerwald, everybody says, "what happened to Eric, he makes a whole career out of  
UREV?”  
   
Ed Spehar Merrill Lynch  
Well, is it your sense that this approach to the unearned premium or unearned revenue account that you've taken is conservative relative  
to others or do you think it's a standard approach in the industry? Do you have any sense for that?  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
I can't compare it to others. I'm not sure. I think it's pretty conservative. But I don't know. I suspect others are also -- you know, I think  
people are up-fronting generally the COIs on their UL and I can't believe they're letting it all flow through income. That would be really  
fronting all your profits and I don't think most people are doing that.  
   
Ed Spehar Merrill Lynch  
Okay. Thanks a lot.  
   
Operator  
Our next question comes from the line of Nigel Dally from Morgan Stanley. Please go ahead.  
   
Nigel Dally Morgan Stanley  
Great, thank you. Three quick questions. First, with interest rates, hoping we can get a little more color on the impact of higher interest  
rates on your business, especially in your fixed annuity block where it's [indiscernible] appear to tick a little higher this quarter. Second,  
on capital, just an update as where you stand with potentially securitizing the closed block and what impact this potentially could have  
on your capital position. And lastly on hedging, just an update as to where you stand with your hedging program for Living Benefits.  
Thanks.  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Lee, could you talk about the interest rates?  
   
Lee Launer MetLife Inc. - Executive Vice President, CIO  
Yes, I hope you can hear me. Yes, I think -- Lee Launer speaking. You look at the LM match, we're pretty well matched all across the  
board. Not all 65 of our portfolios are dead-matched, but when you look at it totally totally, we're not long, and we're not short. So I think  
it's something in the 100 to 150 basis points straight up parallel. It's not going to give us a lot of problems. Something over than that,  
maybe we could talk. But other than that I really don't see much of an issue.  
We've done a lot of work at the very, very short end of the curve, which is the zero to let's say, three year point. We've done a lot of  
hedging and portfolio reconstruction in that area to make sure that really minimize the effect of a flat year if that were to take place.  
Nigel, I hope that answers one of your three questions.  
   
Nigel Dally Morgan Stanley  
I guess, just to follow on from that, my concern I guess is more with surrender activity rather than your ability to maintain spreads. If rates  
move significantly higher, are we going to be faced with additional surrender activity which is going to cause you to have to liquidate  
some of your portfolios to set aside those surrenders?  
   
Lee Launer MetLife Inc. - Executive Vice President, CIO  
I think with the moderate increase in interest rates there's not going to be any significant increase in surrender activity. I mean we have  
been managing in both up and down environments to be able to maintain our spreads. You know in the first quarter we came in at 195, a  
little bit lower than our target but we're pretty confident that we're still going to you know, achieve our 205 to 210 for the full year.

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Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Nigel, don't forget, too that unlike, you know, very aggressive fixed annuity writers we have not been in that ballpark of an aggressive  
fixed annuity writer. And having lived on Wall Street during the period of the ‘80s and watching what happened, I understand your  
question from that perspective.  
But also keep in mind that we have been very successful over the last ten years selling a variable annuity with an annual rate reset fixed  
component of that variable annuity and so that's about 14 billion, Stan, would you say, of PPA deposits that come in the general account  
and so those reset every year. So I think you can't look at the whole general account block and assume those are aggressively priced fixed  
annuities. They're not.  
So you won't see the disintermediation that you normally would see with rapid rate increases with a lot of aggressively priced and older  
fixed annuities. So it's just not a problem I think MetLife faces compared to other companies.  
   
Lee Launer MetLife Inc. - Executive Vice President, CIO  
One other point, Nigel is that each deposit gets its own surrender period so it's not from the contract issue it's based on when the  
deposits are made. So virtually all of our contracts, even the ones issued 10 or 15 years ago still have some level of surrender charges in  
them.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
So, Nigel, it's Bill. I'll talk about closed block. I would just reiterate one thing about higher interest rates. Higher interest rates right now  
-- Lee was kind of neutral but actually higher interest rates are going to help us. We're still, you know, even with the 10-year at 4.5, our  
crediting rates are not at product minimums yet but they're getting there. And the higher interest rates will help us move away from  
product minimums, and even though that's not going to bite us for a year or two in the long run that's going to be very good for us.  
With regard to the closed block securitization we're studying it, we're working on it. I would tell you, you know, by issues of the following,  
it's great to securitize the closed block, the issue is what do you do with the money. And I think if all we do with the money is invest it, you  
know, at today's interest rates, you know, my guess is, this is the securitization is a dilutive transaction.  
So my guess is, that the closed block securitization becomes closer to a reality as I think we have an alternate use for the money and that  
probably means an acquisition. So I would sort of view that as when we have something to buy of size, for cash, this will be a great source  
of the funds. So that's a little bit where we are.  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
And, Nigel this is Bob Benmosche. We don't expect that to happen in the near future. We do not have any plans and we're not thinking  
about it. So I don't think you should leave saying we're drying the powder and getting ready.  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
Your final question was on the hedging program. We're still on target for implementing that by end of second quarter. We've got all of  
our linkages in place for administrative platforms, we've got some final decisions on the degree of hedging and some of the modeling but  
we're still on target for the end of the second quarter.  
   
Nigel Dally Morgan Stanley  
Great. Thanks a lot.  
   
Operator  
Our next question comes from the line of Jason Zucker with Fox-Pitt, Kelton. Please go ahead.  
   
Jason Zucker Fox-Pitt, Kelton  
Great. Thank you and good morning. Couple of questions, too. The first one is the big picture and the question is, are you seeing an  
improving economy and improving employment in your employee benefits businesses?

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And then a couple other questions, and, again, back to employee benefits, if I look at the non-medical health I typically think of that line  
as one of your strongest growers, and I guess if I look at this quarter I'd probably characterize it as maybe below potential and I was  
wondering whether or not there's an expectation that growth can pick up there and what you were doing.  
And then the last question on the Retirement Savings segment, just because it's tended to be so lumpy, is there a more normalized  
quarterly run rate that you're thinking about that we should be thinking about? Thank you.  
   
Rob Henrikson MetLife Inc. - President of U.S. Insurance and Financial Services Business  
Okay. Jason, this is Rob. Let me start before I make any comments about the economy in general, let me get right to the second part of  
your question and then get back to the broader question.  
You're right, I mean, premium and fee growth in the non-medical health segment, you know, is about 10% year-over-year. That's, as you  
know, the lower end of the guidance we gave at investor day of 10 to 15%. And I think there are several factors there.  
First, and near and dear, is the aspect that some of our disability business where we maintained our focus on the renewals at the large  
end market. Several customers did not accept our renewal rates for 1/1/04, and, of course, that has a depressing effect on the premium  
growth. But financially it doesn't bother us, of course.  
The lower volume of the insured quote opportunities on dental product with some in the middle market starting to move to ASO brings  
down the premium number as I mentioned, but, of course, you know, we don't record anything but the fees, but that's a strong business.  
And allowing us, by the way, to continue to grow our dental network which gives us even more opportunity going forward. Particularly, by  
the way, in the small-end market where we're seeing very strong dental sales exceeding our expectations.  
So we certainly expect to be within our guidance for the remainder of the year. We'll have double-digit growth and I think it's, you know,  
we're quite pleased with it.  
In terms of the general economy, it's interesting, answering questions from the past about the effect of decreasing employment, we have  
been more insulated against that than others because of the mix of our business. The question is with the employment going the other  
way, you know, do we see any kind of major uptick.  
I think what we see is more customers particularly at the large end of the market now making decisions about changing some of their  
coverages at the upper end of the market, and this should accrue to our benefit. So I can't give you any specific numbers in terms of the  
effect of economic growth, per se, or job creation, but job creation is good for our business, and we're looking forward to growing some of  
those large-end customers.  
As I mentioned to you we did have something very interesting, even though -- if you're in this business, it's interesting. It may not seem  
particularly exciting, but when you have large-end customers starting to buy away from January 1 effective dates we have some  
additional premium not yet seen in our numbers coming through in the second half of the year, and I think that will be a foreshadow of  
strong growth.  
   
Jason Zucker Fox-Pitt, Kelton  
In the last piece just with respect to Retirement Savings?  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
Jason, this is Stan Talbi again. I think definitely in the first quarter Retirement Savings was a little high. If I look at the increase  
year-over-year more than half of that is due to the improvement in spreads and growth in the business. The spreads were relatively low  
last year, and the other half comes from a combination of expense reduction, more interest on capital, and improved underwriting  
results. So, you know, do we expect the same level, you know, in the out quarters? No, it will come down a bit.

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But again I just remind what you Bill said. We had very favorable underwriting results in R&S, partly due to death and death processing  
of annuities, and that kind of offset, you know, maybe lower performance than expected in Group Life, universal life, and to some extent  
non-medical health where, you know, we would have expected a slightly higher increase in earnings but our accidental death and  
dismemberment results were a little bit low in the quarter, probably in the range of 3 to 5 million. I think that's all attributable to the  
same issue. It's all underwriting.  
So on balance I think our underwriting results were strong in R&S but some of that is offset by, you know, future expected improvements  
in both universal life, Group Life, and non-medical health.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Let me just add one thing because Stan kind of said even though it appears like R&S was the big winner this quarter but you have to kind  
of net out overall underwriting experience. The same thing is true with investment results. Underwriting -- or investment spreads in R&S  
were very high, in other of our areas they were, you know, in annuities and ULVL they were a little low. We think net for the company they  
were normal, so it's sort of the luck of which mortgage-backed security you got in your portfolio is a little bit which drove the results  
between business lines.  
So R&S seems abnormal but for the overall company we think it was pretty much on track.  
   
Jason Zucker Fox-Pitt, Kelton  
All right, good. Thanks everyone.  
   
Operator  
Our next question comes from the line of Saul Martinez with Bear Stearns. Please go ahead.  
   
Saul Martinez Bear Stearns  
Hi, good morning. Two questions. First of all, on asset quality. If I look at your below investment grade bond portfolio as a percentage of  
invested assets and as a percentage of equity, it came down in the first quarter relative to the last quarter and relative to the year-ago  
quarter. I was wondering how much of that is related to just the better credit environment and how much of that is related to an actual  
shift in your investment strategy away from below investment grade bonds perhaps because you're not getting the spreads that are  
desirable in that asset class?  
And my second question is on Mexico. Bob mentioned briefly that results were good in Mexico, but I was just wondering if you had any  
update on any large cases that came due in the first quarter, any large cases that are expected to come due in the coming months.  
   
Lee Launer MetLife Inc. - Executive Vice President, CIO  
Saul, hi, Lee Launer speaking. On the below investment grade, no, that was really intentional on our behalf. That wasn't just people  
growing from below investment grade to investment grade. So we intentionally brought that down.  
We've been bringing it down for a few quarters now and it's probably settling in right where we kind of like it. And it's simply because  
below investment grade wasn't giving us enough yield, we thought, and so as you see we favored the BBB market, so it's simply as you  
thought.  
   
Saul Martinez Bear Stearns  
Okay.  
   
Bill Toppeta MetLife Inc. - President of International  
Saul, it's Bill Toppeta. On Mexico, we're talking here about the institutional public business, the government business, I assume. We're  
about one-third of the way through the renewals for this year. Our percentage of retention is a little bit better than what we expected. I  
would say that our margins are holding up.

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In terms of large cases that have come up in the first quarter, the biggest one that we lost was Pemex, and in the second quarter,  
perhaps the third quarter, Federal Government health business will come up, and later in the year, the Federal Government life business  
will come up, and that will be likely for a 1/1/05 renewal. So we're about a third of the way through and I would say doing well so far, but  
there's a lot more of the story to come, and I would say we're being extremely vigilant about that and not taking anything for granted.  
   
Saul Martinez Bear Stearns  
You said you lost Pemex. That's a pretty large, that's a pretty significant case, if I'm not mistaken.  
   
Bill Toppeta MetLife Inc. - President of International  
Yes, it was about $15 million of premium, but it's an ASO-type case so it's kind of a pass-through. So -- but, yes. Now, remember, when I  
say that, that's just the group business on Pemex.  
   
Saul Martinez Bear Stearns  
Okay.  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
I think just to -- you know, Bill gave you the top number, but from a bottom-line perspective I think it was a low six-digit number. I mean  
it was a very small profit number and what's important is that while we lost that piece of it, and you can compete for some of this  
business for breakeven, what's important is the work side piece of it which is very important has gone unimpacted.  
So I think part of this is to early on is where we're not going to waste a lot of powder on things that just don't provide any real value and I  
think that's where Bill is talking about being intelligent and being competitive about it as well. So I think overall it still is proceeding well  
and we're still getting a lot of wins. So that's one loss but we have a lot of wins down there and we're going to work hard to continue that  
pattern.  
   
Saul Martinez Bear Stearns  
Great. That's helpful. Thanks.  
   
Operator  
Our next question comes from the line of Colin Devine with Smith Barney. Please go ahead.  
   
Colin Devine Smith Barney  
Good morning, gentlemen. I have three questions for you. First, if we could explore what went on in Retirement and Savings in a little  
more detail. I'm just trying to reconcile how the policy holder benefits and dividends line dropped about 100 million from its run rate of  
the past few quarters while investment income held constant and if we could just quantify the magnitude of the reserve release that  
might have impacted that.  
Secondly, with respect to the disability business I was wondering if you could tell us what sort of benefit ratio are you pricing there for? I  
was certainly happy to see it improve versus the fourth quarter but I'd like to know what you're pricing it for.  
And then lastly, if you could give us a few more details on the GMIB hedging program. Also the details you mentioned you're going to be  
bringing out a withdrawal benefit product, what sort of hedging program you'll be putting on that as well and will it be prospective only  
going forward or will you be applying it to the in-force block and will there be any earnings impact from that?  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Colin, I just want to correct you. I think Stan will go through that. But one is, there was no, you implied there was a reserve release and it's  
important that Stan goes through that because that's not the case.  
   
Colin Devine Smith Barney  
I believe that's what it says in your press release, Bob.

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Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
What happens, Colin, is as we get data in from our customers as we get Social Security tapes in, which were somewhat delayed in the  
fourth quarter, we confirm with the employers that, you know, individuals who have deferred annuities have, in fact, expired, and as they  
expire we release the reserve associated with those lives. So I mean, the reserve release is a natural part of the death process. So it's  
really part of our death match process, and we just had, you know, an unusually high level of reported deaths in the first quarter.  
I think part of it is, you know, just the higher level of mortality in the first quarter, and part of it is, you know, a combination of this delay in  
reporting which is not atypical for some of our customers, and I think coupled with the last two weeks of the year last year, you know,  
being a heavy holiday season, I think we had less people on the employee benefit side reporting information to us. I think that's what  
drove the mortality results in retirement savings.  
   
Colin Devine Smith Barney  
On the Retirement Savings should we be looking for that to reverse back in the next quarter, and is that really where Bill Wheeler is going  
withholding the earnings guidance? You expect that to pop back up?  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
It should. I mean, we obviously think there was -- the underwriting experience in R&S was unusual and so we should, you know, what it  
will exactly pop back up to I'm not sure, but it's, but we expect it to go back down to sort of a normal underwriting experience going  
forward.  
   
Colin Devine Smith Barney  
Would that then be in that sort of 680 range? Is that what you consider normal?  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Well, it's lumpier than that so I'd rather stay away from an exact number because it will all depend on what -- there's always something  
lumpy and unusual that might happen in R&S in any given quarter but it will obviously move up. A full 100 million and the idea that  
would drop to the bottom line or that sets some sort of pretax impact, it's not anything like that.  
   
Colin Devine Smith Barney  
Okay.  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
In terms of the loss ratio on disability, I mean, you know, we obviously can't disclose our pricing targets but if you recall what I said on  
investor day, is that, you know, we're targeting 95 to 100, we're expecting with the price increases that we have put in and the price  
increases that have been accepted by our customers that we would expect to be at the lower end of that range. And, in fact, you know,  
that's where we were in the first quarter, actually below the lower end of that range.  
As Bill pointed out, you know, we had very good experience in the first quarter. The incidence rates were down year-over-year, and I think  
we've got some of the phenomena that we've seen on the Retirement Savings side in that, you know, some of the deaths were processed,  
it was a little slowdown in activity in terms of closures of claims in the last two weeks of December so I think our net closures were up a  
little bit, too, as a result of people getting back to work and working on getting some of our claimants back to work.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
I would hasten to say, Colin, unlike the Retirement and Savings where you'll have a pop up because of the way records are kept in terms  
of reporting deaths, there's no reason to believe there will be a pop up on the disability ratio. That looks like it's moving in a direction  
that's quite favorable.  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
And I think your last question, Colin, was on the GMIB hedging program and the guaranteed minimum withdrawal benefits. As we  
introduce that product later in the summer we will have a hedging program in place for that product as well.

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As you probably know, you know, the cost of the hedging, you know, is built into the fees, and that's kind of what we're testing right now.  
Is it going to be, you know -- what percentage of the fees is it going to cost to us do this hedging, and we're pretty confident that, you  
know, the fees are well in excess of the cost of the hedging at this point.  
   
Colin Devine Smith Barney  
Now, the other thing that I specifically asked is putting in place the hedging program, I guess write down the GMIB if that's going to  
impact earnings?  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
Well, no, not significantly, because, you know, the new SOP requires a certain level of reserves based on modeling, and with the hedging  
in place that should reduce the reserve requirements. So it's kind of a natural offset now with the new SOP in place.  
   
Colin Devine Smith Barney  
You've got sufficient reserves to absorb the cost of this hedging program?  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
Yes.  
   
Colin Devine Smith Barney  
Thank you.  
   
Operator  
Our next question comes from the line of Andrew Kligerman with UBS. Please go ahead.  
   
Andrew Kligerman UBS Warburg  
Good morning. Two questions. First with regard to investment spreads, and you've got guidance of 205 to 210 on individual annuities  
and in the Institutional area, 130 to 145, could you give us a scenario, low interest rates and high interest rates which would push you out  
of those ranges.  
And secondly, the decline in agents at New England Financial, I think that operation has generally been seeing a declining agent count  
for quite some time. Why would we expect that it's going to stabilize or increase after, I think, several years of decline?  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Why don't I take a shot at the interest rates? I hate to kind of play what-if games, because we have a complex set of liabilities and it's --  
so Andrew I'd probably like to answer your question the following is, what we've sort of said publicly and we said this on investor day  
when I think the 10-year was at 4.25, roughly, we said that if interest rates stay flat that eventually we would get down to product  
minimums, and that we would eventually start having spread compression and that would probably occur sometime in '06. I think what  
Lee also has just said is today is, that's sort of the down side, and it gives you kind of a feel for that. If there is a downside out there it's a  
ways off though and it requires, you know, a pretty pessimistic view of interest rates going forward.  
With regard to the increase in interest rates, for awhile they're clearly going to be positive because we'll move away from product  
minimums. And I think what Lee's talked about is for 100 and 150 basis points move upward, he doesn't believe, and I don't -- certainly  
on the yield side, and obviously we don't feel that way on the crediting rate side that investment spreads are going to be materially  
affected. So that's, you know, it kind of gives you -- what I conclude from that is that they can move around quite a bit and we can still  
hold our spreads.  
   
Andrew Kligerman UBS Warburg  
That's helpful.

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Bob Benmosche MetLife Inc. - Chairman, President, CEO  
By the way Andrew, keep in mind that when Bill says 2006 that assumes the world stays where we are today. Remember, robust sales,  
what comes in, new minimums that have been rolled out, you look at the new minimums coming out of our settlement account, the total  
control account and so on, as we have new minimums, we have some at 3%, we have a lot coming on the books now at 1.5. So as we  
begin to look at those over time it extends it out if you were to really build a very strong projection model, so add that into your factor as  
well.  
   
Rob Henrikson MetLife Inc. - President of U.S. Insurance and Financial Services Business  
Andrew, on the sales count, I think you indicated, and I don't know how far back you're looking in terms of declining agent count, but I  
would say that under the previous economic model, which was, as you know, not working well, there was actually growth in, I'd call it  
artificial growth in headcount by increasing headcount being the total focus as opposed to productivity, so as you know, we've changed  
management, we've changed the management structure, we've changed the economic model, and on top of that, as you may know, in  
the past, the reduction, because of low performers, has all happened in the first quarter. We started that in the fourth quarter this year.  
You're correct, the count is down but I think it's particularly important that productivity in the New England channel, for example, is up  
substantially in excess of 15%. And we're seeing a turnaround in variable annuity sales, for example -- excuse me, our variable life sales  
are starting to increase, and so we feel pretty good. And in terms of recruiting going forward, there are some attractive events that we'll  
be able to talk about in the future. So I feel good about the New England model, I think in terms of the past I would say that, you know, in  
terms of going back 2000, 2001, 2002, probably an artificial growth would focus on that alone.  
   
Andrew Kligerman UBS Warburg  
So the career agent channel is not broken, you feel like it's going to grow over time?  
   
Rob Henrikson MetLife Inc. - President of U.S. Insurance and Financial Services Business  
I certainly do. As a matter of fact, it's hard for me to hold my excitement on some of these things but recruiting, for example,  
quarter-over-quarter, in the MetLife Financial Services area, is quite high. We've had our best first quarter results in several years. So  
you'll see a growth in headcount, in MLFS you'll see stabilization and more quality headcount in New England Financial and we're quite  
pleased.  
   
Andrew Kligerman UBS Warburg  
Great. Thanks a lot.  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Keep in mind, too, that, you know, when you look at the money that was written off and the fact that there was expenses that were not  
coming through, Eileen and Rob and the team really looked at the structure and we did, in fact, reduce almost 25% of the agencies that  
existed at New England because they just were not sustainable over time, and we were paying a lot of rent, a lot of overhead. So when  
you reduce 25% of the agencies and you reduce the number of low-end performers this is outstanding results, and the fact that we really  
have to have production but it's got to be production where it's profitable or we see light at the end of the tunnel, so major restructuring  
went on here and it's a small number down relative to that restructuring.  
Next caller.  
   
Operator  
Our next question comes from the line of Joan Zief with Goldman Sachs. Please go ahead.  
   
Joan Zief Goldman Sachs  
Thank you. Good morning. I was wondering if you could talk about the cost of implementing Sarbanes-Oxley, how far along you are, if  
you feel that there will be any issues with auditor opinions on that basis?

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Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Let me turn it over to Tim Journy. I must tell you though that we are in great shape, and the Board is very pleased with our performance  
and we think we're going to finish it off and be really almost best in class as we go through this. We're pretty proud of what the whole  
team has done here at MetLife. Tim Journy, our Controller will take you through the numbers and how we're going to finish the year off.  
Tim?  
   
Tim Journy MetLife Inc. - Controller  
Good morning. In 2003, Met went ahead and implemented the provisions of Sarbanes a year early. We took the time to analyze the  
impact and what it did for our organization, and spent a lot of time, developed teams and rolled it out throughout the organization.  
Through that work in '03, and we received a letter from our external auditors on our internal controls environment and we took that and  
in 2004 we're rolling it out already. We plan on spending as much time in '04 as we did in '03, and trying to continue to enhance our  
control environment.  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Do you want to talk about the dollar amount we spent? Is there any way to quantify? I know we know the outside number, but do you  
want to --?  
   
Tim Journy MetLife Inc. - Controller  
Sure. In 2003 we spent over 80,000 staff hours to implement Sarbanes, and we spent on an outside basis in excess of $10 million.  
   
Joan Zief Goldman Sachs  
Okay. One last --  
   
Unknown Speaker  
(indiscernible) I would just say one thing because Tim (multiple speakers) I'm sorry, Joan. I would just say one thing, is that Tim is very  
modest. We have effectively implemented Sarbanes a year early, or a year before I think the rest of the world has. According to Deloitte,  
our outside auditor this is the only letter that they issued among any of their customers in terms of getting Sarbanes certification. That  
doesn't mean we don't have a little more to do in '04 but it was a very good job, and so it's roughly -- the spend we expect in '04 won't be  
10 million again.  
   
Joan Zief Goldman Sachs  
I have just one other follow-up just wanting to go back to the International segment, and the comment on Mexico and sort of having to  
finally to go through the renewal process for some of the larger government cases. What were you expecting in your forecast on the  
outcome of those two big government cases, and if you do not get those cases, you know, the Federal Government health or the Federal  
Government life, will that impact your earnings going forward in that division?  
   
Bill Toppeta MetLife Inc. - President of International  
Sure. Joan, it's Bill again. I would say that if you look at the overall impact of the two big government cases that remain, which would be  
the policy, what we refer to as policy number one, which is federal employees, the impact in -- there would be some impact this year of  
the health part of that policy. That will probably go to bid around June, maybe July, and I think there we're talking about an earnings  
impact if the case is lost of 2 to $3 million of earnings.  
Then the next one would be the life piece of that, of the federal employees, which would come to bids, we think, later in the fall if it  
comes to bid as one package, it would be for, likely for January '05, so no impact on this year's earnings, but next year the impact could  
be up to about $10 million, if the whole case were lost.  
   
Joan Zief Goldman Sachs  
Thank you.

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Bill Toppeta MetLife Inc. - President of International  
Okay.  
   
Kevin Helmintoller MetLife Inc. - Investor Relations  
Linda, I think we have time for one more question.  
   
Operator  
All right. Our last question will be from the line of Vanessa Wilson with Deutsche Bank. Please go ahead.  
   
Vanessa Wilson Deutsche Bank  
Thank you very much. Bill, you talked about a $450 million contribution to the pension plan. How does that affect the pension expense in  
'04 versus '03, and in this quarter in particular? And then in addition, at one point in your prepared remarks you said you thought you had  
more crediting rate flexibility. Could you talk a little bit about that specifically for annuities, UL, retirement?  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Sure, I'll take those. The 450, if you recall, I think on investor day we talked about making a $700 million -- and that's last December -- a  
$700 million contribution to our pension plan and that along with strong financial performance would drive down our pension expense  
approximately $50 million pretax '03 to '04. Some of that pension contribution of the 700 was actually made early in January of this year  
as opposed to in December of last year, so it's the same amount of money, or it is the same pot of money. So that's what's driving down  
our pension expenses, or part of what the reason is.  
In the first quarter interestingly, I think our pension and post retirement benefit expenses were $14 million lower than the year-ago  
period. That should probably widen each quarter as we go throughout the year. So it's -- so you take 4 times 14, that's 56, we're actually  
thinking our pension and post retirement might get a little better.  
   
Vanessa Wilson Deutsche Bank  
And then the 200 basis point decline in the expense ratio, how much of that is related to this? I guess you said it's 600 --  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
Well, I mean, if we're talking about 600 million of saves over three years, you know, it depends on -- and if we're talking about $50  
million or more of saves this year in '04, you know it kind of depends on where do you think interest rates are going to go from here. But if  
you think they're going to go up, which I suspect they will, that means our pension and post retirement benefit costs will probably decline  
in '05 and '06 as well. So not insubstantial. I mean, it's not half, but it's not -- it's an important part of the expense saves performance.  
   
Vanessa Wilson Deutsche Bank  
Okay.  
   
Bill Wheeler MetLife Inc. - Executive Vice President, CFO  
To give you a feel for it. Now, in terms of crediting rates, if others want to chime in, they can. Maybe, Stan, do you want to take a shot at  
it?  
   
Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
On the individual business side, you know, the two portfolios, universal life, you know, right now our credited rates are still on average  
about 75 basis points above the minimum guarantees and on the annuity side, you know, despite the fact that we've been aggressively  
renewing, you know, deposits at lower rates, we're still at the end of the first quarter about 70 basis points above the minimums.  
   
Vanessa Wilson Deutsche Bank  
Okay. And the Retirement?

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Stan Talbi MetLife Inc. - SVP & CFO, US Insurance and Financial Services  
Retirement Savings doesn't reset. I mean, we're basically managing the assets and liabilities, we have a pretty close match and the  
liabilities basically are fixed, and the ones that do change are basically indexed generally to short-term rates.  
   
Vanessa Wilson Deutsche Bank  
Thank you.  
   
Bob Benmosche MetLife Inc. - Chairman, President, CEO  
Okay, I think that covers it for everybody, and, again, thank you for joining us on the call and look forward to speaking with you all again  
next quarter. Thanks.  
   
Operator  
Ladies and gentlemen, this conference will be available for replay after 11.30 a.m. Eastern time today through midnight on Tuesday, May  
11th, 2004. You may access the AT&T teleconference replay system at any time by dialing 320-365-3844, and entering the access code  
727341. Those numbers again are 320-365-3844, access code 727341. That does conclude our conference for today. Thank you for your  
participation and for using AT&T Executive Teleconference. You may now disconnect.  
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CORPORATE PARTICIPANTS  
   
Rob Henrikson MetLife Inc. - Pres., COO  
   
Tracy Deidrick (ph) MetLife Inc. - Investor Relations  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
   
Stan Talbi (ph) MetLife Inc. - CFO, Revenue Producing Business  
   
Jim McCaffey (ph) MetLife Inc.  
   
Hugh UNIDENTIFIED (ph) MetLife Inc. - UNKNOWN  
   
Cathy Rein MetLife Inc. - Sr. Executive Vice President  
   
Lee Launer MetLife Inc. - Exec. V.P. Chief Investment Officer  
CONFERENCE CALL PARTICIPANTS  
   
Jason Zucker Fox-Pitt, Kelton - Analyst  
   
Ed Spehar Merrill Lynch - Analyst  
   
Nigel Dally Morgan Stanley - Analyst  
   
Saul Martinez Bear Stearns - Analyst  
   
Joan Zief Goldman Sachs - Analyst  
   
Andrew Kilgerman UBS - Analyst  
   
Liz Werner Sandler O'Neill - Analyst  
   
Tom Gallagher Credit Suisse First Boston - Analyst  
   
Vanessa Wilson Deutsche Bank - Analyst  
   
Suneet Kamath Sanford Bernstein - Analyst  
   
Al Capra Oppenheimer - Analyst  
PRESENTATION  
   
Operator  
Ladies and gentlemen thank you for standing by. Welcome to the MetLife second quarter earnings release conference call. At this time  
all participants are in a listen-only mode. Later we will conduct a question and answer session. Instructions will be given at that time. If  
you should require assistance during the call please press star then zero. As a reminder this conference is being recorded. Before we get,  
pardon me, before we get started I would like to read the following statements on behalf of MetLife. Except with respect to historical  
information, statements made in this conference call constitute forward-looking statements within the meaning of the Federal Securities  
laws including statements relating to trends in the company's operations and financial results and markets for products and the future  
development of its business. MetLife's actual results may differ materially from the results anticipated in the forward-looking statements  
as a result of risks and uncertainties including those described in MetLife's Inc. filings with the SEC including in its F1 and F3 registration  
statement. MetLife incorporated, especially disclaims any obligation to update or revise any forward-looking statement whether as a  
result of new information future developments or otherwise. With that I'd like to turn the conference over to Tracy Deidrick, Head of  
Investor Relations. Please go ahead.  
   
Tracy Deidrick MetLife Inc. - Investor Relations  
Thank you, Linda, and good morning. Welcome to MetLife second quarter 2004 earnings conference call. Joining me this morning are  
Bob Benmosche, Chairman and CEO, Rob Henrikson, President and Chief Operating Officer, and Bill Wheeler, Chief Financial Officer.  
After our brief prepared comments we will take your questions. Here with us to participate in the discussion are Lee Launer, Chief  
Investment Officer, Bill Toppeta, President of International, Cathy Rein, President of MetLife Auto and Home, and Stan Talby Chief  
Financial Officer of the revenue producing businesses. This morning we will be discussing certain financial measures not based on  
generally accepted accounting principles, so-called nonGAAP measures. We've reconciled these nonGAAP measures to the most directly  
comparable GAAP measures in our earnings press release and in our quarterly financial supplement both of which are available on our  
Web site at www.metLife.com on the Investor Relations page. A reconciliation of forward-looking financial information to the most  
directly comparable GAAP measures is not acceptable because MetLife believes it is not possible to provide a reliable forecast of net  
investment related gains and losses which can fluctuate from period to period and may have significant impact on GAAP net income.  
With that now I'd like to turn the call over to Bob Benmosche.

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Bob Benmosche MetLife Inc. - Chairman, CEO  
Thanks Tracy and a lot of you may not have met Tracy yet but Tracy was our principal interface with all of the rating agencies and as you  
know in the last few years that's been a very busy avenue for us to be traveling down and she did an outstanding job there and we know  
she's going to do an outstanding job in this move also. So it's great to have you on the team and I look forward to working with you as all  
of you out there should work with her as well. As you can see and has been reported we did have an outstanding quarter and it's been top  
line, it's been bottom line. It's making sure we continue to make the right investments in the future while managing our expenses as well.  
On investor day what we talked about in December is that we have a very clear plan and we've been on that plan for quite some time nd  
we are still focused on that plan for the next three years and that is to make sure we continually improve our operating efficiencies and  
continue to stay focused on growing our earnings in a range of about 10 to 15%. Clearly in the last couple of years we've had some head  
winds and we've come out in the middle of that range. As we move into '04 we talk about seeing a little bit more positive outlook and in  
fact that's what's happening. So we feel for this year we are going to be at or above the high-end of our range. So we are looking at  
somewhere around a 15 to 18% operating earnings this year versus 2003.  
We are very confident as we look into the rest of this year and into '05. A lot of good things are going well for our company. As you look  
through what we produced here. And in fact what's becoming clear, again, is the diversity of the earnings streams, our businesses.  
What's even more clear is the outstanding results of the thousands and thousands and thousands of people throughout this company  
that are really moving in the right direction and balancing the need to grow earnings on a sustainable basis but improve our investment  
in the future as well. So what I'd like to do now is turn it over to our new President and COO. As you know Rob ran the major part of our  
company, individual and institutional, he now runs all of the revenue area. He's been on the job a short period of time but I think you are  
all impressed with how he produced a great second quarter for us. So, Rob, let me turn it over to you.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Thanks Bob. Good morning, everyone. First let me say I am very excited about my new responsibilities. In my mind there is no question  
that our opportunities to leverage our competencies and capabilities across all of the businesses and focus on driving growth are greater  
than they ever have been. Over the past several years as you know we have accomplished much in building infrastructure, transforming  
the organization and improving efficiency. Now there's a greater focus on creating growth, growth that will come both organically and  
through acquisitions, through creative innovation, next-generation products, and service offerings and by leveraging the enterprise in  
everything we do. Importantly we now have the right team with the right talent and experience to execute our strategies. As you know in  
addition to my other key direct reports, Lisa Weber has been appointed President of Individual Business. Lisa's experience as our Chief  
Administrative Officer and her expertise in human resource management is extremely valuable. It will help the individual business  
leadership team leverage the enterprise resources and execute on our strategy to grow earnings and ROE by recruiting, developing,  
retaining talented agents and continuing to recognize the structure of individual, consistent with our profitability model.  
Turning to the second quarter results, I am pleased to report on what is a record quarter for MetLife in terms of operating income and I  
thank Bob for the credit for that. Bill Wheeler will talk about the financial results of the quarter in a moment but first I'd like to comment  
on the business results. The top line, defined as premiums, fees and other revenues, grew 6.2% versus the second quarter of 2003. When  
you adjust for the divestiture of the international segment Spanish business earlier this year the growth rate was 7% in line with our 2004  
projection. Also boosting the quarter were very strong underwriting results in almost every business as well as strong investment  
margins. Now I'd like to touch on a number of the highlights in each of our segments. Turning to institutional. Group life, premium, fees  
and other revenues were up 7.6% this quarter. As we have said we continue to grow faster than the overall market by continually growing  
in multiple markets from national accounts down through small business, leveraging our unusually broad portfolio of products and  
differentiating service capability.  
In additional as we indicated last quarter our group term mortality moved back down to a more typical 93.3%. Nonmedical health  
premiums fees and other revenues increased 11.7%, over the prior year quarter, with the highlights being strong growth in our long-term  
care product line and continued strong growth in the small business center distribution channel. Continuing growth in small business is a  
direct reflection of continued growth and maturity in our sales power which you may remember has trickled over the last four years while  
we have opened local offices in nine additional metropolitan locations. In group disability we are pleased with our morbidity ratio of into  
92.7. The significant investments we have made in our disability operation over the past year quite frankly are really paying off. As part of

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our continuing improvement we also recently announced the consolidation of our Georgia claims office into our other claims operations  
which would even further increase our effectiveness and efficiency. I should point out that our growth targets in our dental business  
remain challenging. While second quarter last year was so strong we do expect our claims experience to improve over the next two  
quarters. We do not expect meaningful premium growth however over the remainder of the year due to the trend toward a higher  
percentage of administrative service only business that we discussed before.  
Beyond that period however our network growth strategies new voluntary offerings and new core offering should bode well for future  
growth in dental. As always retirement and savings, premiums and fees and other revenue premium tend to vary from quarter to quarter.  
More importantly our business on which we earn spread as measured by client balances has increased by approximately 12%  
year-over-year which of course drives our earnings power. We are having a strong sales year in structured settlements. We should match  
or exceed the 2003 sales activity. We are continuing to leverage the individual agency channels in the distribution of our improved and  
replatformed small and mid-size retirement savings 401K product. 401 K sales for the first six months were up 25% driven by robust  
sales in our agency channels which are double what they were last year. Turning to individual operations. First year premium and  
deposits for variable and universal life segment were up 35% year-over-year largely driven by single premium universal life sales. Our UL  
with secondary products have been well-received in all channels.  
Annuity deposits are down 2% year-over-year. As we said last quarter we changed the accumulation rate on our GMIB benefit from 6% to  
5% and it's clear it's had an impact on sales. We expect annuity sales to rebound following the introduction of our guaranteed minimal  
withdrawal benefit, GMWB, in the beginning of August. We feel this benefit will be attractive to those at or near retirement looking for a  
fixed stream of requirement income guaranteed by MetLife. Going forward we plan to continue to offer both the GMIB and the GMWB. A  
quick note on sales headcount. We are pleased with the quality of new hires in both the MLFS, MetLife, and New England financial sales  
channel, and with the productivity gains in those sales forces. I also want to point out that we will continue to stress quality in the current  
base and in our move hires. Moving on to auto and home. Auto and home has had a terrific quarter; driven by continued reductions in  
claim frequencies in both auto and home and moderating auto severity. Our refined segmentation models used to price our auto and  
homeowners line have allowed to us grow in the most profitable risk segment. Overall I continue to be impressed with the quality of our  
management team that I partnered with over the years and their performance.  
Auto results were excellent coming in with a 91% combined ratio. Homeowners results were impacted by heavy catastrophic losses  
coming from midwest storms however excluding cats. homeowners results were in line with prior quarters coming in at non-cash  
combined ratio of 80%. Even though this was a very strong quarter we expect frequencies to continue to be favorable for the remaining  
of the year. With the renewed focus on growth we've begun to achieve top line momentum with sales up 16% over prior year. Importantly  
and our in force retention is up by 1.4 points further driving profitable growth. In our international segment revenues were up 2% from  
the prior years quarter, excluding the impact of the sales of Spanish operations revenues increased 13% as a result of core business  
growth. Sales are currently running ahead of 2004 plan especially in Korea, where the new VUL product is selling extremely well.  
Regarding Mexico the retention of business continues at or above expectations for the first half of the year and we remain optimistic  
about the remainder of the year. Regarding Asset Management operations, operating earnings jumped in the quarter as State Street  
Research earned significant performance fees relating to certain institutional products. In addition assets under management climbed  
12% or 5.6 billion, 51.7 billion, from the previous years quarter and asset slows were positive for the second quarter in a row. So before I  
turn it over to Bill I'd like to reiterate we've had a very, very strong quarter overall. We are continuing to focus on improving profitability  
while growing across each of our major product lines. We've laid a great foundation to meet our objectives for the full year 2004. With  
that I'd like to turn it over to our CFO, Bill Wheeler. Bill?  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Good morning, everyone. As Rob mentioned this was a record quarter for MetLife in terms of operating earnings and net income. I'm  
going to walk through the income statement, highlighting key issues. I'm also going to explain the unusual items which hit this quarter to  
give you a little color there and finally I'm going to give you a sense of how we think the rest of the year is likely to play out. Well, first let's  
talk about top line revenue which are premiums, fees, and other revenues. These totaled just over 6.4 billion for the quarter, an increase  
of 6.2% over the second quarter of last year. As Rob mentioned this is slightly below our expected pace of 7 to 8% and there are two  
areas which slowed us down a little bit. First in retirement savings we had an unusually strong level of structured settlement sales last

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year which did not repeat this year and second we divested our Spanish operations as Rob mentioned, in January of '04. You know, if you  
adjust for the sale our international operations grew 13 and adjusting for both of these items MetLife actually grew at almost 9%.  
We had a number of strong performances this quarter among our various businesses. Annuity top line revenue grew at 54% while  
reinsurance which benefited from RGAs acquisition of Alliance's life reinsurance business in the fourth quarter of last year grew at 37%.  
Our nonmedical health top line revenues grew 12% and group life revenues turned in a solid 8% growth rate. Through six months, we  
have grown our top line revenues at a 9.1% rate and even though that may moderate slightly in the second half of this year we are very  
pleased with this result. Turning to our key operating margins let's start with underwriting results which were generally excellent. Auto  
and home had an outstanding underwriting quarter posting a 93.1% combined ratio and excluding cats. and 88.1% combined ratio.  
Claims frequency is down significantly for the whole personal lines industry but we also believe our auto and home management team  
has done a great job competing for customer segments where they believe underwriting profits will be the largest. And even though the  
results here may moderate a little we believe that a very favorable environment will persist in the second half of the year.  
Turning to group disability we had another outstanding quarter with the morbidity ratio of 92,7%. Our approved incidents rates are  
substantially below the year ago period and we also are pleased with our claims management results. However despite strong group  
disability results the overall profitability of the nonmedical health segment was down this quarter. We had relatively weaker underwriting  
results in dental, individual disability and in the small business center. We expect all of these areas to post better results in the second  
half of the year. Turning to individual life we had good mortality results in the traditional open block and this was somewhat offset by  
below offset in the ULVL block and as we expected group term life residence a more normal mortality ratio of 93.3$ for the second  
quarter.  
Now I'd lake to discuss our investments results which we think were obviously outstanding. Our investment spreads were generally  
higher and as you can see from our financial supplement crediting rates continue to tick down across the board. A number of items  
contributed to higher returns in our investment portfolio. For example, our corporate joint venture income was higher than our expected  
range by about $40 million pretax. I should probably spend a moment just to, on corporate joint ventures, or CJVs they are private equity  
investments, you know, when we made investments in things like LBO funds. By their very nature their results can be uneven and are  
somewhat cyclical as well. The second quarter was obviously strong but more importantly we now believe that that class is recovering  
and we expect it to return 10% this year. We believe that the remaining excess return this quarter is about $20 million it's a combination  
of a bunch of stuff including equity link notes, bonds and commercial mortgage prepayments and securities lending activity which all  
performed favorably.  
Now let's discuss our expense management results for the quarter. I have to give you a little history. In the second quarter of last year  
there were two, one time events, the reductions specifically of litigation reserves and a write off of some previously capitalized expenses  
at New England which had the net effect of lowering our reported expenses by approximately $49 million. When you adjust for these  
items our operating expenses this quarter increased by only 2.6% over 2003. This compares to our top line growth rate of over 6% for the  
quarter. So our expense ratio continues to move down and it improved approximately 100 basis points year-over-year. We also had two  
unusual items which affected our operating expenses this quarter and they essentially cancel each other out but I will explain both of  
them in a little more detail. First we released $49 million from our group life premium tax accrual which shows up as an offset to other  
expenses in that business segments income statement. As part of the review of certain balance sheet accounts, we felt that our accrual  
here was simply too conservative and that we could no longer justify it and we made the release. This has the affect of increasing group  
lifes operating earnings by $31 million after tax.  
Now, the other unusual item for this quarter was that we gifted $50 million of appreciated stock to the MetLife foundation. This shows up  
in other expenses in our corporate and other segment and has the effect of reducing operatings in that segment by $32 million after tax.  
Now let me explain about the MetLife foundation for a minute. We are under no obligation to contribute any money to the foundation. It  
is purely voluntary. The last contribution we made to the foundation was in 1997 when we donated $25 million. We felt that given our  
strong results this quarter now was an appropriate time to make another contribution. Turning to our bottom line results we earned 842  
million, or $1.11 per share in net income this quarter. This includes $174 million, or 23 cents per share, in after tax investment gains and so  
our operating EPS is 88 cents. On a statutory basis for all of our combined statutory entities we produced 659 million in net income and  
that compares to 150 million in net income in the year ago period. We are still on track to achieve approximately 2 billion in full year net

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statutory income.  
During the quarter we purchased -- repurchased approximately 6.1 million shares of stock for a total of $210 million. Because of our  
strong results this quarter and because of the fundamental ongoing strength of our businesses we have raised our EPS guidance for  
2004 to $3.22 to $3.30 per share and that compared with our previous estimate of $3.08 to $3.18. In addition we had previously expected  
our ROE would be essentially flat for 2004 as compared to '03 when it was 12.4%. We now expect our ROE will likely range from 12.7 to  
12.9% in 2004. Let me take just a minute to explain the announcement of our IRS audit for the 1997 to 1999 tax used in the press release  
because that probably confused a little some of you. We believe that our IRS audit may be resolved between now and the time that we  
actually file our 10(Q) for this quarter. If this is the case the effect of the audit will have to be reflected in a revision to our second quarter  
financial results and we'll do that by filing an 8(K) and we'll also have to reflect those results in our second quarter 10(Q). We believe that  
if the audit is concluded as expected second quarter financial results will be favorably impacted and we will revise our second quarter '04  
earnings to reflect that impact. Again we are very pleased with the quarter and we feel we've got a lot of momentum moving into the  
second half of the year as well as in to 2005. And I'd now like to turn it back over to the operator to take your questions.  
QUESTIONS AND ANSWERS  
   
Operator  
Ladies and gentlemen, if you wish to ask a question, please press star then one on your touch-tone phone. You will hear a tone indicating  
you have been placed in queue, you may remove yourself from the queue at any time by pressing the pound key. If you are using a  
speaker phone, please pick up the hand set before pressing the numbers. Once again if you have a question, please press star, one at this  
time. One moment please for the first question. Our first question comes from the line of Jason Zucker from Fox-Pitt, Kelton. Please go  
ahead.  
   
Jason Zucker Fox-Pitt, Kelton - Analyst  
Great. Thank you and good morning. A couple questions. First, Bill, does the increased guidance include any expectations for increased  
share repurchases? And is there a chance that the '05 planned repurchases could be higher than originally expected? Then I just have a  
follow up.  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Well, I think we're still thinking that overall stock repurchases for this quarter will be $500 million and I think through the first six months  
we've purchased 275. For the year, excuse me, for the year we are going to repurchase 500 for the first six months we'll repurchased 275.  
So we have a little bit to do in the last half of the year and I don't -- there are no plans to accelerate that now. In terms of '05 repurchases  
frankly, we haven't put out a target. But, you know, we do generate a lot of capital in this business and I think we all know that and my  
expectation is that the repurchases will be meaningful. I should just also mention, I'm glad you brought that up, Jason, because I wanted  
to make clear, you know, I talked about this IRS tax audit in the release we might have. That isn't included in our operating earnings per  
share guidance in case anybody thought that.  
   
Jason Zucker Fox-Pitt, Kelton - Analyst  
It is not included?  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
It is not.  
   
Jason Zucker Fox-Pitt, Kelton - Analyst  
Good. And then the follow-up question I had, was on the individual business it was the first quarter where earnings were over $200  
million. I guess given your outlook do you think that is a level now that's sustainable on a quarterly basis?  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
Hi, Jason, this is Stan Talbi. At least for the next few quarters we do expect earnings, you know, to be in the 200 range, in 2005 we'll give  
you guidance for December.

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Jason Zucker Fox-Pitt, Kelton - Analyst  
Great. Thank you.  
   
Operator  
Our next question comes from the line of Ed Spehar from Merrill Lynch. Please go ahead.  
   
Ed Spehar Merrill Lynch - Analyst  
Good morning. I had a couple of questions. Can you give us any sense of approximately how much dental earnings were off from recent  
periods? And then related to that, what's your confidence that we have just, this was a bad quarter for dental versus a return to a more  
normalized results in that line? The second question is on the GMWB, I was wondering if you could talk about what the price is going to  
be? And it sounds like you are looking at a little bit different target market. I mean, saying that you are going to target those that are at  
or near retirement looking for income, that would suggest that, you know, the utilization rate of the feature would be very high,  
potentially early on and I know that that's a risk factor with the product. So I was wondering if you could talk about that, thanks,.  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
It's Stan Talbi again. You know, in terms of dental let me just point out that we did not have a bad quarter, it's just that the underwriting  
earnings were below the excellent performance that we had last year. If you recall last year we said we had made some changes in our  
claim reimbursement Met practices and that resulted in extraordinary underwriting gains and we said that going into the renewal year  
that some of the fees would have to be given back in the form of price reduction to customer. So we did, you know, we had less  
underwriting earnings in the first half of this year than we had in the first half of last year. Dental experience is generally seasonal and in  
the second half of the year we generally see an improvement in underwriting results. So we do expect that to happen in the second half  
of this year. To quantify the effect of the reduced underwriting earnings, from 2003, 2004 current quarter it's about 9 million post tax.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Ed, you want me, I'm sorry, did that answer your question?  
   
Ed Spehar Merrill Lynch - Analyst  
Yes, and then the WB.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Let me just mention about the new option. The first place, we are going to introduce the option in August and one of the things about the  
industry variable annuity sales now that involve systematic withdrawal writers represents about 50% of industry sales. So in the first  
place it's a very, very attractive offer in the marketplace and we will be offering both and it allows us and our sales representatives and  
those independents that work with us to have a broader spectrum portfolio to meet the suitability requirements of their clients. Obviously  
if you sell this option relative to the suitability you would expect that it would be huge. And so certainly that's in our pricing. It's in the way  
we invest the assets. So we are very comfortable in looking forward to the roll out.  
   
Ed Spehar Merrill Lynch - Analyst  
Now when you say it's consistent with how you invest the assets, are you suggesting you are going to have some control over the  
allocation, the asset allocation decision of the individual with your WB product?  
   
Rob Henrikson MetLife Inc. - Pres., COO  
No, no, but the way the offerings are packaged. For example when we look at our annuity business in general, one of the things, the first  
starting place that I look at certainly is the usage, the type of options coming in from our different distribution channels and so forth. So,  
you know, we'll be monitoring that as we do with all of our annuity products. But, no, the choice is with the consumer and the option is an  
attractive one.  
   
Ed Spehar Merrill Lynch - Analyst  
Any chance you'll give us what the pricing will be?

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Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
Yeah. The -- we have filed it's a 50 basis point annual charge and optional charge. The product will be very competitive with some of the  
leaders in the marketplace as Rob has pointed out. And to the point of pricing, we do anticipate a fairly high utilization rate of the  
product and will price it appropriately with that. We are not counting on low utilization of this writer to support the price.  
   
Ed Spehar Merrill Lynch - Analyst  
Thank you.  
   
Operator  
Our next question comes from the line of Nigel Dally with Morgan Stanley. Please go ahead.  
   
Nigel Dally Morgan Stanley - Analyst  
Great. Thank you. Firstly is international, do you think you can give us an update on your progress entertaining the various blocks of  
business in Spain and (INAUDIBLE) and if there's been any news on the Federal Government case. Second with asbestos. Some of the  
property casualty companies have reported reserve additions this quarter. So I was wondering if you could give us an update on trends  
you are seeing in your own block and your accompanying reserves. And then just lastly on the withdrawal benefits, just a couple of days  
out as to how you plan to hedge the risks with that part as well. Thanks.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Nigel let me start on Mexico and then maybe I will pass it over to Bill for additional comments. You know, the Mexican, as I mentioned in  
my opening comments, the business in Mexico including the Federal Government business is going actually above expectations at this  
point. Both in the group insurance area and what we call work side marketing. So we are feeling, you know, right on target there. Bill, you  
want to add anything to that?  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
No, the only thing I would say on the second part of the question is that we do expect that the Federal Government group insurance  
business will come to bid towards the ends of this year for an '05 renewal.  
   
Nigel Dally Morgan Stanley - Analyst  
I guess just to follow up on that, out of the total number of blocks of business which are coming up a bit, how many have already come  
and gone? How many have passed you now?  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Yeah. We are actually 50, about 55% of the way through the for the year and that's about what you would expect.  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
That's on about 30% of the business. The other 70% doesn't actually renew but has persistency that's higher than we had to have been  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Coming back to asbestos and what we've been saying all along and as I'll say it again, we are very comfortable with the reserves we've  
set up. We still have an additional 275 million in our insurance contract with high net reserve. We also said that we believe that there was  
an acceleration of claims because of the talk of legislation. That is bearing out in the claims. So if you look at what would be reported at  
the end of this quarter you will see that our claims are down substantially from last year at this time. You will also see that we are on  
track to have the lowest level of claims submitted in the last six years that I have data on. So we are really heading down to a very low  
level of claims well within our reserves. So we are very comfortable with where we are and we have been comfortable as we go forward.  
So I don't see that as an issue going forward.  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
In terms of our hedging, we did put in place our hedging program for our GMIB the guaranteed minimum income benefit program on July  
1, and as this product rolls out next week we do have a program in place as well for that.

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Nigel Dally Morgan Stanley - Analyst  
Okay. And, I guess a delta hedging strategy at this (INAUDIBLE HIGHLY ACCENTED)?  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Primarily. Yeah.  
   
Nigel Dally Morgan Stanley - Analyst  
Okay. Are you covering the full risk to your earnings or are you just covering the potential capital hedge.  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Well we are doing it smartly. We are looking at the accounting volatility, we are hedging that. And we are looking at hedging the rest of it  
with a corridor because the benefits are really half of the money right now so we don't want to spend a lot in hedging the rest of it and  
creating volatility earnings.  
   
Nigel Dally Morgan Stanley - Analyst  
That's great. Thank you.  
   
Operator  
Our next question comes from the line of Saul Martinez from Bear Stearns.  
   
Saul Martinez Bear Stearns - Analyst  
Hi. Good morning. Two questions. One on loss rate and fixed annuities. The loss rate has been coming up over the last few quarters. Can  
you give us a little bit of color on what's driving that? Is that a function of rising rates and what do you expect going forward in terms of  
the loss rates there. And just secondly if you can provide us a little bit more color in terms of corporate joint venture income and  
prepayment income, specifically where those gains are being booked and if there are any segments that are disproportionately benefiting  
from those gains.  
   
Jim McCaffey MetLife Inc.  
Hi, it's Jim McCaffey, I will take for fixed and elapsed rates, we did see a slight increase in our lapse rate, I believe 8% this quarter. It  
primarily came from our old Copa business. We had a block of annuity business coming up for renewal and we saw a little bit higher  
nonrenewal than we expected. So that was in the second quarter, sort of a blip there in fixed annuity renewals. We do anticipate that it  
will slide back down to the 7.5 the 7.6% range next quarter. We really don't feel it's a function of rising rates. Our rates still are at or  
above our minimum rates and current credit rates will still be lower so we don't see that pressure at this point in time so we will see it  
return back to normal next quarter.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
With regard to the corporate joint venture prepayment income, there's really no, another thing, they are spread out all over the company.  
So everybody has got a little piece of it and so that effected it, if you had to say which benefited disproportionately more or less I think  
there's sort of two things. One is that a lot of thesis in corporate and other. Okay? Which isn't really surprising. The second thing is  
interestingly retirement and savings actually benefit a little less, especially from the CJV income. They had some of it but  
disproportionately they benefited a little less so that gives you a little better feel.  
   
Saul Martinez Bear Stearns - Analyst  
Okay. Just to follow up on the fixed an annuity lapse rate. If I look at it going over the last I guess six quarters it's trended upwards from  
about 6.5%. What's sort of a normalized lapse rate? Is it the 7.5% rate or should we expect it to be lower than that?  
   
Hugh UNIDENTIFIED MetLife Inc. - UNKNOWN  
Yeah, it's Hugh again, I would say it's in the 6.5 to 7.5 range. You know It bounces around as we have blocks of business coming up for  
renewals but I would have it in the 6.5 to 7.5 range at the current level of interest rates.

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Rob Henrikson MetLife Inc. - Pres., COO  
Remember, lapse at the (INAUDIBLE).  
   
Saul Martinez Bear Stearns - Analyst  
Okay. Great. Thank you.  
   
Operator  
Our next question comes from the line of Joan Zief, from Goldman Sachs. Please go ahead.  
   
Joan Zief Goldman Sachs - Analyst  
Thank you, good morning. I just have a couple questions. I was wondering if you could talk about what you are expecting for the  
competitive environment in employ benefits going into this next renewal seasons as companies are essentially looking at a bit higher  
interest rate and maybe improving employment numbers. And then the second question was about acquisition opportunities. I mean  
you've got a lot of money. You've got a lot of excess capital. Do you believe that acquisitions are just not available at this point in time?  
And then I guess my third question is, you've got such a strong earnings growth target for this year. What does it mean for 2005?  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Joan, it's Rob. Let me take them in sequence. In the first place in terms of competitive environment, I'll sound like an old war-horse here  
but it's always competitive in the employ benefits marketplace. It comes from different places at different times but it's competitive. And  
we continue to differentiate ourselves across the board in institutional business, not only with the broad proliferation of products we have  
but because of the service capabilities around it and what I call demands drivers from the buyers? So you have even in products that have  
been deemed to be commodity products in the past, the buyers need, that is the planned sponsor, drives a whole set of demand  
requirements and quite frankly we are one of the few carriers that can even begin to answer those questions for them certainly across a  
broad book of business. So it continues to be competitive. We continue to see at the very upper end of the market what we think are some  
irrational pricings. After certain sort of large trophy cases. We see all those, of course, and we are happy with the ones we've not been  
successful with in terms of writing this year because there have been some oddities in pricing. But in spite of that we are growing very,  
very strong in our national accounts marketplace as well as we are across the board. So we feel good about that.  
In terms of better employment, we've demonstrated in the past when employment is down we are insulated more than most. I think you  
will find when employment is up we will grow faster than most. So that's how I feel about those. In terms of acquisitions, you know, I  
think here at Met today versus maybe some time in the past almost everything we do we run through the thought process of build, buy or  
rent. And in terms of acquisitions, we look at it in terms of what we will, in terms of weaker competition, what we'll absolutely win in the  
marketplace versus buying blocks of business versus buying companies. And you have to understand what you're buying. There are some  
opportunities out there. We've taken a look at some things. And you know, there are some negatives in terms of what's been available.  
We've made a couple of small purchases as you know. But I would say tune in because we continue to look. In terms of 2005 earnings,  
maybe Stan would want to?  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
I would prefer that -- wait till December. We still think we are going to be in a 10 to 15% range, that's what I said before, so that would be  
our expectation going forward based upon the three-year plan we talked about in December. And just to comment a little bit about  
acquisitions that Rob talked about, we do have a lot of people who love to sell sometimes but the price they are asking is the issue. And  
we believe we should continually grow our market cap. We are going to grow our market cap. And we're going to do that by improving  
our earnings, the quality of those earnings, the ROE is going to continually improve. We have targets we feel pretty confident about in the  
planned period and if there's an acquisition that makes sense for our shareholders then we are going to go ahead and do that. But, if it  
doesn't then we are going to continue to do what we've been doing which is growing our earnings 10 to 15% and continue to move  
towards a 14% ROE at the end of 2006.  
   
Joan Zief Goldman Sachs - Analyst  
Thank you.

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Operator  
Our next question comes from the line of Andrew Kligerman from UBS. Please go ahead.  
   
Andrew Kilgerman UBS - Analyst  
Good morning. Looks like everything was real solid in the major areas. I want to ask a few questions about some of the smaller items.  
Number one, State Street, what's the commitment long-term and how are you feeling about that business? Two, with regard to dental,  
just to get a little more clarity, can you give us a benefits ratio on that business? And lastly and thirdly, with regard to your property  
casualty business, the combined ratio looked phenomenal at 93% after a lot of catastrophes. What are you doing differently than your  
competitors that might sustain good numbers like when the industry gets irresponsible and I suspect that might not happen in the -- it  
might happen in the not too distant future.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Andrew, I will just comment on the State Street research management. First of all I think the team has done an outstanding job of  
improving their performance. You look at our equity performance in particular. It was done well. We are turning around, doing our best to  
get that turnaround rapidly on the fixed income side. But it's a business we are in. I've said in the past that it's not a strategic business per  
se as you think about open platforms across the management. We've said it's not a core business for our organization but it's a business  
we are in and they are doing well and as you can see the performance in the second quarter of the organization. So for now we are going  
to continue to be in the business unless a better alternative comes along.  
   
Andrew Kilgerman UBS - Analyst  
Great.  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
-- dental, we don't really report to that level. It obviously varies by market segment, you know, it's higher at the small end -- lower at the  
small end of the market because of the higher distribution cast and extremely high similar to our term life loss ratio at the national  
accounts end of the marketplace. But I would say a lot of our dental earnings are also driven by expenses. You know, the fact is that at  
the large end of the market a lot of our business is administrative service only and doesn't include any underwriting.  
   
Andrew Kilgerman UBS - Analyst  
So Stan, what kind of return business would you say your non-administrative services only business would be?  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
I think I'd say at the level of earnings that we are producing in the second quarter it's still well in excess of 20%.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Okay. Andrew, let me take a shot at the, at your auto and home question then I will pass it to Cathy if she wants to make any additions.  
You know, the auto and home business in general is, in the first place, there's sort of the business climate is driven in any business in  
what I call a demographic trends. The demographic trends in the auto business in particular are quite attractive. Lower frequencies and  
that has to do with ratio of vehicles to drivers, safety laws, you name it. And in that climate the question is, you know, how do we  
differentiate ourself particularly when people might do some things on the pricing side that puts some pressure. I would say we are one  
of a handful, maybe if you identify handfuls as maybe the number of fingers on your hand, we are about one of a handful of companies  
that has the sophistication, what I call pricing segmentation or tiering and the technology to drive that. We've spent quite a bit of time,  
effort, and manpower, and money developing that technology and now it should really pay off. So as I mentioned you will get more  
preferred risks. You will have improved retention in that business. And I can't emphasize how much we leverage auto and home going  
forward by multiple distribution opportunities. So we have direct marketing. We have our own agents, of course. We have independent  
agents. And a very unusual group insurance franchise as you know. So it's sustainable. We think on a relative basis we will probably  
become more competitive in terms of bottom line earnings than other companies. And the only other thing I would mention is remember  
the volatility measure we put in. So I don't know if there's anything else, Cathy, might want to add.

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Cathy Rein MetLife Inc. - Sr. Executive Vice President  
I think that as Rob said, we've spent a lot of time in the last several years getting our earnings to a level that's appropriate for our  
business and cleaning up our reserve division. But during that time we have invested significantly both in volatility management and we  
continue to be very disciplined in the geographic risks we take. And in technology. Our claims operation is probably second to none in  
technology. And in risk segmentation we are one of very few companies that can do the sophisticated rate to risk matching that allow us  
to really rifle target our best prices to the very best customers. And moving into this kind of a tiering program is very expensive and very  
complicated. So it makes the gap between those companies which do it and those that don't that is a major competitive disadvantage.  
And we are continuing to invest in widening that gap for our company. This kind of a tool is particularly effective in a soft market because  
it allows you not only to drive the best risk to your company but you drive the worst risk to other companies and that helps us in many  
ways. I'm also very proud to say that the auto and home team while making these investments and improving our bottom line has kept  
very extremely favorable expense ratios in our business which should help us continue to be very competitive. So what differentiates us is  
the combination of our sophisticated pricing, our unique product differentiation because we really do have differentiated products in both  
auto and home, and our highly energized multiple distribution channels that are very anxious to keep going at accelerated growth. So we  
are very confident for both 2004 and beyond.  
   
Andrew Kilgerman UBS - Analyst  
Thanks.  
   
Operator  
Our next question comes from the line of Liz Werner from Sandler O'Neil. Please go ahead.  
   
Liz Werner Sandler O'Neill - Analyst  
Good morning. Just a couple of follow up. Most of my questions were asked. But with respect to the acquisition environment, do you have  
any sense that there are more or less players in the market in terms of the number of companies looking at transactions? And as a follow  
up to your comment on looking at buy, billed, or rent, have you ever considered looking at maybe teams of people at companies that you  
would target? Then I have one quick follow up.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Okay. In terms of more or less, you know it's one of those things. If you believe the banker community there's 20 people looking at  
everything with a hot pencil so I don't know if there are more or less out there quite frankly. But I think in terms of the way we look at  
something, we look at it fundamentally, we look at how it would integrate into our operations as Bob mentioned the worst thing you can  
do is, or implied, the worst thing you can do is bring people in an operation in that messes up something that's already running  
efficiently. So in terms of targeting people we just don't do that. We don't think it's good business practice out there in the marketplace.  
The only place that you hear about it frequently in all the businesses that I've been involved in is in the money management business  
where people will target people, but I don't think it's a good practice. So, no, we do not do that.  
   
Liz Werner Sandler O'Neill - Analyst  
Okay. That's helpful. And then as just a reminder in terms of your excess capital levels, if I remember correctly you generate about 1  
billion a year in excess capital. Is that number right or has it changed at all given the current growth prospects and how much of capital is  
actually dividend from the insurance of theories to the holding company?  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Yes. $1 billion in a normal environment is certainly, and I would say I don't think it's changed meaningful from given our second quarter  
results and so that's still a good number to think about but it's a little crude. In terms of dividend capacity, well, we haven't made any  
dividends yet this year we -- in almost every state that, you know, where we have a domicile insurance company the dividend lawsuit are  
fairly specific about the max dividends we can pull up. And I just off the top of my head think it's about $900 million okay, so on ordinary  
dividends. Obviously we have the ability with permission from insurance departments to do more than that and we have gotten  
permission to do that in the past. So that's sort of where we are at.

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Liz Werner Sandler O'Neill - Analyst  
All right. Great. Thank you.  
   
Operator  
Our next question comes from the line of Thomas Gallagher, CSFB. Please go ahead.  
   
Tom Gallagher Credit Suisse First Boston - Analyst  
Hi. A few questions on annuities and then another one on spreads. The first question is, as you transition off of your old GMIB product  
really and get more focused on the GMWB., A., is that the right characterization and, B., are we going to get kind of a V shape in sales? In  
other words have you seen sort of a deceleration and do you think there might be a little bit of weakness as you transition to the new  
product?  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Let me start off with the first question within your question, I wouldn't characterize it that way. We essentially feel that if we have a  
product out there that we are supporting we'd like to see it sell and we'd like to see it grow. So we are not trying to emphasize one over  
the other. There are different market segments that have different needs. Hugh you might want to--  
   
Hugh UNIDENTIFIED MetLife Inc. - UNKNOWN  
Yeah. I think the positioning for GWB is clearly income now. We've seen the market place move more towards that of some of our  
competitors. So I really see that we are just looking for incremental sales from this benefit as we get into that part of the marketplace as  
Rob said. So, you know, we've seen a little bit of, you know, slow down in our revenue sales while it's still very strong we do anticipate  
that this will put us in a marketplace we just haven't been in right now.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
And some forget too, that the first quarter did see the benefit, a lot of you on Wall Street know that a fire sale does generate more sales.  
And when we changed our rate in the latter part of the first quarter that did cause a little bit of uptick in sales that can't be replicated in  
the second quarter. So that's a little bit of what you see when you look at sequentially quarter over quarter.  
   
Tom Gallagher Credit Suisse First Boston - Analyst  
Okay. And just a follow up on that, can you just comment on what the percent of your annuity sales that have the GMIB benefit and how  
that's been trending? And when -- and kind of where you would expect that to go?  
   
Hugh UNIDENTIFIED MetLife Inc. - UNKNOWN  
It's Hugh again. The percent electing GMIB across the enterprise between 55 and 58%. We would anticipate that GWB will pick up some  
of those sales. We don't believe they will cannibalize them. I think these are incremental sales. So you know, we would hope that the  
GWB will probably get in the 25 to 30% range of election and be truly incremental sales.  
   
Tom Gallagher Credit Suisse First Boston - Analyst  
Okay. Gotcha. And then just I guess a broad question for either Bill or Stan. Can you just comment on where you stand with regard to  
crediting rate flexibility across the board for the company and your game plan for likely movements on that end as you think about  
managing spreads? Thanks.  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
As you know we have had and continue to have flexibility on both our preferred annuity and our Universal life segment. Yeah, you can see  
in the crediting rates that they continue to trend down. And in both segments the average crediting rate is still about 55 to 60 basis  
points above the minimum. So there's still more room to move, obviously it depends on which way your rates go whether we continue to  
move those down or whether we cease and reverse. But, you know, as you've seen, you know, these spreads were very strong this quarter,  
you know, somewhat driven by the corporate joint venture and some of the other extraordinary income items. But pretty much across the  
board we are meeting our targets, that we shared with you on investor day and we'll come in above those targets in several segments.

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Tom Gallagher Credit Suisse First Boston - Analyst  
Just one last follow up, so, Stan, based on where rates are right now, is there a need to continue to lower crediting rates for the balance  
of the year or are you fine with where you're at now.  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
Well we probably won't lower them more than where we are right now but you will continue to see some continuing trends, you know, 3  
to 5 basis points for those segments each quarter for a couple quarters.  
   
Tom Gallagher Credit Suisse First Boston - Analyst  
Okay. Thanks.  
   
Operator  
Our next question comes from the line of Vanessa Wilson from Deutsche Bank. Please go ahead.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Thank you. Stan, just to follow up on your comment about the 55 to 60 basis points, I'm just looking at the supplement on page 34 and  
the annuity average crediting rate in that supplement is 3.79. You are saying on that in force block you have another 55 to 60, or you are  
saying relative to new business being written?  
   
Stan Talbi MetLife Inc. - CFO, Revenue Producing Business  
No, that's on the in force block, the average minimum guarantee is somewhere between 315 and 320.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay. And my question relates to the investment portfolio yields. Bill gave us a sense of I guess 40 million of unusual level of corporate  
JVs. Looking at the investment yields that you gave us this quarter of 6.73%, what can we expect for the balance of the year? Lee had  
given us guidance coming off of 2003 and could you just update that a little bit and give us a sense of how to think about the yield maybe  
for the next couple quarters?  
   
Lee Launer MetLife Inc. - Exec. V.P. Chief Investment Officer  
Yeah, Lee here. I would say we are going to go drift down one is to pull out that unusual activity that Bill and others cited.  
   
Vanessa Wilson Deutsche Bank - Analyst  
How many basis points should we think about for that?  
   
Lee Launer MetLife Inc. - Exec. V.P. Chief Investment Officer  
12 or 13, 14, around in there. Then if you have the normal kind of rather natural drift of 7 or 8 or 9 underneath that you are going to get.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Per quarter?  
   
Lee Launer MetLife Inc. - Exec. V.P. Chief Investment Officer  
I'm sorry, per quarter, right. So you are down to 640, 635, 640, around in that area for Q3. Then each quarter you are going to see exiting  
unusual items you are going to see a little bit more drift in that 5 to 7 basis point range.  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Then, Bill, I'm sorry -- by the way the yield on the portfolio was 660.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay. After expenses? Sure. Then, Bill, I just was confused, the 40 million pretax that you talked about in the corporate JV and then you  
talked about a $20 million number, that was in addition to or part of?

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Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
In addition to.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay. So it's really a $60 million number that tracks with these 12 to 13 basis points?  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
That's correct.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay. Thank you very much.  
   
Operator  
Our next question comes from the line of Suneet Kamath from Sanford Bernstein. Please go ahead.  
   
Suneet Kamath Sanford Bernstein - Analyst  
Thank you. Two questions. First if I go back to the analyst day I think you guys had talked about perhaps expanding a little bit in the  
supplemental insurance market on the group side with some of the employee benefits. I was just wondering if there was any update  
there. And then second, you know, I haven't really heard much on the whole market timing in VA and VUL. It's obviously been kind of  
quiet on that front. I was just wondering if there was any update there. Thanks.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
The question of supplemental, are you speaking about critical illness or?  
   
Suneet Kamath Sanford Bernstein - Analyst  
Yes, that's right, critical illness.  
   
Rob Henrikson MetLife Inc. - Pres., COO  
Yeah. We, you know, I would say in terms of product roll-out designs and administrative focus and so forth this is probably the most  
carefully rolled out product design we've had. We are now in a position that in the, between now and the end of the year we are doing  
some very specific target marketing and we'll have some results to that which will give us an indication in terms of certain product  
features and certain distribution channels and so forth. And we will be ready to go in a major way in the first -- middle -- middle to the  
end of first quarter of next year. So we are very excited about that. And the feedback from the market players that we've talked to on the  
sponsor side as well as individual is very, very positive.  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
The other is in terms of market timing, we reported previously that we have a very limited situation at General American and we continue  
to work with the regulators ongoing to that one particular case but we are not aware of any other widespread or any other issues that we  
have within the company other than what we have previously reported.  
   
Suneet Kamath Sanford Bernstein - Analyst  
Okay. Thanks.  
   
Operator  
Our final question comes from the line of Al Capra from Oppenheimer. Please go ahead.  
   
Al Capra Oppenheimer - Analyst  
Thanks. I think you just addressed one of my issues. The other was does it relate to interest rates. Many are upbeat about what rising  
rates mean for crediting rate flexibility and potential spread expansion. But I was curious to know what your thoughts are on what a  
flattening of the yield curve would mean for both knew assets coming in the door and your existing portfolio as it reprises over time.

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Bob Benmosche MetLife Inc. - Chairman, CEO  
I can start and other people can chime in. With rising rates we think that has a very positive impact in sourcing to the business. As the  
fixed income market becomes more attractive. I think we can sell more fixed annuities with shorter surrender periods and that would  
attract more business. You know in terms of the existing portfolio, we have disclosed before that we did take a hedging position in  
anticipation of rising rates and a flattening of the yield curve. So we're well positioned for that. And then the third point I would make is  
that in one of our portfolios, you know, our TCA program and the group life segment, as short term rates rise it actually benefits earnings  
in that segment so it helps to compensate for some other areas where there might be a slight if negative effect.  
   
Al Capra Oppenheimer - Analyst  
That's helpful. Thanks a lot.  
   
Operator  
There are no further questions at this time. Please continue.  
   
Bill Wheeler MetLife Inc. - CFO, Exec. V.P.  
Okay. If there's no further questions I want to thank you all for joining us on the call. As we said we had a really strong quarter. The team  
is really feeling very optimistic about the rest of the year and I thank you for your participation and look forward to speaking to all of you  
in the next quarter. Thank you.  
   
Operator  
Ladies and gentlemen, this conference will be available for replay after 11:30 a.m. eastern time today through midnight on Thursday,  
August 5, 2004. You may access the AT&T teleconference replay system at any time by dialing 1-320-365-3844, and entering the access  
code 736301. Those numbers again are 320-365-3844 access code 736301. That does conclude our conference for today. We thank you  
for your participation and for using AT&T executive teleconference. You may now disconnect.  
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CORPORATE PARTICIPANTS  
   
Tracy Dedrick MetLife Inc. - Vice President of Investor Relations  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
   
Rob Henrikson MetLife Inc. - President, COO  
   
Bill Wheeler MetLife Inc. - CFO  
   
Stan Talby MetLife Inc. - CFO  
   
Lee Launer MetLife Inc. - CIO  
   
Bill Topetta MetLife Inc. - President of International  
   
Lisa Weber MetLife Inc. - President of Individual Business  
   
Charlie Symington MetLife Inc. - CFO  
   
Hugh Price MetLife Inc. - Director  
CONFERENCE CALL PARTICIPANTS  
   
Ed Behar Merrill Lynch - Analyst  
   
Nigel Dally Morgan Stanley - Analyst  
   
Vanessa Wilson Deutsche Bank Securities - Analyst  
   
Joan Zief Goldman Sachs - Analyst  
   
John Nadol Fox-Pitt Kelton - Analyst  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
   
Liz Werner Sandler O'Neill & Partners - Analyst  
   
Jimmy Bhullar JP Morgan - Analyst  
   
Saul Martinez Bear, Stearns & Company - Analyst  
   
Suneet Kamath Sanford C. Bernstein & Company - Analyst  
   
Al Capra Oppenheimer & Company, Inc. - Analyst  
   
Eric Berg Lehman Brothers - Analyst  
PRESENTATION  
   
Operator  
Ladies and gentlemen, thank you for standing by, and welcome to the MetLife third quarter earnings release conference call. At this time  
all participants are in a listen-only mode. Later we will conduct a question-and-answer session. Instructions will be given at that time. If  
you should require any assistance on today's conference please press star then zero and an AT&T operator will assist you offline. As a  
reminder, this conference is being recorded. I would now like to turn the conference over to your host, Tracy Dedrick, Vice President of  
Investor Relations. Please go ahead.  
   
Tracy Dedrick MetLife Inc. - Vice President of Investor Relations  
Thank you, Shelly and good morning. Welcome to MetLife's third quarter 2004 earnings conference call.  
Joining me this morning are Bob Benmosche, Chairman and CEO, Bob Henrikson, President and Chief Operating Officer, and Bill  
Wheeler, Chief Financial Officer. After our brief prepared comments, we will take your questions. Here with us to participate in the  
discussion are Lisa Weber, President of Individual Business, Bill Topetta, President of International, Kathy Ryan, President of MetLife  
Auto & Home, Lee Launer, Chief Investment Officer, and Stan Talby, Chief Financial Officer for the revenue producing businesses.  
This morning we will be discussing certain financial measures not based on generally accepted accounting principles, so-called  
non-GAAP measures. We've reconciled these non-GAAP measures to the most directly comparable GAAP measures in our earnings  
press release and in our quarterly financial supplement, both of which are available on our Web site at www.MetLife.com, on the Investor  
Relations page. A reconciliation of forward-looking financial information to the most directly comparable GAAP measures in not  
accessible, because MetLife believes it is not possible to provide a reliable forecast of net investment-related gains and losses which can  
fluctuate period to period and may have a significant impact on GAAP net income.  
And with that now, I'd like to turn the call over to Bob Benmosche.  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
Good morning to everybody and as you can see we've had another very good quarter for our Company with net income up 23% which is  
about 92 cents a share and this is just another strong quarter this year.

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We've had a good year and we'll talk about that in terms of the fundamentals of our business. We've had a good year both at the  
bottom-line and also our top-line growth continues to be strong.  
And while we've had a good year, this quarter like some of the other quarters still had some tough wind that we had to face in that we  
had flat equity markets, we continue to have a low interest rate environment, and quite frankly we had some pretty tough weather to deal  
with in this quarter with the hurricane season down in Florida.  
And I must comment that the Auto & Home Company, we've talked to you about this over the last several years, we've said that this is a  
strategic part of our Company, it provides strong value and other product lines, and we also said that we would manage the volatility by  
really looking at where our exposures were and managing that book of business very effectively. And while we had strong reinsurance  
that did not come into play this quarter, and I will tell you that if you look at the results of the Auto & Home Company, you can see that  
this is a strong part of our Company as we go forward.  
I must also tell you that even though we had a tough quarter to come through, the Auto & Home Company did an absolutely outstanding  
job in working with our clients, and we're the only Company reflected in our results this quarter, we're the only insurance company that  
we're aware of in the state of Florida that had a seasonal deductible, so that our clients only had to pay one deductible, because part of  
our value proposition to our clients is we want to be there for them when there are difficult times. And so that activity is also reflected in  
this quarter.  
But the strong quarter is really a result of the diversity of our earnings. We've talked about our breadth and depth as a Company, and you  
can see that all of that is coming to bear in the three quarters so far this year and so we have a great deal of confidence towards our  
annual goal of 322 to 330 earnings per share for this year.  
Also, because of our strong earnings and our capital flexibility, we've been able to achieve, but we did raise the dividend, and it's an  
annual dividend, keeping in mind, of 46 cents. And we're also continuing to focus on our shareholder value.  
And we're going to do that through growing our earnings per share. You're going to continue to see us improve our ROE, and one way to  
do that is to look at the amount of excess capital we have and you see that the board has just approved a $1 billion addition to our share  
repurchase capability so we'll continue to bay back shares and of course, we've already announced the $200 million share repurchase for  
this coming quarter.  
So all in all we're going to do this and continue to maintain our strong AA rating.  
I look forward to your questions and I also look forward to seeing all of you on investor day. Please keep in mind that will be December  
6th. We have changed the hotel so please make a note, we're going to be at that time Marriott Marquis this year. Look forward to your  
questions and seeing you at the meeting in December.  
What I'd like to do now is turn it over to Rob Henrikson who will bring you up to date in a little bit more detail of how we achieved these  
results this quarter. Rob?  
   
Rob Henrikson MetLife Inc. - President, COO  
Thank, Bob and good morning everyone.  
Turning to business I'm pleased to report on what is another good earnings quarter for MetLife. In a few minutes, Bill Wheeler will talk  
about the financial results for the quarter but first I'd like to comment on the business results.  
The top-line, defined as premiums, fees, and other revenues, grew at 12.9% versus the third quarter of 2003, and grew at 10.4%  
year-to-date. The growth rate is currently above our projection of 4 to 8% for 2004.

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Also boosting the quarter were very strong underwriting results in almost every business as well as continuing favorable investment  
margins.  
Now I'd like to touch on a number of the highlights in each of our segments.  
Turning to Institutional operations, we had another strong quarter. Group Life premium fees and other revenues were up 8% this quarter.  
This growth is primarily due to continued sales growth and favorable persistency as well as the acquisition of the John Hancock Group  
Life business.  
We continue to grow faster than the overall market by leveraging our broad portfolio of products in all market segments, and by  
differentiating ourselves through our service capabilities. In addition, mortality experience was quite favorable with the incurred loss ratio  
improving from 93.3% in the previous quarter to 91.3%.  
Retirement and savings premium fees and other grew66% year-over-year as a result of strong sales in the quarter, particularly in our  
structured settlement and pension close-out businesses.  
As I mentioned last quarter, we are having a strong sales year in structured settlements. And year-to-date we have exceeded the 2003  
sales activity.  
We are continuing to leverage the individual agency channels in the distribution of our improved and replatformed small and mid-size  
retirement savings 401(k) product. 401(k) sales for the first nine months were up 20% driven by robust sales in our agency channels.  
Finally, our total client balances in retirement and savings, on which we earn a spread, have increased by approximately 11%  
year-over-year.  
Non-medical health premiums and fees and other revenues increased 16% over the prior year quarter. The increase in this segment is  
due to continued growth in all products in this segment aided by the strategic acquisition of the TIAA-CREF long-term care business.  
Sales through the small business center have been favorable, continuing to reflect our efforts as I've previously discussed, to expand this  
channel by opening nine additional metropolitan locations in the last four years.  
As you may recall last quarter, we announced the consolidation of our Georgia disability claims office into our other claims operations.  
This quarter reflects additional expenses associated with that restructuring.  
As I said before, our dental business remains challenging, particularly in the middle market segment due to the trend toward  
administrative service only business. In addition, our claims experience in the third quarter was still not where we'd like it to be, but we  
expect it to improve in the fourth quarter.  
Finally, group disability's morbidity ratio improved to 92% sequentially, due to the anticipated lower long-term disability claims  
incidence.  
Turning to Individual operations, premiums, fees, and other for the individual operations were up 3.4%, and operating earnings were up  
18%, both over the same period last year. In traditional life, operating earnings were down 17% from the prior year's quarter, due  
primarily to adverse mortality, lower investment income, and slightly higher expenses.  
Operating earnings in variable and universal life were 30% higher than the previous year's quarter, primarily due to favorable mortality  
and improved spreads. Universal life deposits remain strong, up 52% over last year, largely driven by high initial premium sales, while  
variable life deposits remain at recently relatively depressed levels.  
In the annuity segment, operating earnings rose 46% year-over-year due to the growth in the business and improved spreads. As you will

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notice, annuity deposits are down 16% sequentially, and down 15% year-over-year, as variable sales are down due to lackluster equity  
markets.  
As we said last quarter, we changed the accumulation rate on our GMIB benefit from 6% to 5%, and it's clear it's had an impact on sales.  
And though we introduced our guaranteed minimal withdrawal benefit rider, in the beginning of August sales in GMWB have not grown  
fast enough to offset the decline in GMIB sales.  
We continue to feel that this benefit will be attractive to those at or near retirement looking for a fixed stream of retirement income  
guaranteed by MetLife.  
Moving to Auto & Home, as you know, last quarter was pretty tough on the population of the Southeastern United States and on our  
customers that live in that area. Four hurricanes in one quarter is less probable than a one in 100-year event.  
As Bob mentioned, after the second hurricane hit Florida, MetLife made the decision not to charge customers who suffered multiple  
losses more than one deductible, even though we have the contractual right to charge a deductible for each event.  
MetLife has always tried to do the right thing by its customers. We believe that this approach will pay for itself many times over in  
customer loyalty and goodwill, and in the end is the right decision.  
That being said, hurricane losses at Auto & Home in the third quarter were approximately $66 million after tax. Excluding all  
catastrophes, however, the combined ratio declined to a very favorable 84.8%. The best results ever for MetLife Auto & Home  
This improvement, in the combined ratio was driven primarily by continued reductions in claim frequencies in both Auto & Home and  
declining auto severities.  
Our refined segmentation models used to price our Auto & Homeowners lines have allowed to us grow in the most profitable risk  
segment. Auto results were excellent coming in with a 92.3% combined ratio, due to a reduction in claim frequency and a small favorable  
swing in prior year reserve development.  
Homeowners results were impacted by heavy catastrophic losses coming from hurricanes and other storms, and as a result, the  
combined ratio came in at 123.6% in the third quarter. However, these losses were partially offset by a reduction in the non-catastrophic  
claim frequency. And excluding CATS, the Homeowner's combined ratio was 68.2%, down 10 points from a year ago.  
In our International segment, operating revenues were up 13% from the prior year's quarter excluding the impact of the sale of our  
operations in Spain last year. This is due to robust sales in Korea, where the new VUL product is selling extremely well, and in Chile,  
where sales of annuities were strong in the third quarter.  
Mortality experience in Mexico has also been favorable and operating earnings are unusually strong. Regarding Mexico, approximately  
80% of the 2004 premium renewals for the government contracts are done.  
The retention of business continues at expectations so far this year, and we remain optimistic about the remainder of the year, but I want  
to remind you that we still have a number of contracts that come up to bid in 2005.  
And finally, in the two other countries where we are investing, India and China, I'm pleased to report that sales growth in India is robust  
and hiring is going very well in China.  
As you recall we're in the process of selling our asset management operations to Blackrock, and that is still on track to close in early  
2005. In the interim, operating earnings returned to normal in the quarter as expected. Operating earnings were 7 million versus 16  
million in the second quarter. By the way, we continue to be pleased with our new building relationship with Blackrock.

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So before I turn it over to Bill, I'd like to reiterate we had a very, very strong quarter overall. We're continuing to focus on improving  
profitability while growing across each of our major product lines. We've laid a great foundation to meet our objectives for the full year  
2004.  
With that, I'll turn it over to our CFO, Bill Wheeler.  
   
Bill Wheeler MetLife Inc. - CFO  
Thanks, Rob. Good morning everyone.  
I'm going to walk through our income statement highlighting the key issues for the quarter. I'm also going to briefly mention some  
capital and other issues which have also come up this quarter.  
So first let's talk about top-line revenue, which are premiums, fees, and other revenue.  
Fees totaled 6.8 billion for the quarter which is, as Rob mentioned, is an increase of 12.9% over the third quarter of last year. Now there  
two are significant items that drove this higher revenue growth that are sort of one-time in nature.  
First, we had a high level of structured settlement and other sales in our retirement and savings segment. Structured settlement and  
closeout sales can be very lumpy, okay, as it appears we seem to have a great quarter every three or four quarters, and so when we look  
at retirement and savings we focus more on asset balances as a better indication of growth in that particular segment and so far this  
year, our asset balances on the general policy holder account balances, in the general account of R&S are up over 10% since the  
beginning of the year.  
The second unusual thing which drove revenue growth this quarter was RGA's acquisition of Aliance's life reinsurance business in the  
fourth quarter of last year. That caused our revenue growth in our reinsurance segment to be very high. If you adjust for both the high  
level of sales in R&S and the Aliance acquisition, our revenue growth for this quarter was approximately 7.4%, which is in the middle of  
our expected range of 7 to 8%.  
The strongest segments in our business in terms of revenue growth were annuities, which were up 57%, non-medical health and other,  
up 16%, and Group Life which was up 8%, reinsurance, excluding the Aliance acquisition was up over 20%. Through nine months, our  
total revenues are up 10.4%.  
Now, turning to our key operating margins, let's start with underwriting results.  
Group Life mortality results were excellent at 91.3%, which is also the ratio in the year-ago period. Group disability morbidity was also  
excellent at 92%, versus the year-ago period of 99.8%.  
Individual life mortality was 78.8% this quarter which is relatively flat compared to 2003, but when you look at the individual product  
lines, mortality and traditional life declined, but it was effectively offset by better mortality in variable and universal life.  
Now turning to Auto & Home, this was obviously an interesting quarter due to the Florida hurricane activity. The combined ratio,  
including catastrophes, was 100.1%, and without catastrophes, it was a very impressive 88.4%.  
In the third quarter we planned for a significant amount of catastrophes, and we estimate that the actual catastrophe experience this  
quarter was approximately 50 million after taxes higher than our normal budgeted levels. That works out to be approximately 6 cents  
per share. Offsetting that somewhat was our very strong non-CAT underwriting experience.  
Frequency levels in both Auto & Homeowners were very low and severity is also moderating. We don't believe this level of non-CAT  
underwriting results is sustainable going forward, though we still expect it to be very good and estimate that the unusually strong results  
benefited us about two and a half cents or so.

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Now, I'd like to discuss our investments results and spreads which were strong this quarter.  
The overall yield on general account was 6.38% this quarter, as compared to 6.59% last quarter, and 651 for the year-ago period. Even  
though the level of unusual income was down substantially from last quarter, we still experienced a slightly higher level of corporate  
bond and commercial mortgage prepayment income.  
We estimate that this income was approximately 25 million above what would we would judge to be a normal level or about 2 cents a  
share.  
Meanwhile, with regard to crediting rates on our products, they were essentially flat in Group Life and down 4 basis points in retirement  
and savings. Higher interest rates at the short end of the yield curve is beginning to have an effect on our shorter liabilities in  
Institutional, but keep in mind that our current investment spreads are still higher than we normally expect.  
In Individual Businesses, our crediting rates continue to move down significantly in both annuities and ULVL, as those liabilities continue  
to be repriced in this low interest rate environment.  
Now let's move to expenses.  
Our expenses were up substantially this quarter, even after adjusting for the legal reserve release of $44 million in the third quarter of  
last year, expenses are still up over 14% for the quarter.  
So what happened? Well, there isn't any one big reason why they're up. And, frankly, there's a lot of little reasons, and at the risk of  
getting kicked out of the room, I'm going to give you five of them. Okay?  
First, expenses were unusually low in the third quarter of last year, even after adjusting for the legal reserve release. For those of you who  
look at our quarterly financial supplement, you can turn to page four and you can quickly eyeball our sequential quarters and see that the  
expenses in the third quarter of last year were low.  
There were a number of small adjustments to our expense levels in the third quarter of last year, including, for example, a lowering of our  
incentive compensation accrual. So that's one.  
Two, commission expenses in Institutional Business this quarter are very high relative to last year, and you can see that on page 23 of the  
QFS. Remember, we don't capitalize most of our acquisition costs in Institutional Business and higher commissions, which mean higher  
sales, are generally a good thing.  
Third, we had higher than normal DAC amortization levels in Individual Business. We had minor DAC unlocking events in both UL VL,  
and annuities.  
Four, we consolidate RGA's income statement onto our own as we own 52% of the company.  
RGA settled a dispute this quarter for $24 million, and the full amount of that expense is reflected in our financials. The effect of this  
charge on our reinsurance segment's operating profits is approximately 8 million, and that's the reason why profits are down from last  
year in this segment.  
And fifth, as Rob mentioned, we began the consolidation of one of our disability claim centers this quarter. In the long run, this move will  
save money and improve our effectiveness, but we did incur additional expenses this quarter.  
Okay. So that's five quick examples of why our expenses increased so significantly this quarter, but I think I should put this in context for  
you.

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Our operating ratio, which is defined as total operating expenses divided by total revenues, was 28.4% for the first nine months of 2003,  
28.4%. The comparable measure in 2004 is 27.7%. Okay?  
So, so far this year, we've improved our expense margin by 70 basis points. So despite this quarter, which was a tough comparison versus  
the third quarter last year, our overall expense margin is still improving year-to-date.  
Before I turn to our net income I need to mention one other thing.  
In the third quarter of 2003 we received a 36 million tax refund from the prior year's tax return. This year we recorded a $9 million tax  
refund from our 2003 income tax return, and this shows up in the corporate and other segment.  
Okay. Turning to our bottom-line results, we earned $695 million, or 92 cents per share in net income this quarter. This includes 74  
million, or 10 cents per share in after-tax net investment gains, and so our operating EPS is 82 cents.  
Through nine months our operating EPS, adjusted for certain one-time events which are footnoted on the front page of the QFS, is up  
19.1%.  
We also received new guidance from the accounting authorities on how to interpret SOP 03-1, which we had adopted in the first quarter  
of this year. The revised guidance had to do with revenue recognition in individual UL products.  
We had taken a very conservative approach to this accounting regulation and recorded a cumulative charge of $158 million in the first  
quarter. With the new guidance we reduced this charge to $86 million.  
In addition, our operating profits from ULVL increased by $3 million in the first quarter and $7 million in the second quarter. Because of  
rounding, earnings per share increased by one penny in each of the first two quarters.  
So our operating earnings per share through nine months is actually $2.50, not 248. Okay? And I'm excluding the 14 cents from the tax  
release which we recorded in the second quarter.  
Okay. Turning to statutory profits.  
On a statutory basis, for all combined statutory entities we produced $476 million of net income in the third quarter. Through nine  
months statutory net income was $1.859 billion. So it's been very strong. Total adjusted capital at the end of the third quarter was 16.5  
billion.  
Also, during the third quarter we repurchased approximately 6 million shares of our stock for a total of $221 million. We have now  
repurchased $496 million of stock through nine months.  
As we announced on Tuesday, our board has authorized a new $1 billion stock repurchase program. In addition, we announced that we  
would repurchase up to an additional $200 million in the fourth quarter.  
So to quickly sum up, it was quite a good quarter, and we are generally pleased with how our business is performing.  
And with that I'd like to turn it back over to Tracy.  
   
Tracy Dedrick MetLife Inc. - Vice President of Investor Relations  
Thanks, Bill. Shelly, we'll start to take questions now.  
QUESTIONS AND ANSWERS

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Operator  
Thank you. Ladies and gentlemen, if you wish to ask a question please press star then one on your touch-tone phone. You will hear a tone  
indicating you have been placed in queue. To remove yourself from the queue press the pound key. Once again, if there are any questions  
or comments at this time, please press star one. We have a question from the line of Ed Behar with Merrill Lynch. Please go ahead.  
   
Ed Behar Merrill Lynch - Analyst  
Good morning. I had one question for Bob. I'm wondering, do you have any, is there any change in preference if the right acquisition  
opportunity came along as a result of the recent regulatory events?  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
Could you narrow that down just a wee bit for me, Ed? I'm not sure what you had in mind.  
   
Ed Behar Merrill Lynch - Analyst  
Just broadly based. There are a lot of things going on. A lot of things going on.  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
Look, right now I don't see anything on the horizon, quite frankly, but if, in fact, as we look at any acquisition, what I've said before, it has  
to be right for us and right for our shareholders. It has to make sense for our Company and be meaningful enough that we would want to  
do that and disrupt the kind of progress we're getting right now from what we have on our plate already.  
So I don't see any unbelievable opportunities out there, and I don't think this is the right way to approach it. In M&A right now, it should  
be a smart transaction. And so I don't see anything right now that says, wow.  
   
Ed Behar Merrill Lynch - Analyst  
And just to follow-up. In terms of all the stuff that's been going on, in terms of the regulatory issues and, et cetera, do you see any  
fundamental changes in any major lines of business that you participate in?  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
I don't see any major changes. I think that the regulators are now working through how they deal with clarifying any issues that might  
exist regarding disclosures and making sure that those are clearly understood, and I think there's enough regulation on the books, but I  
think they have to look at it and make sure that all of us have very clear instructions about disclosures, and that's the only thing I can  
think of at this point in time.  
   
Ed Behar Merrill Lynch - Analyst  
Okay. Thank you very much.  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
Yep.  
   
Operator  
We go to the line of Nigel Dally with Morgan Stanley. Please go ahead.  
   
Nigel Dally Morgan Stanley - Analyst  
Great. Thank you. Good morning. First, just on spread income. Even if you exclude out prepayments, seems like spreads were generally  
above the level you got [inaudible]. With interest rates coming down, hoping you can provide some color on how sustainable those  
spreads are.  
And on a similar topic, with fixed annuities, how much room do you have to reduce down your crediting rates before you hit the  
guaranteed minimum floors on average? And also what percentage of your total business is already at those floors? Thanks.

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Rob Henrikson MetLife Inc. - President, COO  
Maybe I'll start with the general question about spread income, and I'll turn it over to Stan Talby and he can talk about fixed annuities  
more specifically.  
Our spreads still are very good across the board. And it is, yields, Nigel, it's also crediting rates, you know, especially in the annuities and  
the ULVL, you know, we've move our crediting rates down nicely, they continue to tick down as that business repriced and so that's why  
spreads are strong.  
We, look, you know, we are worried about interest rates, and we're worried about the level of where they're at now, and, you know, we  
think that we have some breathing room yet in terms of holding spreads, generally through probably the next 12 months, or through '05,  
possibly. But we're going to need relief eventually or we're going to have margin compression, you know, and I think as we analyze our  
business, we think that will probably, if nothing changes, that will probably start in '06. Stan.  
   
Stan Talby MetLife Inc. - CFO  
Nigel, at the end of the third quarter we still had some room relative to our minimum guarantees.  
In the annuity block we're roughly about 50 basis points over the minimum guarantee in terms of the average credit rate versus the  
average minimum guarantee, and there's about 30% of the block that's already at the minimum guarantee.  
In the UL block, we're about, I'd say about 40 basis points over the minimum guarantee. And there, too, we're probably about 30 or 40%  
of that block is at the minimum guarantee.  
So as the portfolio rate still comes down, as interest rates either stay level or start declining, we still have some margin to renew at lower  
rates, and we are, in fact, getting very close to our minimums and probably start being at our minimums later this year.  
   
Nigel Dally Morgan Stanley - Analyst  
Very helpful. Thank you.  
   
Operator  
And next we go to the line of Vanessa Wilson. Please go ahead.  
   
Vanessa Wilson Deutsche Bank Securities - Analyst  
Thank you. Along the same lines, could you talk about your spreads and minimums in your Institutional Business, Group Life retirement,  
and non-medical?  
And in addition, on retirement you grew the assets this year selling structured settlements and annuity close-outs. Could you talk about  
what kind of spread or what kind of interest rate exposure you have on those new sales?  
   
Stan Talby MetLife Inc. - CFO  
In the Institutional segment, starting with Group Life, the only minimums that are in there are on our TCA account, and we've been at the  
minimum for quite a while so the spreads that you see there is after the effect of those minimums, and you did see the spread come down  
but, again, at 143 basis points, it's still within our targeted range of 130 to 150, I'm sorry, 160 to 180. It should be in that range. Or 187. I'm  
sorry.  
In terms of retirement and savings, the spreads there are still very strong at 156. If you take out the prepayments, the excess  
prepayments, we're probably about 145, which is at the high end of our range.  
There are really no minimums there. Those, most of that business is written on a non-participating basis, so it is what it is, and, you know,  
there's no rate resets in there.

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The non-medical health business has both our long-term care and our disability, long-term disability business in it primarily, and our  
individual disability business, and again, those interest rates are based on the reserve discount rates. And again there, that's where the  
spread is about 143, and that's within our targeted range of 130 to 150.  
In terms of our structured settlements and close-out pricing, the margins on, the interest margins on those business are less than what  
we're actually achieving on the in-force business. So just the, you know, the business that we put on the books will tend to drive that  
spread down overall. But I will say that that business is priced at a 15% ROE overall, so we're not looking for the kinds of spreads that we  
have on our in-force business.  
   
Vanessa Wilson Deutsche Bank Securities - Analyst  
And Lee, could you just talk about new money rates?  
   
Lee Launer MetLife Inc. - CIO  
Sure. Well, new money rates have stayed essentially the same for the last few quarters, so I think if you include everything, everything, all  
the short-term roll that's around, 330 to 3.5, if you exclude some of the shorter term stuff it's around 4.5%, and it's been like that for a  
few quarters. Come up a little bit on the very short end.  
   
Vanessa Wilson Deutsche Bank Securities - Analyst  
You broke up a little bit, Lee. You're investing on average at 3.5%?  
   
Lee Launer MetLife Inc. - CIO  
When you rollover everything, and we have a very large short-term roll, as you know, we have a sizable short-term portfolios, it's about  
3.30. But if you exclude the very short-term, the under one-year material and you look a little bit longer it's in that 4.5 range.  
   
Vanessa Wilson Deutsche Bank Securities - Analyst  
Thank you.  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
In essence, Bob Benmosche again, we all have to keep in mind that you can't generalize these broad numbers as we think about how we  
invest for portfolios and our asset liability match. So it's tough to deal with averages here with the size and breadth of product and the  
Company. So I just want you to keep that that in mind.  
   
Vanessa Wilson Deutsche Bank Securities - Analyst  
Thank you very much.  
   
Operator  
We have a question from the line of Joan Zief with Goldman Sachs. Please go ahead.  
   
Joan Zief Goldman Sachs - Analyst  
Thank you. Good morning. I have two questions. The first question is, when you have an extra 2 cents just from the restatement, and, you  
know, the earnings, as you say, are very, very solid this quarter, I want to ask why the guidance didn't change for this year to adjust for  
the, you know, those extra earnings, and is there something going on as you look into fourth quarter that we should be thinking about  
relative to the, sort of the run rate and earnings power of the third quarter? So that's my first question.  
And my second question is, could you just review what your expectations are for statutory earnings going forward? You know, what would  
you expect the Company to be able to generate, say over the next year on a statutory basis, and, again, what are your, you know, sort of  
known uses of, you know, your cash flow?  
   
Bill Wheeler MetLife Inc. - CFO  
Sure. Well, no, we didn't revise our earnings guidance. I think we had talked about last quarter being at 322 to 330. Obviously we're  
probably going to be bumping up against the top end of that range, bit I think we're okay.

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There isn't any fourth quarter surprise that we think is going to really change our outlook. So, you know, that's about where we feel we  
should be.  
With regard to statutory net income, I think we've talked about being at 2 billion or 2.2 billion or so. Obviously through nine months we're  
at 1.86 billion. We're having a very good statutory earnings year.  
And there's some one-timers in there, but even when you adjust for that, they're very good. That's, I think, a sustainable number, and,  
frankly, we expect it to modestly grow. You know, in the future. Sort of in the same sort of trajectory that our GAAP numbers will grow.  
In terms of major uses, well, I don't think I'll name them all, but the way I think it's possible to look at it is, having this kind of statutory  
net income is consistent with the idea of having a billion dollars of free cash flow.  
So after, you know, capitalizing, you know, our internal growth that we experience, and in paying, you know, a healthy dividend up to the  
holding company and paying interest expense and common stock dividends, we still have a substantial amount of cash flow, roughly a  
billion or so, and that's what's available to utilize for either further dividend increases, stock buy backs, or possibly acquisitions. So I think  
that thesis still holds, Joan.  
   
Joan Zief Goldman Sachs - Analyst  
Okay. Thank you.  
   
Operator  
Next we go to the line of John Nadol with Fox-Pitt Kelton. Please go ahead.  
   
John Nadol Fox-Pitt Kelton - Analyst  
Thank you and good morning, everyone. I have two questions for you this morning. One is just back to the press release from about a  
week and a half ago about the broker compensation issues. And I just wanted to get your sense as you thought about the process that  
you went through to get the confidence to make the statements that you found no issues related to fictitious bidding, if you could  
describe the process that you went through and then I'll follow-up?  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
John, very simply, the process is an ongoing process where we have used external auditors, our internal auditors, interviews with,  
extensive interviews with the staff that were involved in the sales process, and as a result of that review and our continuing review, we're  
satisfied that we've not had any wrongdoing at this point in time.  
   
John Nadol Fox-Pitt Kelton - Analyst  
Great. And second question, moving to Individual Business, Bill, I think you mentioned about 3% top-line growth, yet 18% bottom-line  
growth this quarter. And I just wanted to get a sense, shaping up for '05, what needs to happen there to continue bottom-line growth at  
the double-digit rate. Does the top-line need to improve the growth rate to get there?  
   
Bill Wheeler MetLife Inc. - CFO  
Well, maybe I'll let Stan follow-up on what I'll say. Remember, the top-line growth rate, if you look at what's really going on here, is  
obviously we have a closed block which is shrinking, okay, we have, you know, good UL and life sales, but of course obviously, those are  
mainly FAS 97 products so a lot of the money that's coming in the doors and coming through as premiums, it's coming through as a  
deposit, which doesn't show on our income statement, and obviously that's really true in the annuity business where all we're recording is  
the fees, which are growing fantasticly, but the money coming in the door is coming in as a deposit.  
So that's why you will have this discontinuity between what the top-line growth rate is and the bottom-line growth rate is.  
So, our annuity sales, even though they've come down a bit, are still very strong and we're at a very high level and so we expect to have a

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very high level of annuity growth going forward, and we expect to have in outside of our closed block good earnings growth in ULVL. So I  
don't think there's any magic, it's just going to be sort of more of the same of what's going on this year. Would you add anything?  
   
Stan Talby MetLife Inc. - CFO  
I think you've got it, Bill. I mean it's, the top-line growth rate is premiums and fees, and the annuity business, which is a part of the  
business that's growing rapidly is recorded as fees which tends to be a lot lower.  
And I tell you, the challenge for us in Individual Business is to cap our growth rate and expenses, and that's how we'll improve our  
earnings going forward.  
   
John Nadol Fox-Pitt Kelton - Analyst  
Thank you.  
   
Operator  
We have a question from the line of Thomas Gallagher with CSFB. Please go ahead.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Good morning. Just a question on your Institutional Business. If you strip out the John Hancock acquisition and the TIAA-CREF  
acquisition, can you just talk about what the premium growth was in the Group Life and the non-medical health and other?  
   
Rob Henrikson MetLife Inc. - President, COO  
This is Rob, Tom. I think in terms of the Group Life business, if you take out John Hancock and actually, you know, other, you know,  
non-standard kinds of deals, we're at the top end of our stated growth corridor between, at about 6%.  
In terms of long-term care, the TIAA-CREF acquisition was about, comes in at about 11% of our long-term care premiums. So that's the  
effect of those two.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
And, Rob, can you just break it out a little further? Within non-medical health and other what kind of premium growth are you getting in  
dental and disability?  
   
Rob Henrikson MetLife Inc. - President, COO  
In terms of health and other in general, as you know, we're up 14.3. In the dental business, it's in single digits this year. One, because of  
tough comparisons going back, but the compression that I've mentioned in terms of the middle market where things are moving towards  
ASO.  
Disability continues to grow at a double-digit rate for us. Disability sales, by the way, are up substantially year-over-year, and so we're  
quite pleased with that.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Okay. And can you just comment broadly speaking, and if you care to comment on any of the individual segments within Institutional,  
where do you think your marginal ROE is on new business? And I know existing ROE has been around 20%, and with margin pressure on  
dental, has that come down?  
   
Rob Henrikson MetLife Inc. - President, COO  
Did you say Institutional, Tom? I'm sorry.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Right. On Institutional, can you just talk about what you think you're writing new business at from an ROE standpoint, given that you  
have had margin pressure on dental which I've, the way I've always thought about it is that's been your highest ROE business.

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Rob Henrikson MetLife Inc. - President, COO  
Yeah. Well, our businesses, literally across Institutional Business with the caveat that Stan mentioned about spread compression in R&S,  
which would in some areas we're still writing over 15% but not over the 20% level, but virtually in everything else we're up at the 20%  
level. Total Institutional across the board over 20%, Group Life substantially higher than that, substantially and continues to do well. In  
terms of the dental business, let me see if I can --  
   
Stan Talby MetLife Inc. - CFO  
It's still very strong.  
   
Rob Henrikson MetLife Inc. - President, COO  
Yeah, it's strong. I don't know what the --  
   
Stan Talby MetLife Inc. - CFO  
If I could just add to that, I mean, in terms of, you know, the Group Life segment continues to perform, you know, above 20%, and our  
new business is priced, you know, to help us maintain that level.  
If you look at non-medical health, where the earnings are down this quarter, even at 50 million, that's about a 16% ROE, and we expect  
that to go back up in the fourth quarter. So we expect that, again, it's a mixture of business.  
The dental ROE is fairly high as a stand-alone product, and we expect that to continue to help us build that ROE back up again.  
   
Rob Henrikson MetLife Inc. - President, COO  
I mean, the dental business, even at extremely competitive margins, has a very high ROE. It's probably misleadingly high, and it's  
because of the lack of the E.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Gotcha. And then just one last follow-up. The long-term care and disability, the marginal ROE on those businesses, would they be also  
as high as 20%?  
   
Rob Henrikson MetLife Inc. - President, COO  
Well, long-term care is a newer product, and it's an evolution. As you know, we're spending quite a bit of dollars there to increase sales  
and so forth, particularly in individual channel, individual long-term care sales are up more than 100%, for example, and so, no, it doesn't  
have currently the same kind of ROE as the rest of our business but we're pricing it above 15%.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Okay. Thanks very much.  
   
Operator  
You have a question from the line of Liz Werner with Sandler O'Neill. Please go ahead.  
   
Liz Werner Sandler O'Neill & Partners - Analyst  
Good morning. Thank you. Just a couple of quick ones. On the expense front, I think in the past you've said the expense ratio should  
improve as a function of kind of holding expenses steady as the top-line grows. Is that still the case, or is there anything on the horizon  
with respect to expense initiatives?  
And then secondly, in terms of the portfolio yield going forward, I think last quarter we mentioned that on the portfolio yield in the  
current environment declines about 5 to 7 basis points a quarter. Is that still the case?

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Rob Henrikson MetLife Inc. - President, COO  
Yeah, okay, I'll take the expense, and then maybe Lee will comment on portfolio yield. Yeah, Liz, I think the story is still the case. Our  
expectation is that we'll be, look, we're a growing Company, so expenses are going to grow, as general rule. So, you know, and the goal  
for us, as a management team, is to make sure that the top-line grows faster than the expense line grows.  
And I think we've done a pretty good job of that, frankly, ever since we've been public, and that continues this year as well. That's not to  
say that we don't have expense initiatives. We have them all the time.  
The disability claims center which is being merged into other ones is a small example of that. There are discrete, smaller initiatives all  
around the Company all the time to try to drive down expenses, but at the same time we're growing the business and so our expense  
levels will generally go up. That's why that operating expense level ratio is very important to watch. So Lee you want to talk about  
premiums?  
   
Lee Launer MetLife Inc. - CIO  
Sure. Liz, yeah, I mean we do a lot of work on this. And I think with rate down a little bit more over the quarter we're probably looking at  
more in the 8 range in terms of the portfolio [inaudible].  
   
Liz Werner Sandler O'Neill & Partners - Analyst  
Okay. Great. Thank you.  
   
Operator  
We have a question from the line of Jimmy Bhullar with JP Morgan. Please go ahead.  
   
Jimmy Bhullar JP Morgan - Analyst  
I have a question on your 14%, the 2006 ROE target. If you could talk about how a sustained low interest rate environment would affect  
that, and what sort of a rise in rates would you need for you to be able to hit that number, and how much of the weakness, if rates stay  
low, could you offset by share buy backs or by additional expense savings?  
   
Bill Wheeler MetLife Inc. - CFO  
Those are hard questions to quantify, but I will tell you that if, that as I think we mentioned before when we talked about interest rates in  
the previous question, if interest rates don't get higher, and I'm really talking about now mid and longer-term rates, if they don't get  
higher we're going to have a challenge in terms of holding our current spreads, and I think that will affect us as quickly as 2006.  
I don't think we'll be alone, okay, in that environment, in terms of having challenge holding our spreads. So I think that makes hitting a  
14% target difficult. Okay? I think we need to have good spreads to do that.  
I think the 14% ROE is a challenge, and I think we've always characterized that it way. It's a good goal, and our goal is to constantly  
improve our ROE, and we're doing things to drive to a better improved ROE but 14% will always be challenging, and we can't control  
interest rates, obviously.  
In terms of quantifying how much they have to go up, and how much we can offset, you know, I don't know, to be honest, off the top of  
my head. Maybe we can give you a better sense of that a little bit on investor day, but the, but I wouldn't hazard a guess now.  
   
Jimmy Bhullar JP Morgan - Analyst  
Okay. That's good enough. Thank you.  
   
Rob Henrikson MetLife Inc. - President, COO  
By the way this is Rob Henrikson. I wanted to, one of my associates corrected me. I think it was Tom Gallagher's question relative to  
growth and premium fees quarter-over-quarter for total group health and other, and I guess the operative word there is "total." I had  
stated 14.3%, the answer was 16. Thank you.

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Bill Wheeler MetLife Inc. - CFO  
Okay. Next question, please.  
   
Operator  
We have a question from Saul Martinez with Bear Stearns. Please go ahead.  
   
Saul Martinez Bear, Stearns & Company - Analyst  
Hi. Good morning. Two questions. First an additional question on spread guidance. As has been mentioned, if you adjust the spreads in  
the annuities and retirement savings for prepayments in corporate joint venture, you've been running either at the very high end or above  
guidance that you gave in the investor day in December, last December. Is it fair to say that that guidance has been conservative that we  
should be incorporating into our projections something that's a little bit higher than that going forward?  
And my second question is on Mexico. Rob, you mentioned that, you gave some color on what's going on with the renewal of cases, but  
you've mentioned in the past two specific large cases of government entities, and if you can just provide a little bit of color as to where  
you are with those as well, that would be great.  
   
Stan Talby MetLife Inc. - CFO  
Okay. I'll start with the spread question. If you look at the two largest segments, it would be deferred annuities and retirement savings, as  
Bill mentioned in his remarks, if you take out the excess prepayments, those spreads would come down a bit.  
In the case of annuities, you know, probably down to around 2.25 from the 2.44 that we reported. Our guidance for the year was 205 to  
210. We probably will stay closer to the 225 in the short-term, but I think longer-term we'll probably be back in that range, the 205 to 210  
range.  
In terms of retirement savings if you take out those excess prepayments we're down at around 145 spread. And that's at the top end of  
the range of our guidance for this year. It was 130 to 145. And I think, you know, that's probably sustainable for the rest of this year.  
   
Saul Martinez Bear, Stearns & Company - Analyst  
Okay.  
   
Rob Henrikson MetLife Inc. - President, COO  
Saul, regarding Mexico, on the specific cases, I'll turn it over to Bill Topetta.  
   
Bill Topetta MetLife Inc. - President of International  
Saul, I think what you're referring to on the specific cases would be Policy Number One. Is that correct? Does that ring a bell with you?  
That's the Federal --  
   
Saul Martinez Bear, Stearns & Company - Analyst  
Yeah, I think it was the Federal, it was the Federal Government entity. I think there were two cases. One involving life insurance, and one  
involving health insurance contracts. I may be wrong, but it was at the Federal entity.  
   
Bill Topetta MetLife Inc. - President of International  
That's right. Okay. So this is what we refer to as Policy Number One, and you're exactly right, it is the Federal Government life and related  
coverages and also major medical.  
Those cases, or that policy is the policy where there was exclusivity as part of the acquisition that we made, and that exclusivity ran  
through the end of 2004. So it does expire at the end of this year, and we anticipate that that case will go to bids.  
What we don't know at this point, and I would emphasize that we really don't know, is whether it will go as one case or whether the  
government will choose to split it up and bid it in different ways. So all I can tell you now is, we haven't received any bid specifications yet

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for the case. It is possible it will come as one case, and it is possible it will be split up, and, you know, but that's all I really know at the  
moment.  
   
Saul Martinez Bear, Stearns & Company - Analyst  
Okay. Can you remind us what the size of that is relative to the entire Mexican business?  
   
Bill Topetta MetLife Inc. - President of International  
Well, yeah, it's in terms of a percentage, I would say, it's probably, Charlie, you want to comment? I'm going to let Charlie Symington,  
who's our CFO, comment on that.  
   
Saul Martinez Bear, Stearns & Company - Analyst  
Okay. Great.  
   
Charlie Symington MetLife Inc. - CFO  
It's a billion six in pesos, so I guess it's about 30% of the government institutional business.  
   
Bill Topetta MetLife Inc. - President of International  
30% of the government institutional business in Mexico.  
   
Saul Martinez Bear, Stearns & Company - Analyst  
Okay. Terrific.  
   
Bill Topetta MetLife Inc. - President of International  
Anything else?  
   
Saul Martinez Bear, Stearns & Company - Analyst  
No, that's it. Terrific. Thank you.  
   
Bill Topetta MetLife Inc. - President of International  
Yep.  
   
Operator  
We have a question from Suneet Kamath with Sanford Bernstein. Please go ahead.  
   
Suneet Kamath Sanford C. Bernstein & Company - Analyst  
Great, thanks. Two quick questions. First if we could just follow up on Mexico, Bill, can you provide the ROE of the Hidalgo acquisition,  
sort of where you're running year-to-date?  
And then second, a broader question, with everything that's been going on with respect to the Attorney General, there's been some talk  
about, you know, the insurance industry moving to national regulation. Just wanted to get your thoughts on how you might view that,  
how it might affect your business. Thanks.  
   
Bill Topetta MetLife Inc. - President of International  
First or me? Okay. Well, I would say with respect to the, this is Bill Topetta. With respect to the ROE on the Mexico acquisition, we had  
expected that the acquisition would yield 15%, and I would say it is certainly meeting that expectation.  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
Just as far as regulation is concerned, we have been a strong proponent of clearly when it comes to individual agents, I think it's essential  
that what we have for the securities, or registered products, I think we should think about registering all individuals who interface with  
the public in any way relating to financial matters broadly. And that's a tough challenge for a federal agency to do. I think it's important  
that we all keep track of agents from a central repository. There are efforts underway to do that at the state level by linking the states,

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but I think it's still, I don't think it works as well as would it if it were centralized.  
Also, there's a lot of efforts that federal regulation would help in terms of policy forms, simplifying the process in somewhat greater  
consistency across the states, but I think there's a lot of work going on in Congress right now. What's important is to find the right  
balance between having strong federal support to simplify the administration and monitoring activities of individuals, while at the same  
time the states are going to want to retain some control over the approvals of certain aspects of their products. So that's about all I can  
give you as an update right now.  
   
Suneet Kamath Sanford C. Bernstein & Company - Analyst  
Okay. Thanks.  
   
Operator  
We have a question from the line of Al Capra with Oppenheimer. Please go ahead.  
   
Al Capra Oppenheimer & Company, Inc. - Analyst  
Good morning, everybody. I was just hoping to get a little additional color on your UL sales growth. I was curious to know the type of  
product that was driving it, I assume it might be no-lapse guaranteed products. And more specifically, the color I was looking for was in  
relation to any particular age groups that your sales happen to be driven by, or perhaps even give some color on your lapse assumptions  
being used on those products.  
   
Lisa Weber MetLife Inc. - President of Individual Business  
Hi. This is Lisa Weber. I'll just comment, and then I'm going to turn it over to Hugh. So with respect to universal life, as Rob commented,  
we're up 52% which includes single premiums and we manage on a LMRA bases. So year-over-year we're up 11%, and sequentially down  
12%.  
We actually benefited from an early decision to focus on the UL market, and our sales, as you know, for 2004, have significantly outpaced  
2003 as the secondary guarantees caught the attention of our clients. We have flowed somewhat this quarter as has our competitors,  
have been aggressively competing, mostly at the large estate planning end of the market.  
What I would also say is that UL is a commodity product, there's a lot of price pressure, and it's constantly undergoing a lot of change.  
Hugh, do you want to comment further?  
   
Hugh Price MetLife Inc. - Director  
Hi. Specifically on the universal life products, approximately 75% of our sales involve a secondary guarantee, so that's a large part of our  
business.  
Competitively, we are a little stronger and our sweet spot's 55 to 65 in age so we're getting a lot of business in that arena with a little bit  
less business at the older issue ages 75 and above. We've tried to stay very, very strong in that 55 to 65 range.  
It's a good question on the lapse rates. We've spent a lot of time analyzing our in-force business that we've had over the years.  
We run our lapse rates, we really vary them by age, again, [getting] them very low at the older issue ages because we do believe that  
these products will stay in-force because, as Lisa mentioned, these are estate planning tools. The lapse rate's [be] very, very low.  
On average, we're probably [inaudible] isn't a good number but 3 to 4%, but, again, higher lapse rates at the younger ages and very, very  
low lapse at the older ages. That puts us a little bit less competitive at the older issue ages because we've taken a stance that we believe  
these estate planning products will stay in-force and will be used to ultimately solve that estate issue.  
   
Al Capra Oppenheimer & Company, Inc. - Analyst  
That's helpful. Just as a follow-up to that, have you seen any changes in your mortality experience in the 65 and older age group?

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Hugh Price MetLife Inc. - Director  
No, we haven't really seen any changes. I would say the change that we do see emerging is in, our mortality [inaudible] is about the same  
but reinsurance rates appear to be increasing at the older issue ages as we're having treaties renew, so we're seeing some upward  
pressure on the reinsurance charges at the older issue ages.  
We're going through a complete review of our reinsurance treaties now. I would say there's a general increase at those older issue ages.  
   
Al Capra Oppenheimer & Company, Inc. - Analyst  
Thanks very much.  
   
Hugh Price MetLife Inc. - Director  
You're welcome.  
   
Operator  
Our final question today will come from the line of Eric Berg with Lehman Brothers. Please go ahead.  
   
Eric Berg Lehman Brothers - Analyst  
Thanks very much, and good morning. I have a couple questions on dental, and one question for Lisa on the annuity business.  
In the dental area, should we think of this squeeze on margin, in your best judgment, as temporary or permanent? In other words, are we  
looking at sort of a permanent decline in returns in the dental business?  
And relatedly, is there a claims issue that we should know about? I'm thinking that you grew the business rapidly, and now underwriting  
margins are coming under pressure.  
And then for Lisa, I'm hoping she can answer the question, if you're, I'd like to know what's going to allow the annuity business to turn  
around in terms of new business growth again on a sequential quarter basis? You fairly recently introduced your GMWB. It's a crowded  
marketplace. What is going to give that business fresh momentum, especially since the market has said that it is kind of disappointed by  
the decision to lower the crediting rate on the GMIB? Thank you.  
   
Rob Henrikson MetLife Inc. - President, COO  
Eric this is Rob. I'll comment on the dental.  
One of the things about the dental business, going back, if you go back a year ago or so ago, I think the first thing we have say is that  
Met, due to its unique coverage products, excellence of service, so forth and so on, we had been able to reap what I would call extremely  
attractive margins in the dental business. The margins are attractive today, they're just a little less attractive than they were a year ago.  
In terms of underwriting, there's nothing fundamentally troublesome about dental underwriting at all. We're quite strong there. So I  
guess the correct answer to your question, using your terminology, would be temporary.  
   
Eric Berg Lehman Brothers - Analyst  
Okay.  
   
Rob Henrikson MetLife Inc. - President, COO  
So we feel good about the dental business. As you may recall, there was some of the reasons for pressure were in certain areas of the  
marketplace where we were not able to compete with a, what I'd call a low-cost stripped-down product. We've developed one, and that's  
starting to rollout as we speak, in considerable volume. So we feel very, very strong about our dental business.  
   
Eric Berg Lehman Brothers - Analyst  
Thank you.

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Lisa Weber MetLife Inc. - President of Individual Business  
Hey, Eric.  
   
Eric Berg Lehman Brothers - Analyst  
Good morning.  
   
Lisa Weber MetLife Inc. - President of Individual Business  
On the annuity side, let me just start by saying that the really hard work that the team has put in over the past two years has obviously  
paid off. We are now sharply focused on how to keep building assets in a profitable way in 2005.  
On the variable annuity front, I mean, variable annuities are here to stay. It's a retirement planning vehicle. Year-over-year, we are down  
19%, and sequentially down 10% in sales. The industry, as you know, is down as a whole.  
And, you know, the New York Stock Exchange listed firms had a really rough quarter. We reduced our GMIB rates, which Rob commented  
on, our crediting rates, from 6% to 5%. Now, we introduced a GWB on August 1st, and that has been, it's been a slower start.  
Now, I have to say, in the last couple of months, each month we pick up on the GWB side, but it has not made up for the shortfall on  
GMIB. Having said that, where I see opportunity going forward, particularly on this front, is really two areas.  
One is that we are not licensed in certain key states for GWB. So we expect that licensing to come through, and I believe that you will see  
results as a result of that happening.  
The second is that we are about to roll forward in Q4 with another national firm. So I think that we'll see the benefits from that as we go  
forward.  
   
Rob Henrikson MetLife Inc. - President, COO  
Eric, I would just add something to that. Another way to look at it in terms of the marketplace in general, the marketplace is, as Lisa  
mentioned, is down. It's of course because equity returns in general.  
One of the ways we'd look at how we stand relative to the industry is whether or not we're maintaining market share with our distribution  
systems, and we are. So in independent distribution, for example, we're maintaining our market share with our distributors.  
   
Eric Berg Lehman Brothers - Analyst  
Very good. Thank you.  
   
Operator  
And we'll take a final question from Thomas Gallagher with CSFB. Please go ahead.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Just a follow-up for Lee on the new money yield, which you said X the short-term is about 4.5%. Is the reason that's so low because you're  
matching it against bullet GICs, which it appears that you've been growing that quite rapidly? Or what would the reason be that you're,  
I'm guessing you're going shorter duration on new money, but why is that? What's the underlying liability you're supporting?  
   
Lee Launer MetLife Inc. - CIO  
Well, it's the same underlying liability that we've been supporting for awhile. I guess you're thinking that it should be a longer liability.  
Our liability durations are really in that three and four-year range. I mean, when you add them all up. There's a lot of very short liabilities,  
securities lending liabilities, even our annuity rollover liability, rate reset liabilities. So a number of them add up to quite a sizable number  
which is why the average investment is probably shorter than would you think it would be.

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Bob Benmosche MetLife Inc. - Chairman, CEO  
I think what you all keep doing is going back to the average. And I think what you need to think about is this is a spread business and with  
[matched] assets and liabilities, we have a lot of different pools that one gets averaged in. So it's very tough to predict this Company on  
an average rate.  
   
Thomas Gallagher Credit Suisse First Boston - Analyst  
Okay. Fair enough. Thanks.  
   
Operator  
And there are no additional questions.  
   
Tracy Dedrick MetLife Inc. - Vice President of Investor Relations  
All right, then. Well, thank very much everyone, for joining us today. We look forward to speaking with you during the quarter and then  
again next call.  
   
Bob Benmosche MetLife Inc. - Chairman, CEO  
The investor meeting, don't forget, December 6th at the Marriott Marquis. Thanks very much.  
   
Operator  
Ladies and gentlemen, this conference will be made available for replay starting after 11:30 today and will run through November 4th at  
midnight. To access the replay system please dial 1-800-475-6701, international participants dial 320-365-3844, and enter the access  
code 747769. That does conclude your conference for today. Thank you for participation and for using AT&T and Executive  
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CORPORATE PARTICIPANTS  
   
Tracey Dedrick MetLife Inc. - Head Investor Relations  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
   
Rob Henrikson MetLife Inc. - President & COO  
   
Bill Wheeler MetLife Inc. - CFO  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
   
Bill Mullaney MetLife Inc. - Head Auto & Home  
   
Mike Farrell MetLife Inc. - Senior VP MetLife Investors Group  
   
Lisa Weber MetLife Inc. - President, Individual Business  
   
Tony MetLife Inc.  
   
Lee Launer MetLife Inc. - CIO  
   
Mike MetLife Inc.  
   
Unidentified Company Representative MetLife Inc.  
CONFERENCE CALL PARTICIPANTS  
   
Nigel Dally Morgan Stanley - Analyst  
   
John Nadell Fox-Pitt Kelton - Analyst  
   
Colin Devine Smith Barney - Analyst  
   
Andrew Kligerman UBS Securities - Analyst  
   
Tom Gallagher CSFB - Analyst  
   
Ed Spehar Merrill Lynch - Analyst  
   
Eric Berg Lehman Brothers - Analyst  
   
Joan Zief Goldman Sachs - Analyst  
   
Suneet Kamath Sanford Bernstein - Analyst  
   
Vanessa Wilson Deutsche Bank - Analyst  
PRESENTATION  
   
Operator  
Ladies and gentlemen, good day, thank you for standing by. Welcome to the MetLife fourth quarter earnings release conference call. At  
this time, all participants are in a listen-only mode. And later, there will be a question and answer session. Instructions will be given at  
that time. If you should require assistance during the conference, press star, then 0, an operator will assist you. And as a reminder,  
today's conference call is being recorded. Before we get started, I'd like to read the following statement on behalf of MetLife. Except with  
respect to historical information, statements made in this conference call constitute forward-looking statements within the meaning of  
the federal securities laws, including statements relating to trends in the Company's operations and financial results, the markets for its  
products and the future development of its business.  
MetLife's actual results may differ materially from the results anticipated in the forward-looking statements as a result of risks and  
uncertainties, including those described in MetLife, Incorporated filings with the SEC, including its F-1 and F-3 registration statements.  
MetLife, Inc. specifically disclaims any obligation to update or revise any forward-looking statement, whether as a result of new  
information, future developments or otherwise. With that, I'd like to turn the call over to Tracey Dedrick, Head of Investor Relations.  
Please go ahead.  
   
Tracey Dedrick MetLife Inc. - Head Investor Relations  
Thank you, Barb, good morning, everyone. Welcome MetLife's fourth quarter 2004 earnings conference call. Joining me this morning are  
Bob Benmosche, Chairman and Chief Executive Officer, Rob Henrikson, President and Chief Operating Officer , and Bill Wheeler, Chief  
Financial Officer. After our brief prepared comments, we will take your questions. Here with us to participate in the discussion are Lee  
Launer, Chief Investment Officer, Bill Toppeta, President of International, Cathy Rein, Chief Administrative Officer, Lisa Weber, President  
of Individual Business , and Stan Talbi, Financial Officer for the Revenue Businesses. This morning we will be discussing certain financial  
measures not based on generally accepted accounting principles, so called non-GAAP measures.  
We've reconciled these non-GAAP measures to the most directly comparable GAAP measures in our earnings press release and in our  
quarterly financial supplement, both of which are available on our website at www.metlife.com, on our Investor Relations page. A  
reconciliation of forward-looking financial information to the most directly comparable GAAP measure is not accessible because MetLife  
believes that it's not possible to provide a reliable forecast of investment-related gains and losses, which can fluctuate from period to

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period and may have a significant impact on GAAP net income. With that now I'd like to turn the call over to our Chairman and Chief  
Executive Officer, Bob Benmosche.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
Thanks, Tracy, and good morning, everybody. We're pleased to report another great quarter for our company. It's really a great quarter  
across all of our business segments. You can see there's solid growth in the top-line as well as the bottom line. So, in terms of EPS, we  
come in at 3.36, which is just above the high-end of our range that we revised and issued to all of you last year. These strong earnings, I  
want to stress this, is really a direct result of a very disciplined approach which we've been sharing with you over the last several years in  
great detail . Presentations on investor day. And I just want to approach the underwriting. And by the way, it takes a while for discipline  
and underwriting to emerge in profits, pricing as well as spread management.  
So, when you think about that, I want you to put a little bit of this quarter in context, for example, and just one of the examples, retail  
annuities. If you compare our sales this quarter versus third quarter, you can see we're up. If you compare us to the fourth quarter of last  
year, you'll see we're down. What was decided last year and in the fourth quarter was to let people know that we're going to change the  
pricing from 6 percent to 5 percent on a GMIB. That actually took effect during the first quarter of '04. So, when you look at us  
year-to-year, you'll see that because of that pricing decision, you had an acceleration of sales and then sales returned to normal and  
started to grow again in the second half, in particular, of 2004. What we're most pleased with is the persistency of our business. And you  
look at our last rates. So, when you compare our annuity sales, you ought to look at our net sales.  
We generated almost $4 billion of net sales in our annuity product line just in retail alone. So, when you look at our sales, you've got to  
think about our pricing, think about our margin management and think about the retention of business because of the quality of our  
company and how we're doing business today. Because of our operating results, because of our strong capital position, clearly in our  
renewed focus on our businesses, for example, the selling of State Street, because we never could get to the right size, and selling it to  
the right buyer, being BlackRock, our clients, what you see this renewed focus has clearly allowed Moody's, before the Travelers'  
acquisition, to return us to stable. Now we'll see where our negative outlook again because of this transaction. But we're confident we're  
going to execute that transaction very well. Another thing to keep in mind as you think about Travelers, it leverages across our entire  
businesses, our investments in technology and so on.  
We've talked to all of you about international. We talked about the fact that we're going to put money and invest money in international,  
grow organically. But we also said to you we're going to be careful to make sure our profits continue at the right level, but there's always  
going to be this investment which has a long-term effect to it because you don't see the profits for many, many years. This investment in  
Travelers allows us to significantly grow our international footprint outside the United States and clearly what it does is it says we can  
invest in this business and see it become accretive immediately. So, the investments aren't as long-term going forward as they were in  
the past as we thought about this business segment. So, we're excited about where we are, we're excited about this company and the  
people in this company have done an outstanding job.  
We think the Travelers will take us to a whole new level, for them as well as for us, as we integrate the 2 companies. And bottom line is  
we had another record year, 3 years in a row, and we're excited about '05, as well. So, let me turn it over to Rob and he will bring you up  
to date on more details by the segment.  
   
Rob Henrikson MetLife Inc. - President & COO  
Thanks, Bob and good morning, everyone. As Bob has said and as all of you can see, 2004 was an excellent year. As we indicated to you  
on investor day in December, all revenue-generating businesses have met or exceeded their operating earnings and ROE targets. In  
general, sales growth, favorable investment margins, improved mortality and morbidity ratios in our group business and declines in  
non-cash frequency and severity in auto and home aided the results. These excellent results were also the result, I must say, of the focus  
of our people on innovation and partnering opportunities across the enterprise. The result is improved service capabilities and process  
redesign across the businesses that have made us stronger and a much more efficient competitor in the years to come. As we also  
mentioned on investor day, we spend time and money this year investing for the future.  
In 2004, we developed and are currently piloting critical illness insurance, business travel accident insurance and retirement and savings

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suite of products that will be rolled out in the full as the year progresses. Now turning to specific segments. In institutional business, the  
year was earmarked by many successes. Top-line, premium and fee growth exceeded 11 percent and the general account assets grew by  
approximately 13.9 percent. As you know, we've been talking all along about the unusual opportunities that we have here at MetLife to  
grow our business through existing customers. As an example, we've mentioned the importance of group, auto and home as a demand  
product that provides us with the opportunity to cross-sell our other products and services to our institutional clients.  
In the fourth quarter of 2004, we added a very important Fortune 100 company to our list of group life clients, as a result of this  
cross-selling opportunity. Also in group life, in addition to the jumbo account activity, we continue to grow in the small, mid and large  
group markets. In addition, our life underwriting continues to perform favorably versus our targets and our ratios, once again, came in  
favorably below target in the fourth quarter. In retirement and savings it was a strong year for GIC sales and a record year for structured  
settlements and for our producer-sold Met Retirement 401k) plans. To give you an update, by the way, on investor day, we mentioned  
that we expected structured settlement sales to slow down in the fourth quarter, which they did. And we talked about a large closeout  
sale that we were expecting to close in the fourth quarter. That sale did not close at the end of the year, but right after the first of the  
year, so, you will see that result in our 2005 numbers, rather than 2004.  
In nonmedical health, we made great strides during the year in reducing our disability morbidity ratio through back to work process  
redesign. You will notice that we had a little uptick in the ratio quarter-over-quarter, primarily due to seasonality, similar to what  
occurred last year. However, we are still 4 percentage points below the fourth quarter number from last year. 2005 morbidity, we believe,  
will be more reflective of the early 2004 attractive quarters. In addition, we completed the acquisition of the TIAA block of long-term care  
policies. Expenses were higher in the non-medical health segment in 2004 due to growth in the business, investment in our long-term  
care product and the one-time charges we occurred in closing our Alfareda(ph) disability claims operation. The expenses will return to a  
more normal level in 2005.  
In the group insurance sales and service arena, in general in 2004, we invested in growth for the future. As Maria Morris showed you on  
investor day, we redesigned sales and service teams to approach the market as 1 MetLife. This should lead to increased penetration and  
higher growth rates, particularly in our small and mid-market areas that continue to contain excellent growth prospects. In individual  
business, operating earnings are up approximately 23 percent over the prior year, led by extraordinary growth in annuities, expense  
management and higher spreads in both UL and annuities. In our key growth product segments, operating earnings in UL were up 26  
percent and I note this is after excluding the charges taken in the second quarter of last year. Despite the fact the variable first year  
deposits remain lower, our UL first year deposits are up 47 percent.  
In universal life, we expect the rest of the industry will be pressured to increase prices on their UL products in 2005 due to the increasing  
costs and scarcity of reinsurance. This bodes well for our sales as we currently feel comfortable with product pricing, design and  
positioning for 2005. Operating earnings and annuities are up 58 percent year-over-year and sequentially, annuity deposits, as Bob  
mentioned, rebound in the fourth quarter by 6.5 percent. We're also pleased to report that year-over-year our annuities and UL separate  
account liabilities grew 31 percent. We continue our activities to rationalize our agency distribution, to improve its productivity and  
profitability. You will notice that for the first time since 1999, MetLife agent count is up year-over-year. In New England, we continue to  
consolidate and strengthen agencies as we focus on support of our strongest core producers, consistent with a profitability model.  
Overall, we're very pleased with the persistency of our business during the year, our lapses for the year have been well within pricing  
assumptions. And finally, individual business met all of its other sales growth targets this year with respect to sales of long-term care,  
individual disability and the 401k products. Turning to auto and home, anyone who's been listening to our earnings calls and our investor  
day know that auto and home had a phenomenal year. Despite a difficult hurricane season, auto and home managed to meet full-year  
financial targets on all fronts. This is a reflection of our actions to manage the volatility of this segment, take rate increases where  
appropriate and continue to improve and refine our underwriting. In 2005, our objectives will obviously be to maintain profitability while  
growing the business.  
We will accelerate our efforts in 2005 to achieve growth, but resulting expense will be offset by continued growth and retention in  
attractive segments resulting from our tiering model and introduction of our new grand protect product. In international, our 2004  
results were favorable despite some reserving increases in Canada in the fourth quarter. Renewal of our business in Mexico to date has

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continued to progress well. Some other significant items worth mentioning -- In Korea, we've become the number one writer of VUL  
products and our professional agency productivity and persistency rates are both excellent. In India, we're the fastest-growing group life  
underwriter and fourth largest in the group life market. And finally in China, we're the first American company that has been approved to  
write group business.  
In international, as we mentioned during investor day, we continue to refine and rationalize our business focus to help us pursue our goal  
of providing solutions in emerging markets in both developed and developing economies. Looking forward, of course, we continue to  
monitor interest rates in 2005 and beyond. The yield curve is flatter and the 10 year treasury is lower than when we last spoke to you on  
investor day. As we stated in the past, this will put some pressure on spreads if it persists. And finally, as Bob mentioned, the Travelers'  
acquisition is moving along nicely. We further our integration plans and you'll be hearing more about this as we go forward. And with  
that I will turn it over to our Chief Financial Officer, Bill Wheeler.  
   
Bill Wheeler MetLife Inc. - CFO  
Thanks, Rob. Good morning, everyone. MetLife had a very solid fourth quarter, earning $0.87 per share of operating income and that  
caps off a record year for Met, as we've said on this call a few times, in terms of revenues, operating earnings and also return on equity.  
The adjusted operating ROE for all of 2004 was 13.3 percent. And I say adjusted because I'm pulling out the benefit we received from the  
tax settlements in mid year. This morning, I'm going to review the highlights of the quarter as well as the year. And as usual I'd like to  
start with the top line. Top line revenues, which are defined as premiums, fees and other income, for the fourth quarter were 4.4 percent  
higher than the fourth quarter a year ago. This growth rate is a little lower than normal and there are a couple of reasons for it.  
Revenues in the reinsurance segment were down 2.6 percent from the year ago because of a tough comparative period. In the fourth  
quarter of 2003, RGA acquired Allianz life reinsurance business and when they did that they acquired more than a quarter's worth of  
revenue from the acquisition. It was recorded at that time, it's the way the accounting worked out. But for the full year, our reinsurance  
segment had a 26 percent increase in revenue, obviously benefiting from Allianz going forward. So, it caused a tough comparative  
period. And the same story was true in retirement and savings. They had a revenue decline of 2.8 percent in the fourth quarter. And as we  
say almost every quarter on these calls, revenue and retirement savings can be lumpy. There was a large closeout sale in the fourth  
quarter of 2003 which caused a difficult comparison.  
If you look at the full year for retirement savings in 2004, the revenues were up 14.4 percent. The strongest performers this quarter were  
non-medical health and other, which was up 60 percent year-over-year, and annuities, which were up 44 percent versus the year-ago  
period. In non-medical health, long-term care in the small business market had the largest increases in revenues over the prior quarter,  
while annuities had another solid quarter with deposits at $2.6 billion and an increase in its separate account balances of over 4 billion.  
For all of 2004, premiums and fees and other income increased 8.7 percent. Now, this is for MetLife overall, which is a little better than  
our expectations. Institutional business for all of 2004 grew at 11 percent and that's obviously a big driver of our overall growth.  
International was up 14.6 percent adjusting for the divestiture of our Spanish business at the beginning of the year. And annuities,  
obviously, had a fantastic year with revenue growth of 54 percent. Turning to our operating margins, I'd like to start with our  
underwriting results. Individual life mortality was good, not great, but good this quarter at 85.6 percent. Group life mortality was actually  
outstanding at 90.9 percent. Group disability morbidity was the highest it's been all year at 98.7 percent, but that's still 4 points lower  
than it was a year ago at this time. Reported incidents in group disability is higher this quarter and we also suspect that there may be  
some seasonality affecting our claims management. In terms of the last 2 weeks of the year, we don't seem to get a lot of claims closed.  
In auto and home, the total combined ratio included catastrophes -- including catastrophes, was 95.2 percent, which is a good, solid  
quarter. As I think was mentioned in our press release, during the fourth quarter, auto and home increased its reserve for the Florida  
hurricanes by $15 million pre-tax. This was essentially offset by favorable prior year reserve development. So, it kind of washes. Now,  
there are 2 other notable reserve items that affected MetLife's results this quarter, that I want to make sure I mention. First, there was a  
$7 million after tax favorable true up of a experienced rated reinsurance contract regarding our Bermuda captive. This shows up in our  
reinsurance segment.  
Second, our international business increased its reserve on its Canadian pension business by $9 million after taxes, due to low interest

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rates. Moving to investment spreads, we had very high corporate joint venture income this quarter and we estimate that it was  
approximately $115 million higher than we would normally expect. Annuities, retirement, savings and corporate were the main recipients  
of this additional investment income. We also had prepayment income of $25 million above our normal run rate this quarter. Because of  
this additional income, our annuities investment spread was 280 basis points. But when you adjust for the additional income, the annuity  
spread would have still been well over 220 basis points, which is the high-end of our 2005 guidance when we think out about next year.  
And the same story was true in our retirement savings, where the investment spread this quarter was a very high 183 basis points and  
when you adjust for the additional investment income it would have been in excess of 135 basis points, which, again, is the high end of  
our guidance for all of '05. So, when you adjust for this higher investment income from CJVs and from prepayments, our investment  
spreads were still very strong. Moving to expenses, our operating expenses, net of any tax adjustments, increased by $288 million this --  
versus the third quarter of this year. And that's a lot. There are a number of unusual items as well as some one-time charges which  
caused this increase and it's worth spending a moment on this because it's a big number. For example, in our reinsurance segment,  
expenses increased by $33 million.  
Now, this was almost entirely due to the reclassification of a reinsurance treaty at RGA and so if you follow RGA, you probably noticed  
that, as well, and on their call. There was an offsetting increase in investment income and so, there was no bottom line impact, but  
because of the accounting changes it made expenses go up. Another example of this is in asset management, where there was a $49  
million increase in expenses. 30 million of this increase had no bottom line impact. It included some severance costs that we're being  
reimbursed by blackrock. Our deal with black rock on the sale of State Street was is that we would share severance costs equally. As  
people were severed, expenses went up but there was also additional income which covered that.  
There was also some payment of some performance fees relating to one of state Street's hedge funds. They had a big payout of one of  
their hedge funds and we had some higher compensation because of it. So, that was 30 of the 49. The remaining 19 million of additional  
expenses are also related to the sale of state Street, including more severance and such and, by the way, State Street did close at the end  
of January this year. In individual business, operating expenses increased $70 million versus the third quarter of 2004. 28 million of that  
increase, which was spread among the individual business segments, was due to DAC and locking events resulting from a  
comprehensive review of our DAC assumptions.  
For the rest of MetLife, including individual business, there was approximately $115 million of unusual charges, which increased overall  
expense levels. The reason I can say that with such precision, it is not a guess, we have an itemized list of them. These included certain IT  
initiatives, increased branding and advertising expenses, both domestically and internationally, the write-off of some unoccupied space,  
office space of ours in New Jersey City, New Jersey. The closing of a disability claims office in Georgia, which Rob mentioned, and the  
write-off of certain fixed assets. As well as a number of other smaller things. Adjusting for these factors, we actually think that our  
normal expense growth would have been approximately $60 million this quarter. And that our operating expense ratio would have been  
essentially flat versus the third quarter.  
Turning to our bottom line results. We earned $652 million in operating income or $0.87 a share. This is almost an 18 percent increase in  
our operating EPS over the fourth quarter of 2003. For the full year, we had operating earnings of $3.51 a share but that includes $0.15 a  
share of certain tax benefits. So our adjusted operating EPS was actually 3.36 a share and I think that's the number we focus on. And  
that's a 20 percent increase over the comparable 2003 number. So, a very good year. In addition, as I mentioned earlier, our adjusted  
operating ROE was 13.3 percent for the full year, taking out those same tax benefits. Now, in the fourth quarter, we also had $141 million  
of after-tax realized investment losses, including related adjustments.  
If you turn to page 46 of your QFS, if you have it handy, I think it's worth highlighting, we had 268 million of derivative losses this quarter,  
which were primarily on derivatives that did not qualify for hedge accounting. Now, we say this a lot but it's worth repeating here. We use  
derivatives only to hedge certain economic factors, such as interest rates or currency risks, mainly in our bond portfolio. Derivatives that  
do not qualify for hedge accounting must be marked-to-market each quarter. So, when you have a fairly volatile quarter, like we did in  
the fourth quarter of 2004, the number can get significant. It's important to remember that there is an offset to this mark-to-market  
sitting on our balance sheet somewhere, most probably in accumulated other comprehensive income.

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And now moving to statutory, on a statutory basis, for all the combined statutory entities, we produced $747 million of statutory net  
income in the fourth quarter. For the full year, our statutory net income was $2.6 billion and that includes approximately $200 million of  
realized capital gains. Total adjusted statutory capital at year-end is $16.8 billion. So, things are going well on the statutory basis, as  
well. During the fourth quarter we repurchased approximately 12 million shares for a total of $503 million. This included 200 million  
representing 5 million shares which we bought throughout the quarter, kind of our normal repurchase activity. We also repurchased an  
additional $300 million, which represented 7.3 million shares, through a forward-purchase agreement at year-end.  
The forward-purchase agreement had almost no impact on average shares outstanding in the fourth quarter, but we will get the full  
impact of that transaction throughout 2005. You should view this $300 million forward-purchase agreement transaction as part of the  
750 million we intended to repurchase during 2005 as we indicated to you on our investor day. Now, of course, with the announcement  
of the Travelers' acquisition, we are suspending stock repurchases for the remainder of the year. Again, I think this was a good solid  
quarter for Met and I also think it was, obviously, an outstanding year in terms of our financial performance. I think we've got a lot of  
momentum going into 2005 and we're obviously looking forward to enhancing our future results with the acquisition of Travelers. So  
that ends my prepared remarks and we'd be happy to take your questions.  
QUESTIONS AND ANSWERS  
   
Operator  
Very good. Ladies and gentlemen, [Operator Instructions] Our first question is from the line of Nigel Dally from Morgan Stanley. Please  
go ahead.  
   
Nigel Dally Morgan Stanley - Analyst  
Thank you. First question is just on your guidance. Your guidance is based on an average 10 year treasury of 4.5. The 10 year treasury is  
now below 4. So, my question is how would your guidance change if rates remain at this low level?  
   
Rob Henrikson MetLife Inc. - President & COO  
I actually think, Nigel, we probably wouldn't change guidance. Even though, obviously, that means yields are going down, if the 10 year  
stays at this low, prepayments will probably go up, okay? That's not the way we want it to happen, but that's probably what will happen.  
So, I think there's enough flexibility, our guidance is wide enough to kind of incorporate that scenario.  
   
Nigel Dally Morgan Stanley - Analyst  
More of the impact would be more likely felt in 2006?  
   
Rob Henrikson MetLife Inc. - President & COO  
I think that's correct.  
   
Nigel Dally Morgan Stanley - Analyst  
Okay. Second question is just on annuities. Do you have details on the level of withdrawal benefit annuities you sold in the fourth  
quarter? You've had them out for a while now.  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
Nigel, it's Hugh McHaffie. The GWB that we introduced last year is running about 8.5 to 9 percent up for the quarter. We still have a few  
key states to get approved, most specifically New York and New Jersey, so, as we get those online in the first quarter we'll see that  
utilization go up. New York and New Jersey, obviously, are key states for us in sales.  
   
Nigel Dally Morgan Stanley - Analyst  
Okay. And then just a last question on modeling. In the past you've talked about your fourth quarter as typically being your strongest and  
the first quarter as being your weakest. Is that still accurate as we look forward to 2005?  
   
Bill Wheeler MetLife Inc. - CFO  
Yes.

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Nigel Dally Morgan Stanley - Analyst  
That's great. Thanks a lot.  
   
Operator  
Your next question is from the line of John Nadell from Fox-Pitt Kelton. Please go ahead.  
   
John Nadell Fox-Pitt Kelton - Analyst  
Thank you, good morning, everyone. I was interested in the -- in the accelerated stock buyback in the fourth quarter and whether that,  
you know, could be taken as a signal related to the Travelers' announcement that you don't think you will need to raise much straight  
equity when it comes to the closing of that deal. Otherwise, I'm just a little confused as to why you'd accelerate buybacks just to reissue  
later in '05?  
   
Bill Wheeler MetLife Inc. - CFO  
Well, we actually made the decision to do the accelerated buyback well before anybody from Citigroup called us. So, the 2 events are  
pretty unrelated. The reason we did the accelerated repurchase is as sort of a down-payment on the '05 buyback because it gets you the  
optimal accounting treatment. In terms of you get to recognize beginning at the very beginning of the first quarter, those shares as being  
repurchased. So, that's really our sole motivation there. Now, obviously, the minute we realized we were going to do Travelers and sign it,  
we had to stop buying. And we are going to have to issue equity. We have stopped stock buybacks.  
   
John Nadell Fox-Pitt Kelton - Analyst  
Okay. Do you have an estimate for year-end risk-based capital?  
   
Bill Wheeler MetLife Inc. - CFO  
I think on investor day we talked about 300 to 310. It appears we're not done yet because we, obviously, haven't issued our final stat  
things, but it's going to be north of 310.  
   
John Nadell Fox-Pitt Kelton - Analyst  
And then one last question, there was a lot of moving parts in the DAK amortization and individual business this quarter. I was  
wondering if you could maybe give a little bit more detail on some of the, you know, assumptions, the major assumptions that changed  
as a result of your full review and whether we should, you know, take this into account or expect it to impact the '05 run rates for  
amortization across each of those product lines?  
   
Unidentified Company Representative MetLife Inc.  
Yes, John, I will answer that question. The -- you know, we looked at all of our assumptions and we did a comprehensive review. So we  
looked at our maintenance expenses, glasses, the long-term earned rate that we have and our expected gross profit margins. We also  
had a couple of exchange programs where our policy has been, you know, entering exchange programs that we write-off to DAK on it. So,  
when you look at the net impact, there were some positive impacts as a result of better than modeled persistency and a little bit worse  
than modeled maintenance expenses. We also lowered the long-term rate, you know, to lower our expected gross profits going forward  
because of the interest rate environment. So, the net impact was $28 million pre-tax plus all the individual segments. And of the $28  
million, 12 of that was the result of expected exchange programs.  
   
John Nadell Fox-Pitt Kelton - Analyst  
Okay. So, $12 million --  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
It was relatively small.  
   
John Nadell Fox-Pitt Kelton - Analyst  
And did I catch you right that you also lowered your assumption for interest margins, as well?

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Bob Benmosche MetLife Inc. - Chairman & CEO  
Not interest margins, but the earned rate. It's the rate at which the accounts will accumulate on the fixed side --  
   
John Nadell Fox-Pitt Kelton - Analyst  
On the fixed --  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
below interest rate environment.  
   
John Nadell Fox-Pitt Kelton - Analyst  
Okay. And then one last question if I could, I'm sorry to take so much time. Looking at some of the info on the Travelers Life and Annuity  
segment from Citi's statistical supplement, it looks like the base of expenses excluding DAK is about a billion dollars give or take and you  
guys are targeting 150 million in cost saves. Do you think based on some of the overlaps in the businesses that we should reasonably  
assume that you can take that expense cutting higher?  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
John, you can't take the $150 million pre-tax and apply it to Travelers. You need to apply it to the entire company. For example, we hadn't  
decided to grow in the independent distribution channel our life sales, which meant that we had a plan to spend a lot of money this year  
to be able to hire people, get the people on board and begin to create sales. Because of this acquisition, we just received all of that. So,  
we don't have to invest money that was in the MetLife plan. We had planned to invest a lot overseas and Bill's plan, he talked to you  
about that on investor day. We don't have to take a lot of the money that he was investing and continue to invest it now. What we've got  
to do is integrate what he has, rationalize what he has and focus on profit growth. So, that's money that would come out of the MetLife  
plan, not out of the run rate, but out of the MetLife plan, which we shared with you on investor day when we gave you the guidance. So,  
this is 150 million in total from both companies and again, we no longer have to make these investments which are long-term and seeing  
them become accretive. They become accretive now. So, this is not going to come entirely out of the Travelers' organization.  
   
John Nadell Fox-Pitt Kelton - Analyst  
Okay, that's very helpful, thank you.  
   
Bill Wheeler MetLife Inc. - CFO  
I would also just say your bill for the target -- a billion dollars of expenses for the target business is high. It's hard based on the statistical  
supplement to get to the right number because that obviously includes some things that we're not buying.  
   
John Nadell Fox-Pitt Kelton - Analyst  
Definitely and they don't break out many line items, but thank you, appreciate it.  
   
Operator  
Next question is from the line of Colin Devine from Smith Barney. Please go ahead.  
   
Colin Devine Smith Barney - Analyst  
Good morning, gentlemen. Wonder if we can just focus on a couple things. First, on auto and home, you know, that sector seems to be  
tightening up right now and -- and certainly in looking at various insurance companies, I think they're expecting a much more  
challenging '05 and perhaps you could comment on your outlook for that and how that may impact your overall guidance for the year.  
Second, with respect to the AG 30 A-reg passed in New York, I'd like a little bit more color on what that may do to your pricing. I'd also  
like to know what you've assumed for the cost of financing the tail risk in the no lapse product? And then lastly, if you could just talk a  
little bit about your distribution expansion efforts, excluding the Travelers deal and where you stand on those?  
   
Rob Henrikson MetLife Inc. - President & COO  
Colin, this is Rob. Let me pass this to Bill Mullaney head of auto and home to answer your first question.

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Bill Mullaney MetLife Inc. - Head Auto & Home  
With regard to what we see happening in 2005, we've been focused a lot on improving our segmentation models as it relates to  
identifying good risks and pricing. So, we think that combined with, you know, continuing to focus on disciplined underwriting, we feel  
pretty comfortable about where we are and what we said was going to happen at investor day with regard to our guidance. So, I think  
right now, Colin, even though we see some of our competitors taking rate reductions, most of what we're seeing so far has been pretty  
rational. And so we think that we're okay in terms of where we are relative to the rest of the market.  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
Colin, it's Hugh McHaffie on the AG-38. The change in New York is actually relatively modest to us for a couple of reasons. Number one,  
on in force business a fair bit of that was reinsured. So, we're not having to establish those reserves. Secondly, you know, as we redid our  
pricing of our UL product, we just did that in November, we did factor in higher capital amounts and also, as this is an increase in  
reserves that if you can get the tax deductibility of that reserve, it has a minor relative impact on our pricing. As far as cost to capital goes,  
I don't give an exact number but it's going up long-term, you know, north of 125 basis points for letter of credits.  
   
Rob Henrikson MetLife Inc. - President & COO  
I'm sorry, Colin, what was the last question?  
   
Colin Devine Smith Barney - Analyst  
And third party distribution efforts.  
   
Mike Farrell MetLife Inc. - Senior VP MetLife Investors Group  
This is Mike Farrell, Colin. Our expansion into Smith Barney began late in the fourth quarter. Sales seemed to be building great  
momentum there. We're in the process of expanding our wholesaling system, both on the life and annuity side and as Bob mentioned,  
we're going to pick up quite a bit of distribution in the transaction, as well. So, our hiring efforts may not be as accelerated as we  
originally planned on investor day but our narrow and deep strategy throughout the systems, we've expanded our marketing efforts in  
Edward Jones, with significant deployment of wholesaling efforts there. And throughout our key focus firms we're seeing a considerable  
activity and increased sales opportunities, both on the life long-term care, which is now part of the annuity wholesalers bag as well as our  
specialized long-term care system. And on the life side, which, as you know, we are deploying a point-of-sale model in a number of our  
key accounts. We expect to have a life product sales begin in Merrill Lynch in the first quarter, with the deployment of 10 point-of-sale  
wholesalers which we're in the process of adding.  
   
Colin Devine Smith Barney - Analyst  
Okay. And then 2 quick follow-ups. Bob, could you comment on where you stand with your wells notices and I guess overall where you  
are with the regulators?  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
I don't think -- I can tell you we don't have anything further to report on that, other than what we've told you.  
   
Colin Devine Smith Barney - Analyst  
Okay. I'm not sure if that's good or bad, but all right. And then second, with the rating agencies, clearly you factored in the likelihood  
you'd be downgraded on the debt ratings when you did the deal, but I guess you're also on negative watch for any claims paying rating  
downgrade. How much will that hurt your business or will it have any effect at all if it happens? Which I guess will get resolved in the next  
30 days or so.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
It will have no affect on our business. The power of this brand, the power of this organization and the power of these people is being felt  
everywhere. I guess the best illustration is we had a client that wanted to make sure our bank was really the MetLife Bank and they sent  
us a $15 million deposit over the Internet. I think that's a good statement of people's belief in our credit worthiness.

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Colin Devine Smith Barney - Analyst  
Thank you.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
You're welcome.  
   
Operator  
Next question is from the line of Andrew Kligerman from UBS Securities. Please go ahead.  
   
Andrew Kligerman UBS Securities - Analyst  
Thanks a lot and good morning. I first want to go back to John Nadell's question about the accelerated share repurchase. I'm calculating  
$7.41 a share based on that. So, can you just take me back. Was the purpose of it just for accounting treatment? That's my first question  
on it.  
   
Bill Wheeler MetLife Inc. - CFO  
Well, obviously we do -- part of our normal business is to use our excess capital buyback stock. $41 relative to where the market was at  
the time, I can't exactly tell you, but there's a trueup. The way this works is there will be a trueup on when the investment bank that did  
this for us finishes their purchase activity, there will be a trueup about how the payment was made, about how much they had to spend  
and what they ultimately will get. So, that's sort of -- $41 is sort of the final price is probably -- and I'd wait a little bit.  
   
Andrew Kligerman UBS Securities - Analyst  
And it locks it in so you basically agree to a price, Bill, and you say on January 1 we're going to give you $41 a share. Is that pretty much  
how it works?  
   
Bill Wheeler MetLife Inc. - CFO  
The investment bank does, it says look, for now let's assume a specific price and then when we're done with our share repurchase activity,  
and I'm not actually sure if they're done, they will tell us when they're done. I don't supervise it. They're buying through our blackout  
period.  
   
Andrew Kligerman UBS Securities - Analyst  
I see, they're going to buy it at market prices and then you will find out, but you get January 1 treatment.  
   
Bill Wheeler MetLife Inc. - CFO  
You got it.  
   
Andrew Kligerman UBS Securities - Analyst  
Okay. And then with respect to the expense savings and -- and maybe you can help me out, you said that there were sort of $115 million  
of unusual charges there and one of the areas you rattled off was branding and advertising. How much of the 115 was that? And, you  
know, I guess why should I think about that as -- as one-time, especially because you're going to get revenue benefits from that?  
   
Bill Wheeler MetLife Inc. - CFO  
Well, that's a fair comment because , obviously, we're going to continue to do advertising. But these were some extraordinary events that  
we will not repeat, okay, in coming quarters. I don't want to give you a lot more color than that.  
   
Andrew Kligerman UBS Securities - Analyst  
I mean, did you buy another Met blimp? Or... [ Laughter ]  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
Andrew, we're going into the rides business! [ Laughter ]

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Rob Henrikson MetLife Inc. - President & COO  
But it really -- it really was --  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
t's very simple about the fact that if, in fact, we're having a good quarter, we have a powerful brand, and to the extent we're having a  
great quarter, we can do more in terms of branding and building future value. So, you constantly want to be sending waves out there and  
we have, because of the strength of our brand, the ability to say we will do something this quarter and we don't have to repeat it for 4  
more quarters and we still get the long-term benefit of the MetLife brand.  
   
Andrew Kligerman UBS Securities - Analyst  
Okay. Thanks a lot.  
   
Operator  
Thank you. And your next is from the line of Tom Gallagher from CSFB. Please go ahead.  
   
Tom Gallagher CSFB - Analyst  
Good morning, a couple of questions. First is can you just comment on where your excess capital stood at year-end? And also, I guess as  
you go into the Travelers deal, will you still need to hold, which I think your target in the past was a billion dollars of excess capital at the  
holding company, for just a cushion and for liquidity purposes? Or can you use that during sort of an interim period?  
   
Bill Wheeler MetLife Inc. - CFO  
Boy, what's our excess capital at year-end? It's a number we don't calculate! I think what you're seeing, though is, you know, we talked  
about how we're going to pay for Travelers. You're seeing where we're sort of pulling out some excess capital, okay? But, we don't -- you  
know, there's a lot. Okay? That's sort of one way to say it. In terms of -- our agreement with the rating agencies is not to hold a bill of  
extra cash at the holding company, it's $500 million. That hasn't changed and we need to hold that going forward, as well. So, that's not  
-- you know, through the acquisitions. What the rating agencies have allowed us to do is as part of the transaction, to lever up to as much  
as a 29 percent debt to total cap leverage ratio. Normally we -- our normal limit would be 25, but on a temporary basis we can lever up to  
29. That's sort of how we're dealing with debt.  
   
Tom Gallagher CSFB - Analyst  
And one related question on the capital front, because I believe you all had said when you announced the deal that one of the reasons for  
not securitizing the closed block was because it wasn't the most efficient, I guess, lowest cost source of capital. And I guess looking at  
that, balancing that versus the cost of equity financing, is really what's driving that the fact that you need to keep the debt-to-cap at 29  
percent, which is sort of precipitating the need for equity?  
   
Bill Wheeler MetLife Inc. - CFO  
That's correct. It's really hard for us to write an $11.5 billion ticket without selling some equity and getting some equity credit. That's why  
you're seeing the issuance of common to Citi as well as potentially pretty significant convert offering. Most of this purchase price will  
have to be equity-linked, one way or another. It's too big a ticket to write otherwise.  
   
Tom Gallagher CSFB - Analyst  
Okay. I guess I just would have thought that securitizing the closed block would have been a slightly cheaper form of financing.  
   
Bill Wheeler MetLife Inc. - CFO  
Not relative, obviously, to debt and we're not going to get equity credit for doing it, you know, as closed block securitization. You know,  
part of the way the closed block securitization benefits you is you get to lever up and you get permission from the ratings agency to do  
that. And I've already, frankly, I've gotten that or we've gotten -- the company has gotten that. That's sort of our understanding with that.  
So, it's -- I don't think they would have allowed to us do both, to lever up for a closed block as well as just lever up generally.

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Tom Gallagher CSFB - Analyst  
Gotcha. And just one last question. At your investor day, you had some pretty healthy growth targets for variable annuities. Now, I guess  
the market, at least from what I've been observing, seems like it's a little bit soft for variable annuities right now. Does that combine with  
the Travelers deal, change your view at all with where you expect sales to come in in '05?  
   
Bill Wheeler MetLife Inc. - CFO  
No.  
   
Tom Gallagher CSFB - Analyst  
Okay, thanks.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
Do you want to say something, Lisa?  
   
Lisa Weber MetLife Inc. - President, Individual Business  
Yes, the only thing I was going to add is that with Travelers, the Travelers adds for us is -- right now we have 100,000 points-of-sale and  
on a pro forma basis with Travelers, that brings us to close to 150,000 points-of-sale. So, our capacity increases substantially.  
   
Tom Gallagher CSFB - Analyst  
Okay, thanks.  
   
Operator  
Your next question is from the line of Ed Spehar from Merrill Lynch. Please go ahead.  
   
Ed Spehar Merrill Lynch - Analyst  
Good morning.  
   
Bill Wheeler MetLife Inc. - CFO  
Good morning.  
   
Ed Spehar Merrill Lynch - Analyst  
I have a few questions. First of all, I was wondering if you could talk a little bit about just the competitive environment in variable  
annuities and what you're seeing going on with the new living benefit offerings. Second, on the Travelers deal, if the guidance was going  
to prove to be conservative in '06, what would be the most likely source of -- of upside? And I'm wondering, you know, we sort of talked  
around the expense base that's appropriate to look at to assess the 150 million target expense saves. Could you just give us a guess as to  
what that expense base is? And then finally, I know there was some negative DAK on locking in the traditional life line this quarter. But  
even adjusting for that, it looks like this was a particularly low quarter. So I'm wondering if you could tell us what else unusual might  
have been going on there? Thanks.  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
This is Hugh McHaffie on the competitive side of the variable annuity business. You know, 2003/2004 has been the year of living benefits  
and GWB and GMIBs have been very strong. We're very excited about is that, especially with the acquisition of Travelers, they've been  
very strong in certain product features through their distribution channels and we're going to be able to bring our slightly different  
features into their distribution and bring some of their features into our distribution. So, we think that we've got some great opportunity  
as we bring these 2 organizations together to put some very unique solutions out for the variable annuity business. So, you know, for our  
look on the variable annuity business, we're very bullish about it. We're thinking a great spot there. Secondly on the fixed annuity  
business, you know, we do see this as an opportunity for us to further leverage our beginning of getting into the fixed annuity business.  
Obviously, like to see interest rates go up a little bit to make the overall product more attractive, but it's going to be a great opportunity  
for us to take some of our products that we've been developing on the fixed side with further distribution. So, you know, we're just excited  
about the transaction and I think we can really leverage these 2 organizations.

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Lisa Weber MetLife Inc. - President, Individual Business  
And beyond that, I talked at investor day, this is Lisa. At investor day I talked about the huge retirement need out there and the  
opportunity and if you recall, one of the things that I talked about is the $12 trillion opportunity that's out there. So, you know, we were  
there for the growth and we believe that there's a lot more to come. And so we do look forward to the Travelers acquisition.  
   
Ed Spehar Merrill Lynch - Analyst  
But just specifically on the level of competition today, in the living benefits market, how would you categorize it? It seems like it's getting  
more -- excuse me -- more aggressive. And I just want to know what your thoughts are, just today on a level of competition?  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
You know, it's interesting. You've seen some of our competitors who've actually come out with watered down benefits at lowered costs.  
Such an interesting trend. In a way it's actually coming backwards -- coming a little bit off aggressiveness. You know, I think at the end of  
the day, you've got to develop products that are priced soundly, solve client issues. GWB provides people to have secured income, current  
income. We're comfortable with our pricing, we -- actually, as you can see with our GMIB, we've backed off of a little bit and still have very  
strong market presence and continue to hold our market share. We really do believe that our brand is worth something and continues to  
be worth something and I think we've proven that in our sales. So, it is competitive like any other marketplace. We'll make sure that our  
products are appropriately priced and appropriately priced for the brand that we bring to the marketplace. I see GWB continuing to be an  
interesting evolution as we go forward the next couple of years.  
   
Bill Wheeler MetLife Inc. - CFO  
Ed, I think your second question was about the Travelers deal and whether or -- and what's the upside to 4 to 6 percent, if I think I got  
that right? And then what about expenses. You know, look, a lot of things can obviously happen. I think a lot -- a lot of it will depend on  
how well we integrate the transaction. How -- how successful we are with our potential asset sales. And obviously what overhangs all of  
this is what's the overall, you know, market climate going to be like in '06? And so, you know, we feel good about the 4 to 6 but I wouldn't  
want to move off of that now. In term of expense levels, look, you know, we're in the middle of our expense plan today and are obviously,  
we're going through it in very careful details, sort of our detailed integration plan. I think we will be able to give you some more color on  
that in the months ahead. But we don't know enough now to, I think, give you any more precision than that.  
   
Ed Spehar Merrill Lynch - Analyst  
Okay. And then on the -- on the traditional life?  
   
Unidentified Company Representative MetLife Inc.  
Your last question is on the traditional life earnings. You know, there are probably 3 factors that took the numbers down this quarter. The  
first one you mentioned, the DAC unlocking, that was about 26 million pre-tax. The expenses that Bill talked about earlier, the 115, about  
21 of that hit the traditional life line. And the other thing I'd say is that mortality and the traditional life line was a little worse than  
expected, probably about 5 to 7 million, but that was offset in our variable life segment. So, I mean on balance, individual life mortality  
was about where we expected but it was a little bit worse in trend and that impacted quarter's earnings there.  
   
Ed Spehar Merrill Lynch - Analyst  
Okay, thank you very much.  
   
Operator  
Next question is from the line of Eric Berg from Lehman Brothers. Please go ahead.  
   
Eric Berg Lehman Brothers - Analyst  
Thanks very much. I have sort of a high-level question for you, Bob. And it is, maybe I have misread you, but I've always had the  
impression over the years, really from even before the IPO, that if you stood for anything it was for the strength of the brand and  
protecting the ratings, no matter what. So, you know, going back to Colin's question. I was quite frankly surprised that you did this  
Travelers deal when presumably you knew it was going to put the ratings at risk. Have I been misreading you? Why did you go forward  
with this deal if it has jeopardized the ratings?

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Bob Benmosche MetLife Inc. - Chairman & CEO  
Well, actually, you read me correctly. I would not -- I would not put this company's ratings in jeopardy. When we met with the ratings  
agencies, obviously they have to say something and clearly their decision was do you see this as equally upside and downside? If they  
don't see a big upside that we're going to -- and we're discussing a rating increase. But, they're not ready to say something about that  
right now and we struggle with that but they will get there. But since they're not there yet, the probability is that it will stay the same or  
go down. And therefore they have to, under their approach to ratings, put us on some negative outlook. But I am absolutely convinced of  
is that that's just an outlook and I am absolutely convinced that the people of this company, the investments we've made, will get  
executed on schedule as we've talked about the integration plan and I believe that we're not putting these ratings at risk at all. But,  
people are gong to want to wait and see can we execute what it is we said we're going to do? And I have absolute confidence that we will  
execute and the rating agencies will see the result and as we move into '06, you will see this company cooking at a whole new level with  
all the engines moving forward. So, I am not, and I would not, put this company's ratings in jeopardy.  
   
Eric Berg Lehman Brothers - Analyst  
Is there -- just a quick follow-up and then I'll be done -- is there anything that you and Bill can do in the interim, since the rating agencies  
will act, presumably, in the next, call it as Colin said, 30 days, 45 days, whatever, in a relatively short period, are there things that you can  
do even before the closing to reduce the chances of a downgrade?  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
I believe Colin is wrong.  
   
Eric Berg Lehman Brothers - Analyst  
Okay.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
I believe Colin is very wrong, but he likes to give speeches so let me give you mine. The fact is, when I met with the agencies it was very  
clear that we have plenty of time to prove to them we can execute this transaction. We have to make sure we get this thing financed  
correctly, make sure we have the right numbers here and so we have time and they've given us time to get this thing executed correctly.  
And I am convinced that this will not harm our ratings at all because we will execute everything we said we're going do.  
   
Eric Berg Lehman Brothers - Analyst  
Thank you.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
You're welcome.  
   
Operator  
Next question is from the line of Joan Zief from Goldman Sachs. Please go ahead.  
   
Joan Zief Goldman Sachs - Analyst  
Thank you. I have 2 questions. The first one is did you make any change to your pension assumptions? And is that going to have any  
impact on 2005? The next question has to do with actually borrowing to fund this acquisition that you're making. Interest rates are really  
low, credit quality spreads are really tight. So, is there any way that you can fund right now, the -- the debt or even the convert at these  
very attractive interest rate levels?  
   
Bill Wheeler MetLife Inc. - CFO  
Sure, Joan, it's Bill. The pension question. We did lower our discount rate at year-end a little bit, given the low interest rate environment.  
That was essentially offset by the very good investment performance we had, especially in the fourth quarter, inside the pension plan. So,  
I don't think it's going to be materially different, our pension expense year-over-year. The -- in terms of borrowing now because it's very  
low interest rate, we haven't done anything yet. We're obviously thinking about it. We need to -- and we may put on a hedge now. We're,  
you know, we're -- the thing is we're -- and that would be more focused on the debt than the convert. You know, the convert we really

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want to wait until we understand where we are with that. The convert is not cheap in the long run. I think you know that. I think it's -- so,  
we want to make sure we sell as much -- only as much convert as we really need to and not extra. And I think that's a little less sensitive  
to -- to the overall interest rate environment than debt would be.  
   
Joan Zief Goldman Sachs - Analyst  
So, given where interest rates are, would you actually consider maybe borrowing at the high-end of your range for the debt?  
   
Bill Wheeler MetLife Inc. - CFO  
Well, the way the math kind of works, you want to get a feel for your asset sales before you do that, okay? But there is some minimum  
level that we're going have to borrow no matter what. We may do that now, we may wait, we may just put a hedge on to protect  
ourselves. We're studying the question as we speak. But it's a guide point.  
   
Joan Zief Goldman Sachs - Analyst  
All right. The other follow-up I had is just on the international side, where you're talking about group life in China and group life in India. I  
mean, is there a potential that this actually can be noticeable at some time soon?  
   
Rob Henrikson MetLife Inc. - President & COO  
Well, it's -- this is Rob, Joan. We mentioned them because it's an exciting first step in a very, very dynamic market that's going to be  
something that's -- that everyone will be interested in hearing about, let's say 10 years from today. So, we do a lot at the Company, as you  
know, to -- to manage the business as we say, for the -- for the lifetime of our clients, as well as look at the Company going forward out  
there. And it's -- it's -- it's important for us to take steps where we are particularly strong in a marketplace that -- that has such potential.  
But, no, we're not going to be talking about material results, certainly in China for, you know, for a while.  
   
Joan Zief Goldman Sachs - Analyst  
Okay. Thank you.  
   
Operator  
Your next question is from the line of Suneet Kamath from Sanford Bernstein. Please go ahead.  
   
Suneet Kamath Sanford Bernstein - Analyst  
2 questions. First, just on the consideration mix for the Travelers deal. I just want to get a sense of when we're going to know that  
because as I try to model the transaction, my earnings and ROEs swing around quite a bit, based on scenarios that I use. And then  
second, on the stat earnings, I think you said 2.6 billion for the year, less about 200 million of realized capital gains gets you 2.4. I think  
in the past you talked about 1.7 to 2. Just wondering if there's anything else that's unusual in the 2.4. And then do you have a stat  
earnings number for the Travelers business for 2004? Thanks.  
   
Rob Henrikson MetLife Inc. - President & COO  
Yes, sure. Suneet, I guess the first thing on borrowing is -- or financing of the Travelers transaction, when we'll know. Look, I think you'll  
-- it will be a few months, I think before they think it will clearly come into shape because we're in the middle of pursuing our -- our asset  
sales now or potential asset sales, I need to be careful to say. And they -- and so we're working on that but when we do those, when we  
have something to announce there, we will, so, that'll kind of help shape your thinking. And the second thing is is about statutory net  
income. Now, I think you're -- that's not my recollection that we were 1.7 to 2, I think we were always at sort of 2 plus, or we've been at 2  
plus for '04 for quite a while. There's always unusual things going on in statutory and there will be unusual things going on in '05, as  
well. But in terms of an outlook, I think we're thinking our statutory earnings will sort of again be in sort of the 2 plus kind of range.  
   
Suneet Kamath Sanford Bernstein - Analyst  
And then on the Travelers, do you have a stat number for them?  
   
Bill Wheeler MetLife Inc. - CFO  
Oh, it's -- it's -- I don't have a precise one, it's roughly $800 million. It's 700 or $800 million.

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Suneet Kamath Sanford Bernstein - Analyst  
Okay. Thanks.  
   
Tracey Dedrick MetLife Inc. - Head Investor Relations  
Operator, we will take one more question, please.  
   
Operator  
Very good. It will be from the line of Vanessa Wilson from Deutsche bank. Please go ahead.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Thank you. I know you're at the end here so I will make this very quick. Just on the ratings questions, did you notify the rating agencies of  
the forward purchase of the stock in your conversations so they're well aware of that already, with respect to Travelers?  
   
Bill Wheeler MetLife Inc. - CFO  
With respect to Travelers. Well, we told them -- obviously, when we talked -- just so you know, Vanessa, and so it's clear to everyone, we  
obviously have had extensive conversations with the rating agencies about this whole transaction and the level of our capital structure,  
both at year-end and when we actually will close the deal. So, we've given them the real picture. I think they're comfortable with where  
they're at.  
   
Vanessa Wilson Deutsche Bank - Analyst  
But, specifically the forward-purchase of stock, Bill.  
   
Bill Wheeler MetLife Inc. - CFO  
Yes, we did, because we, obviously, showed them balance sheets which included that.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
Come on up, Tony.  
   
Tony MetLife Inc.  
All I was going to say just the projections that we gave them take that into account. It started -- certainly included that.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay. And then, Bill, when you gave us your overview at investor day, you had a slide on variable income that was running about maybe  
250 a quarter this year. And you've identified the 140 million of CJV and prepayment. Is that 140 million delta over and above a normal  
quarterly run rate?  
   
Bill Wheeler MetLife Inc. - CFO  
Yes, I think Lee gave the -- I think Lee has the chart, actually.  
   
Vanessa Wilson Deutsche Bank - Analyst  
I'm sorry, Lee.  
   
Lee Launer MetLife Inc. - CIO  
Yes, hi, Vanessa. That was exactly right. So, over the 200, the delta is the 140 that we've been talking about here.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay. And given that you had such a strong fourth quarter and such a strong '04, how does that change your outlook for '05 with respect  
to that variable income?  
   
Lee Launer MetLife Inc. - CIO  
It really doesn't. I mean we're still holding on. It's going to move around a little bit, but we're still holding on, about 200 a quarter.

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Vanessa Wilson Deutsche Bank - Analyst  
Okay, and then my last question is, on Travelers will there be a point where you can give us a little better sense of the sales through all  
the Citi channels, Smith Barney, Citi, and everything so we can have a sense of how much they were selling through independent agents  
or third parties versus how much was propriety sales by product?  
   
Rob Henrikson MetLife Inc. - President & COO  
Yes, I mean obviously I think that -- I think the place where that'll officially get done is when we do our financings, but we can give you  
some color now, if you'd like, to give you a sense of it.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
Mike?  
   
Mike MetLife Inc.  
Yes, of their top 7 sales markets, 6 of them were propriety. I think the 7th -- or 6 may have been Morgan Stanley and the 7th --  
   
Rob Henrikson MetLife Inc. - President & COO  
On annuities. On annuities.  
   
Mike MetLife Inc.  
Merrill Lynch on --  
   
Vanessa Wilson Deutsche Bank - Analyst  
You know the percent of sales?  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
Yes. It's, Hugh McHaffie, two-thirds of the annuity sales are through either distribution that we have a marking agreement to sell through  
and/or our what I call propriety distributions.  
   
Vanessa Wilson Deutsche Bank - Analyst  
I'm interested, Hugh, in just propriety.  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
Just propriety. 27 percent in annuity sales if you want to call it propriety distribution. And on the life side, about 15 percent. It's about 5 to  
1 outside versus inside on life.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay.  
   
Hugh McHaffie MetLife Inc. - Senior VP Enterprise Annuity Product Development  
On target premiums.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
And we're talking predominately domestically here.

FEBRUARY 10, 2005 / 1:00PM GMT, Q4 2004 MetLife Inc. Earnings Conference Call  
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Rob Henrikson MetLife Inc. - President & COO  
That's correct.  
   
Bill Wheeler MetLife Inc. - CFO  
Yes.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
On the international front it's a more complex question.  
   
Vanessa Wilson Deutsche Bank - Analyst  
Okay, thank you all very much.  
   
Bob Benmosche MetLife Inc. - Chairman & CEO  
Yep.  
   
Tracey Dedrick MetLife Inc. - Head Investor Relations  
All right, that's it. Thank you very much, everybody, for joining us again today. We look forward to speaking with you throughout the  
quarter.  
   
Operator  
Ladies and gentlemen, this conference is available for replay. It begins today at 11:30 a.m. Eastern Time through February 17th at  
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