MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATUTORY FINANCIAL STATEMENTS

As of March 31, 2009 and December 31, 2008 and for the three months ended March 31, 2009 and March 31, 2008 and the year ended December 31, 2008

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

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MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	March 31, 2009	December 31, 2008	$ Change	% Change
	($ in Millions)			
Assets:				
Bonds	$ 48,519	$ 48,640	$ (121)	-%
Preferred stocks	134	135	(1)	(1)%
Common stocks - subsidiaries and affiliates	1,840	1,493	347	23%
Common stocks - unaffiliated	232	275	(43)	(16)%
Mortgage loans	12,825	13,048	(223)	(2)%
Policy loans	9,309	9,156	153	2%
Real estate	1,083	1,096	(13)	(1)%
Partnerships and limited liability companies	5,359	5,480	(121)	(2)%
Derivatives and other invested assets	3,491	3,846	(355)	(9)%
Cash, cash equivalents and short-term investments	2,694	3,049	(355)	(12)%
Total invested assets	85,486	86,218	(732)	(1)%
Investment income due and accrued	734	737	(3)	-%
Federal income taxes	210	255	(45)	(18)%
Deferred income taxes	639	538	101	19%
Other than invested assets	751	861	(110)	(13)%
Total assets excluding separate accounts	87,820	88,609	(789)	(1)%
Separate account assets	34,840	36,477	(1,637)	(4)%
Total assets	$ 122,660	$ 125,086	$ (2,426)	(2)%

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF FINANCIAL POSITION, continued
(UNAUDITED)

	March 31, 2009	December 31, 2008	$ Change	% Change
	($ in Millions)			
Liabilities:				
Policyholders' reserves	$ 66,136	$ 65,468	$ 668	1%
Liabilities for deposit-type contracts	3,057	3,931	(874)	(22)%
Contract claims and other benefits	278	261	17	7%
Policyholders' dividends	1,359	1,355	4	-%
General expenses due or accrued	682	768	(86)	(11)%
Asset valuation reserve	389	413	(24)	(6)%
Securities sold under agreements to repurchase	3,967	3,516	451	13%
Commercial paper	250	250	-	-%
Derivative collateral	2,572	3,101	(529)	(17)%
Other liabilities	959	1,181	(222)	(19)%
Total liabilities excluding separate accounts	79,649	80,244	(595)	(1)%
Separate account liabilities	34,771	36,379	(1,608)	(4)%
Total liabilities	114,420	116,623	(2,203)	(2)%
Surplus	8,240	8,463	(223)	(3)%
Total liabilities and surplus	$ 122,660	$ 125,086	$ (2,426)	(2)%

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31, 2009	2008	$ Change	% Change
	($ in Millions)			
Revenue:				
Premium income	$ 3,294	$ 3,360	$ (66)	(2)%
Net investment income	1,097	1,378	(281)	(20)%
Fees and other income	168	107	61	57%
Total revenue	4,559	4,845	(286)	(6)%
Benefits and expenses:				
Policyholders' benefits	2,919	3,006	(87)	(3)%
Change in policyholders' reserves	756	827	(71)	(9)%
General insurance expenses	294	285	9	3%
Commissions	134	128	6	5%
State taxes, licenses and fees	38	38	-	-%
Total benefits and expenses	4,141	4,284	(143)	(3)%
Net gain (loss) from operations before dividends and federal income taxes	418	561	(143)	(25)%
Dividends to policyholders	310	322	(12)	(4)%
Net gain (loss) from operations before federal income taxes	108	239	(131)	(55)%
Federal income tax expense (benefit)	(37)	(22)	(15)	(68)%
Net gain (loss) from operations	145	261	(116)	(44)%
Net realized capital gains (losses) after tax and transfers to interest maintenance reserve	(309)	(205)	(104)	(51)%
Net income (loss)	$ (164)	$ 56	$ (220)	(393)%

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF CHANGES IN SURPLUS
(UNAUDITED)

	Three Months Ended March 31, 2009	2008	$ Change	% Change
	($ in Millions)			
Surplus, beginning of year	$ 8,463	$ 8,004	$ 459	6%
Increase (decrease) due to:				
Net income (loss)	(164)	56	(220)	(393)%
Change in net unrealized capital gains (losses)	40	18	22	122%
Change in net unrealized foreign exchange capital gains (losses)	12	12	-	-%
Change in asset valuation reserve	24	308	(284)	(92)%
Change in nonadmitted assets	(162)	(46)	(116)	(252)%
Change in net deferred income taxes	54	101	(47)	(47)%
Prior period adjustments	-	(9)	9	100%
Other	(27)	(2)	(25)	NM
Net increase (decrease)	(223)	438	(661)	(151)%
Surplus, end of period	$ 8,240	$ 8,442	$ (202)	(2)%

NM = not meaningful

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 2009	Year Ended December 31, 2008
	(In Millions)	
Cash from operations:		
Premium and other income collected	$ 3,569	$ 14,144
Net investment income	953	5,120
Benefit payments	(2,873)	(11,901)
Net transfers from (to) separate accounts	(82)	70
Commissions and other expenses	(530)	(2,389)
Dividends paid to policyholders	(306)	(1,367)
Federal and foreign income taxes recovered (paid)	77	(3)
Net cash from operations	808	3,674
Cash from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds	4,354	16,812
Common stocks - unaffiliated	46	560
Mortgage loans	232	1,236
Real estate	1	142
Other	182	1,621
Total investment proceeds	4,815	20,371
Cost of investments acquired:		
Bonds	(4,402)	(22,453)
Common stocks - unaffiliated	(23)	(314)
Mortgage loans	(69)	(1,842)
Real estate	(13)	(102)
Other	(419)	(1,966)
Total investments acquired	(4,926)	(26,677)
Net increase in policy loans	(153)	(595)
Net cash from investments	(264)	(6,901)
Cash from financing and other sources:		
Net deposits (withdrawals) on deposit-type contracts	(878)	(389)
Net securities sold (bought) under agreements to repurchase	451	1,414
Change in derivative collateral	(529)	2,526
Other cash provided (applied)	57	75
Net cash from financing and other sources	(899)	3,626
Net change in cash, cash equivalents and short-term investments	(355)	399
Cash, cash-equivalents and short-term investments, beginning of year	3,049	2,642
Cash, cash-equivalents and short-term investments nonadmitted	-	8
Cash, cash-equivalents and short-term investments, end of period	$ 2,694	$ 3,049

See notes to condensed consolidated statutory financial statements

1. *Nature of operations*

MassMutual Financial Group ("MMFG") is comprised of Massachusetts Mutual Life Insurance Company ("MassMutual") and its subsidiaries. MMFG is a global, diversified financial services organization providing life insurance, disability income insurance, long-term care insurance, annuities, retirement and income products and programs, investment management, mutual funds, and trust services to individual and institutional customers. MassMutual is organized as a mutual life insurance company.

2. *Summary of significant accounting policies*

a. *Basis of presentation*

The condensed consolidated statutory financial statements include the accounts of MassMutual and its wholly owned United States of America ("U.S.") domiciled life insurance subsidiary (collectively, the "Company"): C.M. Life Insurance Company ("C.M. Life"), as well as its indirect subsidiary, MML Bay State Life Insurance Company ("MML Bay State"), which is wholly owned by C.M. Life. Other entities comprising MMFG are accounted for under the equity method in accordance with statutory accounting principles. All intercompany transactions and balances for these consolidated entities have been eliminated. Statutory financial statements filed with regulatory authorities are not presented on a consolidated basis.

The condensed consolidated statutory financial statements and notes as of March 31, 2009, and for the three months ended March 31, 2009 and 2008 are unaudited. These condensed consolidated financial statements reflect all adjustments, consisting only of normal accruals, which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations, and cash flows for the interim periods. These condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in MassMutual's 2008 Annual Report, as these condensed consolidated financial statements disclose only significant changes from year end 2008. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year. The Condensed Consolidated Statutory Statements of Financial Position as of December 31, 2008 and the Condensed Consolidated Statutory Statements of Cash Flows for the year ended December 31, 2008 have been derived from the audited consolidated financial statements at that date, but do not include all of the information and footnotes required by statutory accounting practices for complete financial statements.

The condensed consolidated statutory financial statements have been prepared in conformity with the statutory accounting practices of the National Association of Insurance Commissioners ("NAIC") and the accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance ("Division"); and for the wholly owned U.S. domiciled life insurance subsidiaries, the State of Connecticut Insurance Department ("Department").

Statutory accounting practices are different in some respects from financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The more significant differences between statutory accounting principles and U.S. GAAP are as follows: (a) certain acquisition costs, such as commissions and other variable costs, that are directly related to acquiring new business, are charged to current operations as incurred, whereas U.S. GAAP generally capitalizes these expenses and amortizes them based on profit emergence over the expected life of the policies or over the premium payment period; (b) statutory policy reserves are based upon prescribed methodology, such as the Commissioners' Reserve Valuation Method or net level premium method, and prescribed statutory mortality, morbidity and interest assumptions, whereas U.S. GAAP reserves would generally be based upon the net level premium method or the estimated gross margin method, with estimates of future mortality, morbidity, interest assumptions and persistency; (c) bonds are generally carried at amortized cost, whereas U.S. GAAP generally reports bonds at fair value; (d) beginning with the third quarter of 2008, the Company utilized undiscounted cash flows to determine impairments on structured securities, whereas U.S. GAAP would require the use of discounted cash flows; (e) changes in the balances of deferred income taxes, which provide for book versus tax temporary differences, are subject to limitation and are charged to surplus, whereas U.S. GAAP would generally include the change in deferred taxes in net income; (f)

payments received for universal and variable life insurance products and variable annuities are reported as premium income and change in reserves, whereas U.S. GAAP would treat these payments as deposits to policyholders' account balances; (g) majority-owned non-insurance subsidiaries and variable interest entities where the Company is the primary beneficiary and certain other controlled entities are accounted for using the equity method, whereas U.S. GAAP would consolidate these entities; (h) surplus notes are reported in surplus, whereas U.S. GAAP would report these notes as liabilities; (i) assets are reported at admitted asset value and nonadmitted assets are excluded through a charge against surplus, whereas U.S. GAAP records these assets net of any valuation allowance; (j) reinsurance reserve credits, unearned ceded premium, and unpaid ceded claims are reported as a reduction of policyholders' reserves and liabilities for deposit-type contracts whereas U.S. GAAP would report these balances as an asset; (k) an asset valuation reserve ("AVR") is reported as a contingency reserve to stabilize surplus against fluctuations in the statement value of common stocks, real estate investments, partnerships and limited liability companies ("LLC") as well as credit related declines in the value of bonds, mortgage loans and certain derivatives to the extent AVR is greater than zero for the appropriate asset category, whereas U.S. GAAP does not record this reserve; (l) after-tax realized capital gains and losses which result from changes in the overall level of interest rates for all types of fixed-income investments and interest-related hedging activities are deferred into the interest maintenance reserve ("IMR") and amortized into revenue, whereas U.S. GAAP reports these gains and losses as revenue; (m) changes in the fair value of derivative financial instruments are recorded as changes in surplus, whereas U.S. GAAP generally reports these changes as revenue unless deemed an effective hedge; (n) comprehensive income is not presented, whereas U.S. GAAP presents changes in unrealized capital gains and losses and foreign currency translations as other comprehensive income; (o) a prepaid asset and/or a liability is recorded for the difference between the fair value of the pension and other postretirement ("plan") assets and the accumulated benefit obligation (which excludes non-vested employees) with the change recorded in surplus, whereas for U.S. GAAP purposes, the over/underfunded status of a plan is the difference between the fair value of the plan assets and the projected benefit obligation and is recorded as an asset or liability on the Consolidated Statements of Financial Position with the change recorded through accumulated other comprehensive income; (p) embedded derivatives are recorded as part of the underlying contract, whereas U.S. GAAP would identify and bifurcate certain embedded derivatives from the underlying contract or security and account for them separately at fair value; and (q) certain group annuity and universal life contracts, which do not pass through all investment gains to contract holders, are maintained in the separate accounts, whereas U.S. GAAP reports these contracts in the general account of the Company.

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of assets and liabilities as of the date of the consolidated statutory financial statements, and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates include those used in determining the carrying values of investments, the liabilities for future policyholders' reserves and deposit-type contracts, the amount of mortgage loan investment valuation reserves, real estate held for sale, other-than-temporary impairments and the liability for taxes. Future events including, but not limited to, changes in the levels of mortality, morbidity, interest rates, persistency and asset valuations and defaults, could cause actual results to differ from the estimates used in the consolidated statutory financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate.

For the full description of accounting policies, see Note 2 of Notes to Consolidated Statutory Financial Statements included in MassMutual's 2008 audited consolidated year end financial statements.

The following tables summarize statutory financial information for the consolidated entities:

	As of and for the Three Months Ended March 31, 2009				
	MassMutual	C.M. Life	MML Bay State	Eliminations	Net
	(In Millions)				
Total revenue	$ 4,183	$ 376	$ 31	$ (31)	$ 4,559
Net income (loss)	(155)	(9)	-	-	(164)
Total assets	112,015	7,462	4,105	(922)	122,660
Surplus	8,240	700	196	(896)	8,240

	As of and for the Year Ended December 31, 2008				
	MassMutual	C.M. Life	MML Bay State	Eliminations	Net
	(In Millions)				
Total revenue	$ 18,420	$1,124	$ 133	$ (376)	$ 19,301
Net income (loss)	(993)	(77)	10	-	(1,060)
Total assets	114,294	7,540	4,176	(924)	125,086
Surplus	8,463	708	192	(900)	8,463

b. Corrections of errors and reclassifications

Under statutory accounting principles, corrections of prior year errors are recorded in surplus. The following summarizes corrections of prior year errors for the three month period ended March 31, 2009 (in millions):

	Correction of Prior Years' Income	Corrections of Prior Years' Statement of Changes to Surplus	Impact on Surplus of Error Correction	Correction of Asset or Liability Balances
Other invested asset value corrections	$ -	$ (8)	$ (8)	$ 8

As a result of the net activity above, the Company recorded, in the Condensed Consolidated Statutory Statements of Changes in Surplus for the three month period ended March 31, 2009, a net decrease of less than $1 million through prior period adjustments and a decrease of $8 million through the change in net unrealized capital gains (losses).

The following summarizes corrections of prior year errors for the three month period ended March 31, 2008 (in millions):

	Correction of Prior Years' Income	Corrections of Prior Years' Statement of Changes to Surplus	Impact on Surplus of Error Correction	Correction of Asset or Liability Balances
Separate account guarantee reserve adjustments	$ (17)	$ -	$ (17)	$ 17
Policyholders' reserves adjustments	3	-	3	(3)
Intangible asset correction	5	-	5	(5)
Reinsurance corrections	2	-	2	(2)
Policy loan adjustments	(2)	-	(2)	2
Total	$ (9)	$ -	$ (9)	$ 9

As a result of the net activity above, the Company recorded, in the Condensed Consolidated Statutory Statements of Changes in Surplus for the three month period ended March 31, 2008, a net decrease of $9 million through prior period adjustments.

Certain 2008 balances have been reclassified to conform to the current year presentation.

c. Change in accounting principles and methodology

The AVR includes four sub-components. The equity sub-components include common stock and real estate; the default sub-components include bonds and mortgage loans. Beginning in the first quarter of 2009, the Company changed its calculation of the AVR to include the transfer of a portion of any sub-component that is negative, to its corresponding sub-component, as permitted by the annual statement instructions. The cumulative effect of this change in accounting is $206 million as of January 1, 2009, and is recorded as an increase to surplus.

3. New accounting standards

In September 2008, the NAIC issued SSAP No. 99, “Accounting for Certain Securities Subsequent to an Other-Than-Temporary Impairment,” with an effective date of January 1, 2009. This statement establishes the statutory accounting principles for the treatment of premium or discount applicable to certain securities subsequent to the recognition of an other-than-temporary impairment. This SSAP adopts the GAAP guidance included in Financial Accounting Standards Board (“FASB”) Staff Position (“FSP”)s Financial Accounting Standard (“FAS”) 115-1 and FAS 124-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,” paragraph 16, with modifications for statutory reporting and requires that, after recognizing an other-than-temporary impairment, the fair value on the impairment date becomes the new cost basis, and the insurer must amortize any premium or accrete any discount to the par value by the maturity date, or to realizable value if the anticipated recovery is less than par. The unaccrued discount would be accrued over the remaining life of the security based on the amount and timing of future estimated cash flows. This SSAP also clarifies that for reporting entities required to maintain such reserves, credit related other-than-temporary impairment losses are to be recorded through the AVR, while interest related other-than-temporary impairment losses are to be recorded through the IMR. The Company has recorded an impact of $12 million in additional income as of March 31, 2009.

In December 2008, the NAIC issued SSAP No. 91(R), “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” with an effective date of January 1, 2009. This statement adopts the revisions the FASB made to FAS No. 156, “Accounting for Servicing of Financial

Assets, an amendment of FAS No. 140," requiring that all servicing assets and servicing liabilities should initially be measured at fair value. Consistent with these revisions, this SSAP adopts guidance from FAS No. 156 requiring the inclusion of separately recognized servicing assets and servicing liabilities in the calculation of proceeds from the sale of assets and modifies the illustrations included within SSAP No. 91 accordingly. This SSAP rejects the optionality provided within FAS No. 156 for subsequent measurement of servicing assets and servicing liabilities at fair value or cost, but revises the SSAP No. 91 accounting measurement method for such items to a fair value measurement method. This SSAP confirms adoption of guidance previously adopted from FAS No. 140 regarding servicing assets and servicing liabilities established from the transfer of financial assets to a qualifying special purpose entity in a guaranteed mortgage securitization in which the transferor retains all of the resulting securities. This SSAP also adopts nonsubstantive revisions from FAS No. 156 in which the term "retained interests" is replaced with" interests that continue to be held by the transferor," with amendments to the definition to exclude servicing assets and servicing liabilities. Adoption of this statement did not have a significant impact on the Company.

In January 2009, the NAIC issued SSAP No. 98, "Treatment of Cash Flows When Quantifying Changes in Valuation and Impairments, and Amendment of SSAP No. 43 – Loan-backed and Structured Securities." This SSAP was modified on April 17, 2009 to be effective for quarterly and annual reporting periods ending on or after September 30, 2009. SSAP No. 98 states that a structured or loaned-backed security that is other-than-temporarily impaired be written down to fair value and recognized in net realized capital gains (losses), rather than to the estimated future undiscounted cash flows amount as is currently required. SSAP No. 98 clarifies that an interest related decline in value should be deemed other-than temporary only when the investor has the intent to sell the investment, at the reporting date, before recovery of the investment. Credit related other-than-temporary impairment losses shall be recorded through the AVR; interest related other-than-temporary impairment losses shall be recorded through the IMR. The estimated impact on total assets, net income, and surplus of applying SSAP No. 98 as of March 31, 2009 would have been approximately $750 million of additional impairment losses and corresponding reduction in surplus. The actual impact from adoption of this standard will depend on whether the NAIC further amends this standard in response to recently issued FASB pronouncements and the market conditions existing as of the actual implementation date. Additionally, based on expected realizable values, the Company does not believe that the actual economic losses will be as large.

4. Investments

The Company maintains a diversified investment portfolio. Investment policies limit concentration in any asset class, geographic region, industry group, economic characteristic, investment quality, or individual investment.

a. Bonds

The carrying value and fair value of bonds were as follows:

	March 31, 2009			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Millions)			
U. S. government	$ 10,872	$ 925	$ 195	$ 11,602
All other governments	116	22	-	138
States, territories and possessions	1,091	71	7	1,155
Special revenue	1,811	150	11	1,950
Industrial and miscellaneous	31,280	607	5,367	26,520
Credit tenant loans	152	2	3	151
Parent, subsidiaries and affiliates	3,197	2	508	2,691
Total	$ 48,519	$ 1,779	$ 6,091	$ 44,207

Note: The carrying value in this table includes $187 million of unrealized losses on NAIC category 6 bonds which are not included in gross unrealized losses.

	December 31, 2008			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Millions)			
U. S. government	$ 9,656	$ 1,746	$ 6	$ 11,396
All other governments	116	33	-	149
States, territories and possessions	1,080	38	14	1,104
Special revenue	3,230	175	16	3,389
Industrial and miscellaneous	31,130	706	5,177	26,659
Credit tenant loans	179	7	-	186
Parent, subsidiaries and affiliates	3,249	29	588	2,690
Total	$ 48,640	$ 2,734	$ 5,801	$ 45,573

Note: The carrying value in this table includes $95 million of unrealized losses on NAIC category 6 bonds which are not included in gross unrealized losses.

The book values of investments were written down when declines in values were considered to be other-than-temporary. For the three months ending March 31, 2009, the Company recognized $221 million of impairment losses on bonds. The Company employed a systematic methodology to evaluate all declines in fair value. The methodology to evaluate declines in value used a quantitative and qualitative process ensuring that available evidence concerning the declines was evaluated in a disciplined manner.

The following is an analysis of the fair values and gross unrealized losses aggregated by bond category and length of time that the securities were in a continuous unrealized loss position as of March 31, 2009 and December 31, 2008.

	March 31, 2009					
	Less than 12 months			12 months or longer		
	Fair Value	Unrealized Losses	Number of Issuers	Fair Value	Unrealized Losses	Number of Issuers
	($ In Millions)					
U. S. government	$ 3,518	$ 194	10	$ 14	$ 1	2
All other governments	25	-	1	-	-	4
States, territories and possessions	138	4	14	27	4	-
Special revenue	58	8	17	18	3	2
Industrial and miscellaneous	10,032	1,540	2,001	8,434	3,930	1,535
Credit tenant loans	80	5	12	35	-	2
Parent, subsidiaries and affiliates	1,484	299	22	1,004	290	10
Total	$ 15,335	$ 2,050	2,077	$ 9,532	$ 4,228	1,555

Note: The unrealized losses in this table include $187 million of unrealized losses on NAIC category 6 bonds.

	December 31, 2008					
	Less than 12 months			12 months or longer		
	Fair Value	Unrealized Losses	Number of Issuers	Fair Value	Unrealized Losses	Number of Issuers
	($ In Millions)					
U. S. government	$ 270	$ 5	40	$ 21	$ -	29
States, territories and possessions	375	11	40	26	4	2
Special revenue	234	12	60	46	4	15
Industrial and miscellaneous	12,535	2,011	2,408	6,058	3,255	1,193
Credit tenant loans	64	5	11	-	-	-
Parent, subsidiaries and affiliates	928	265	12	444	324	12
Total	$ 14,406	$ 2,309	2,571	$ 6,595	$ 3,587	1,251

Note: The unrealized losses in this table include $95 million of unrealized losses on NAIC category 6 bonds.

For industrial and miscellaneous, the majority of the unrealized losses in both categories above for both periods continued to grow as the widening of credit spreads, the continuing decline in the credit markets, liquidity, bank loan values, and other uncertainties were reflected in current market values. These factors continue to impact the value of residential mortgage-backed securities ("RMBS") and have now spread to the broader bond market significantly affecting values in leveraged loans and commercial mortgage-backed securities ("CMBS"). Deterioration of underlying collateral, downgrades of credit ratings, or other factors may lead to further declines in value.

Based on the Company's policies, as of March 31, 2009 and December 31, 2008, the Company has not deemed these investments to be other-than-temporarily impaired because the book value of the investments is expected to be realized based on our analysis of fair value or for structured securities, undiscounted cash flows, and the Company has the ability and intent not to sell these investments until recovery, which may be maturity.

The Company did not sell any securities at a loss or in a loss position with the NAIC's designation 3 or below through the three months ended March 31, 2009 or 2008 that were reacquired within 30 days of the sale date.

Residential mortgage-backed exposure

The Company holds certain investments backed by pools of residential mortgages. The majority of these investments are included in bonds. The mortgages in these pools have varying risk characteristics and are commonly categorized as being of U.S. government agency, non-agency prime, Alt-A and subprime borrower quality. The mortgage collateral classified as U.S. government agency is considered of the lowest relative risk while those classified as subprime are of the highest relative risk. The Alt-A category includes option adjustable rate mortgages, and the subprime category includes "scratch and dent" or reperforming pools, high loan-to-value pools, and pools where the borrowers have very impaired credit but the average loan–to-value is low, typically 70% or below. In identifying Alt-A and subprime exposure, management used a combination of qualitative and quantitative factors, including FICO scores and loan-to-value ratios.

As of March 31, 2009, of the $31,280 million of industrial and miscellaneous bonds, the Company had $8,821 million of RMBS bonds, including Collateralized Debt Obligations ("CDOs") and other bonds with residential mortgage exposure, of which $4,171 million was prime, $3,184 million was Alt-A and $1,466 million was subprime. As of December 31, 2008, of the $31,130 million of industrial and miscellaneous bonds, the Company had $10,783 million of RMBS bonds, including CDOs and other bonds with residential mortgage exposure, of which $5,810 million was prime, $3,362 million was Alt-A and $1,611 million was subprime.

Beginning in 2007, market conditions for Alt-A and subprime investments deteriorated due to higher delinquencies, reduced home prices, and reduced refinancing opportunities. This market turbulence has spread to other credit markets. It is unclear how long it will take for a return to more liquid market conditions.

The actual cost, carrying value, fair value, and related gross realized losses from other-than-temporary impairments of the Company's bond investments with significant Alt-A or subprime exposure were as follows:

	March 31, 2009			Three Months Ended March 31, 2009
	Actual Cost	Carrying Value	Fair Value	Other-Than-Temporary Impairments
Alt-A:	(In Millions)			
Residential mortgage-backed securities	$ 3,908	$ 3,099	$ 1,584	$ (45)
Collateralized debt obligations	85	85	84	-
Other bonds	-	-	-	-
Total Alt-A	3,993	3,184	1,668	(45)
Subprime:				
Residential mortgage-backed securities	1,767	1,466	990	(22)
Collateralized debt obligations	11	-	-	-
Total subprime	1,778	1,466	990	(22)
Total Alt-A and subprime	$ 5,771	$ 4,650	$ 2,658	$ (67)

	December 31, 2008			Year Ended December 31, 2008
	Actual Cost	Carrying Value	Fair Value	Other-Than-Temporary Impairments
Alt-A:	(In Millions)			
Residential mortgage-backed securities	$ 4,057	$ 3,275	$ 1,765	$ (604)
Collateralized debt obligations	93	87	87	(19)
Other bonds	-	-	-	-
Total Alt-A	4,150	3,362	1,852	(623)
Subprime:				
Residential mortgage-backed securities	1,885	1,610	1,210	(158)
Collateralized debt obligations	14	1	1	(4)
Total subprime	1,899	1,611	1,211	(162)
Total Alt-A and subprime	$ 6,049	$ 4,973	$ 3,063	$ (785)

Note: The actual cost in these tables is reduced by paydowns.

The following tables show the percentage by statement value of Alt-A and subprime residential mortgage-backed securities by vintage (representing the year the pool of loans was originated) and nationally recognized credit quality ratings as of March 31, 2009 and December 31, 2008:

March 31, 2009

Year	AAA	AA	A	BBB	BB and Below	Total
2008	- %	0.2%	- %	- %	- %	0.2%
2007	1.2	0.2	0.3	0.5	7.1	9.3
2006	4.2	2.0	0.9	3.1	26.3	36.5
2005 and prior	16.7	12.0	4.2	8.4	12.7	54.0
Total	22.1%	14.4%	5.4%	12.0%	46.1%	100.0%

December 31, 2008

Year	AAA	AA	A	BBB	BB and Below	Total
2008	0.2%	- %	- %	- %	- %	0.2%
2007	5.9	1.3	0.1	0.7	1.6	9.6
2006	31.7	2.2	1.0	0.8	0.9	36.6
2005 and prior	40.5	10.5	1.3	0.9	0.4	53.6
Total	78.3%	14.0%	2.4%	2.4%	2.9%	100.0%

There were additional credit downgrades for the securities backed by residential mortgage pools, which were held by the Company since December 31, 2008. Subsequent to March 31, 2009, there were no significant additional downgrades.

Leveraged loan exposure

The Company holds leveraged loans as bonds with interest rates that are higher than typical loans that reflect the additional risk of default from issuers with high debt-to-equity ratios. The actual cost, carrying

value, fair value, and related gross realized losses from other-than-temporary impairments of the Company's domestic and European leveraged loans were as follows:

	March 31, 2009			Three Months Ended March 31, 2009
	Actual Cost	Carrying Value	Fair Value	Other-Than-Temporary Impairments
	(In Millions)			
Domestic leveraged loans	$ 1,732	$ 1,651	$ 1,314	$ (32)
Domestic leveraged loan CDOs	1,162	1,097	554	(11)
Total domestic leveraged loans and CDOs	2,894	2,748	1,868	(43)
European leveraged loans	1,316	1,106	630	(45)
Total leveraged loans and CDOs	$ 4,210	$ 3,854	$ 2,498	$ (88)

	December 31, 2008			Year Ended December 31, 2008
	Actual Cost	Carrying Value	Fair Value	Other-Than-Temporary Impairments
	(In Millions)			
Domestic leveraged loans	$ 1,913	$ 1,836	$ 1,382	$ (58)
Domestic leveraged loan CDOs	1,016	965	490	(32)
Total domestic leveraged loans and CDOs	2,929	2,801	1,872	(90)
European leveraged loans	976	952	415	(54)
Total leveraged loans and CDOs	$ 3,905	$ 3,753	$ 2,287	$ (144)

Note: The actual cost in these tables is reduced by paydowns.

Commercial mortgage-backed exposure

The Company holds certain bonds backed by pools of commercial mortgages. The mortgages in these pools have varying risk characteristics related to underlying collateral type, borrower's risk profile and ability to refinance, and the return provided to the borrower from the underlying collateral. These investments had actual cost of $3,719 million, fair value of $2,959 million and related gross realized losses from other-than-temporary impairments of less than $1 million as of and for the year ended March 31, 2009. These investments had actual cost of $3,821 million, fair value of $3,044 million and related gross realized losses from other-than-temporary impairments of $2 million as of December 31, 2008.

b. Mortgage loans

Mortgage loans, comprised of commercial mortgage loans and residential mortgage loan pools, were $12,825 million as of March 31, 2009 and $13,048 million as of December 31, 2008. There was a valuation allowance of $88 million recorded as of March 31, 2009 and $66 million as of December 31, 2008. The Company's commercial mortgage loans primarily finance various types of commercial real estate properties throughout the U.S. Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration and Veterans Administration guarantees.

Commercial mortgage loan exposure

The Company holds commercial mortgage loans for which it is the primary lender and mezzanine loans for which the Company is a secondary lender, often for a commercial property in development. These loans have varying risk characteristics including, among others, the borrower's liquidity, the underlying percentage of completion of a project, the returns generated by the collateral, and the refinance risk associated with maturity of the loan and deteriorating collateral value.

The amortized cost, carrying value, fair value, and related gross realized losses from other-than-temporary impairments of the Company's commercial mortgage loans were as follows:

	March 31, 2009			Three Months Ended March 31, 2009	
	Amortized Cost	Carrying Value	Fair Value	Other-Than-Temporary Impairments	Change in Provision for Loan Losses
	(In Millions)				
Commercial mortgage loans excluding mezzanine loans	$ 9,885	$ 9,796	$ 9,323	$ (7)	$ (32)
Commercial mezzanine mortgage loans	191	160	144	(15)	10
Total commercial mortgage loans	$ 10,076	$ 9,956	$ 9,467	$ (22)	$ (22)

	December 31, 2008			Year Ended December 31, 2008	
	Amortized Cost	Carrying Value	Fair Value	Other-Than-Temporary Impairments	Change in Provision for Loan Losses
	(In Millions)				
Commercial mortgage loans excluding mezzanine loans	$ 9,991	$ 9,955	$ 9,743	$ (1)	$ (25)
Commercial mezzanine mortgage loans	196	155	138	-	(41)
Total commercial mortgage loans	$ 10,187	$ 10,110	$ 9,881	$ (1)	$ (66)

The maturities of the Company's mezzanine loan portfolio as of March 31, 2009 are as follows (in millions):

	Carrying Value	Fair Value
2009	$ 2	$ 2
2010	10	10
2011	83	75
2012	39	36
2013	19	18
Thereafter	7	3
Mezzanine loans	$ 160	$ 144

c. Partnerships and limited liability companies

Partnerships and LLCs recognized $88 million of other-than-temporary impairments through March 31, 2009 as a result of the continuing decline in the credit markets. As of March 31, 2009, the Company did not hold any partnerships with significant Alt-A or subprime exposure.

Partnerships and LLCs recognized less than $1 million of other-than-temporary impairments through March 31, 2008. As of December 31, 2008, the Company did not hold any partnerships or LLCs with significant subprime exposure. For the year ended December 31, 2008, one partnership with significant Alt-A exposure held by the Company and liquidated prior to year end, Quantitative Enhanced Decisions Fund, had an actual cost of $80 million and related gross realized losses from other-than-temporary impairments of $44 million prior to liquidation.

d. Net investment income

Net investment income was derived from the following sources:

	Three Months Ended March 31,	
	2009	2008
	(In Millions)	
Bonds	$ 670	$ 674
Preferred stocks	1	1
Common stocks - subsidiaries and affiliates	-	270
Common stocks - unaffiliated	1	6
Mortgage loans	193	198
Policy loans	180	165
Real estate	43	55
Partnerships and LLCs	10	41
Derivatives and other invested assets	60	70
Cash, cash equivalents and short-term investments	8	22
Subtotal investment income	1,166	1,502
Amortization of the IMR	21	(11)
Net gains (losses) from separate accounts	1	2
Less investment expenses	(91)	(115)
Net investment income	$ 1,097	$ 1,378

e. Net realized capital gains and losses

Net realized capital gains (losses) were comprised of the following:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In Millions)	
Bonds	$ (168)	$ (275)
Preferred stocks	(4)	-
Common stocks - subsidiaries and affiliates	(38)	-
Common stocks - unaffiliated	(48)	43
Mortgage loans	(22)	-
Real estate	-	41
Partnerships and LLCs	(88)	-
Derivatives and other	71	17
Federal and state taxes	(5)	(28)
Net realized capital gains (losses) before deferral to the IMR	(302)	(202)
Net (gains) losses deferred to the IMR	11	10
Less taxes	(18)	(13)
Net after tax (gains) losses deferred to the IMR	(7)	(3)
Net realized capital gains (losses)	$ (309)	$ (205)

Other-than-temporary impairments, which are included in the net realized capital gains (losses) above, consisted of the following:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In Millions)	
Bonds	$ (221)	$ (289)
Preferred stocks	(4)	(1)
Common stocks - subsidiaries and affiliates	(33)	(3)
Common stocks - unaffiliated	(60)	(4)
Mortgage loans	(22)	-
Partnerships and LLCs	(88)	-
Other	-	(16)
Other-than-temporary impairments	$ (428)	$ (313)

The impact on surplus from the other-than-temporary impairments was reduced by a release from the AVR of $24 million (including the cumulative effect of the AVR methodology change as disclosed in *Note 2c. "Change in accounting principles and methodology*") through March 31, 2009 and $308 million through March 31, 2008.

f. Securities purchased under agreements to resell and sold under agreements to repurchase

As of March 31, 2009 and December 31, 2008, the Company had no securities purchased under agreements to resell.

The Company had securities sold under agreements to repurchase with total carrying values of $3,967 million as of March 31, 2009 and $3,516 million as of December 31, 2008. As of March 31, 2009, the maturities of these agreements ranged from April 7, 2009 through June 17, 2009 and the interest rates ranged from 0.3% to 3.6%. The outstanding amounts were collateralized by bonds with a fair value of $4,124 million and cash of $45 million as of March 31, 2009 and bonds with a fair value of $3,601 million as of December 31, 2008.

5. Common stocks-subsidiaries and affiliates

The Company recognized $33 million of other-than-temporary impairments on affiliated investment funds for the three months ended March 31, 2009, $11 million of which were based on internal models.

Common stocks of unconsolidated subsidiaries, primarily MassMutual Holding LLC ("MMHLLC"), are accounted for using the statutory equity method. The Company accounts for the value of its investment in its subsidiary, MMHLLC, at its underlying U.S. generally accepted accounting principles ("U.S. GAAP") net equity, adjusted for certain nonadmitted and intangible assets. FAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("FAS No. 160") became effective January 1, 2009 and requires U.S. GAAP reporting entities to present noncontrolling interests as part of equity. As of March 31, 2009, the value of MMHLLC increased by $399 million from December 31, 2008. Of this increase, $669 million was attributable to the change in the U.S. GAAP equity of MMHLLC as a result of the adoption of FAS No. 160. The Division has affirmed the statutory recognition of the Company's application of FAS 160 guidelines in regards to MMHLLC's equity value. The current carrying amount of MMHLLC based on its U.S. GAAP equity including FAS No. 160 remains significantly below its fair value.

6. Derivative financial instruments

The Company uses derivative financial instruments in the normal course of business to manage risks, primarily to reduce interest rate and duration imbalances determined in asset/liability analyses. The Company also uses a combination of derivatives and fixed income investments to create synthetic investment positions. These combined investments are created opportunistically when they are economically more attractive than the replicated instrument or when the replicated instruments are unavailable. The Company held synthetic assets which were considered replicated asset transactions as defined under statutory accounting principles of $100 million as of March 31, 2009 and $145 million as of December 31, 2008. The Company's derivative strategy employs a variety of derivative financial instruments, including interest rate swaps, currency swaps, equity and credit default swaps, options, interest rate caps and floors, forward contracts, and financial futures. Investment risk is assessed on a portfolio basis and individual derivative financial instruments are not designated in hedging relationships; therefore, as allowed by accounting rules, the Company specifically and intentionally made the decision not to apply hedge accounting.

The Company's principal derivative market risk exposures are interest rate risk, which includes the impact of inflation, and credit risk. Interest rate risk pertains to the change in fair value of the derivative instruments as market interest rates move. The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. In order to minimize credit risk, the Company and its derivative counterparties require collateral to be posted in the amount owed under each transaction, subject to threshold and minimum transfer amounts that are functions of the rating on the counterparty's long term, unsecured, unsubordinated debt. Additionally, in many instances, the Company enters into agreements with counterparties that allow for contracts in a positive position, where the Company is due amounts, to be offset by contracts in a negative position. This right of offset, combined

with collateral obtained from counterparties, reduces the Company's exposure. Collateral pledged by the counterparties was $2,919 million as of March 31, 2009 and $3,356 million as of December 31, 2008. Market value exposure at risk, in a net gain position, net of offsets and collateral, was $296 million as of March 31, 2009 and $225 million as of December 31, 2008. Negative values in the carrying value of a particular derivative category can result from a counterparty's right to offset positions in multiple derivative financial instruments. The Company regularly monitors counterparty credit ratings and exposures, derivative positions and valuations, and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of exposure is minimized. The Company monitors this exposure as part of its management of the Company's overall credit exposures.

Credit default swaps involve a transfer of credit risk of fixed income instruments from one party to another in exchange for periodic premium payments. The buyer of the credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the underlying security. This transfers the risk of default from the buyer of the swap to the seller. If a specified credit event occurs, as defined by the agreement, the seller is obligated to pay the counterparty the contractually agreed upon amount and receives in return the underlying security in an amount equal to the notional value of the credit default swap. A credit event is generally defined as default on contractually obligated interest or principal payments or bankruptcy. The Company does not write credit default swaps as a participant in the credit insurance market but does sell swaps to generate returns consistent with bond returns when the actual bond is not available or the market price is more expensive.

The Company uses credit default swaps to either reduce exposure to particular issuers by buying protection or increase exposure to issuers by selling protection against specified credit events. The Company buys protection as an efficient means to reduce credit exposure to particular issuers or sectors in the Company's investment portfolio. The Company sells protection to enhance the return on its investment portfolio by providing comparable exposure to fixed income securities that might not be available in the primary market or to enter into synthetic transactions by buying a high quality liquid bond to match against the credit default swap.

The following tables summarize the carrying values and notional amounts of the Company's derivative financial instruments:

	March 31, 2009			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	$ 2,281	$ 36,214	$ 306	$ 3,361
Currency swaps	174	1,150	4	626
Asset, equity and credit default swaps	110	848	(5)	59
Options	790	6,914	(60)	732
Interest rate caps and floors	3	420	-	-
Forward contracts	30	2,855	-	1,161
Financial futures - long positions	-	541		
Financial futures - short positions	-	100	-	-
Total	$ 3,388	$ 49,042	$ 245	$ 5,939

	December 31, 2008			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	$ 2,190	$ 35,506	$ 405	$ 3,706
Currency swaps	242	1,266	37	664
Asset, equity and credit default swaps	95	887	(8)	89
Options	1,243	6,664	(81)	752
Interest rate caps and floors	3	750	-	-
Forward contracts	5	1,598	28	1,088
Financial futures - long positions	-	712	-	-
Financial futures - short positions	-	93	-	-
Total	$ 3,778	$ 47,476	$ 381	$ 6,299

Notional amounts do not represent amounts exchanged by the parties and thus are not a measure of the Company's exposure. The amounts exchanged are calculated on the basis of the notional amounts and the other terms of the instruments, which relate to interest rates, exchange rates, security prices, and financial or other indices.

The following tables summarize the Company's change in net realized gains (losses) on closed contracts and change in unrealized gains (losses) on the mark-to-market of open contracts by derivative type:

	March 31, 2009	
	Change In Net Realized Gains (Losses) Closed Contracts	Change In Unrealized Gains (Losses) Mark-to-Market Open Contracts
	(In Millions)	
Interest rate swaps	$ 17	$ 192
Currency swaps	75	(36)
Asset, equity and credit default swaps	4	12
Options	(36)	(505)
Forward contracts	39	51
Financial futures - long positions	(18)	-
Financial futures - short positions	69	-
Total	$ 150	$ (286)

	March 31, 2008	
	Change In Net Realized Gains (Losses) Closed Contracts	Change In Unrealized Gains (Losses) Mark-to-Market Open Contracts
	(In Millions)	
Interest rate swaps	$ 19	$ 280
Currency swaps	(14)	50
Asset, equity and credit default swaps	42	36
Options	(9)	117
Forward contracts	(10)	(40)
Financial futures - long positions	8	-
Financial futures - short positions	(2)	-
Total	$ 34	$ 443

7. *Fair value of financial instruments*

The following fair value disclosure summarizes the Company's financial instruments:

	March 31, 2009		December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Millions)			
Financial assets:				
Bonds	$ 48,519	$ 44,207	$ 48,640	$ 45,573
Preferred stocks	134	106	135	97
Common stocks - unaffiliated	232	232	275	275
Mortgage loans	12,825	12,312	13,048	12,831
Policy loans	9,309	11,242	9,156	11,110
Derivative financial instruments	3,388	3,388	3,778	3,778
Cash, cash equivalents and short-term investments	2,694	2,694	3,049	3,049
Financial liabilities:				
Derivative financial instruments	$ 245	$ 245	$ 381	$ 381
Commercial paper	250	250	250	250
Securities sold under agreements to repurchase	3,967	3,967	3,516	3,516
Funding agreements	1,732	1,773	2,632	2,691
Investment-type insurance contracts				
Group annuity investment contracts	7,266	7,298	7,202	7,233
Individual annuity investment contracts	6,580	6,730	6,285	6,437
Guaranteed investment contracts	303	306	325	329
Supplementary investment contracts	343	343	315	315

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

Level 3 bonds as defined below were 28.5% of the total fair value of bonds as of March 31, 2009 and 28.7% as of December 31, 2008.

The average fair value of derivative financial instrument assets was $3,583 million through March 31, 2009 and $2,620 million through December 31, 2008. The average fair value of derivative financial instrument liabilities was $313 million through March 31, 2009 and $248 million through December 31, 2008.

The Company's valuation techniques are based upon observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources based on trades of securities, while unobservable inputs reflect the Company's market assumptions. These inputs comprise the following fair value hierarchy:

Level 1 – Observable inputs in the form of quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be derived from observable market data for substantially the full term of the assets or liabilities.

Level 3 – One or more unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using internal models, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When available, the Company generally uses unadjusted quotable market prices from independent sources to determine the fair value of investments, and classifies such items within Level 1 of the fair value hierarchy. If quotable prices are not available, prices are derived from observable market data, or are obtained directly from brokers. These prices reflect similar or identical assets traded in active or inactive markets. Investments which are priced using these inputs are classified within Level 2 of the fair value hierarchy. When some of the necessary observable inputs are unavailable, fair value is based upon internally developed models. These models use one or more inputs that are not directly observable or correlated with observable market data. Typical inputs which are integrated in the Company's internal discounted cash flow models and discounted earnings models include, but are not limited to, issuer spreads derived from internal credit ratings and benchmark yields such as London Inter-bank Offering Rate, cash flow estimates and earnings before interest, taxes depreciation and amortization estimates. Investments which are priced with such unobservable inputs are classified within Level 3 of the fair value hierarchy.

The following tables present the Company's financial instruments carried at fair value on a recurring basis:

	March 31, 2009				
	Level 1	Level 2	Level 3	Netting [1]	Total
	(In Millions)				
Financial assets:					
Preferred stocks NAIC 4-6	$ 1	$ 1	$ 14	$ -	$ 16
Common stocks - unaffiliated	165	2	65	-	232
Common stocks - subs and affiliates	-	180	1,660	-	1,840
Derivative financial instruments	-	5,749	7	(2,368)	3,388
Cash equivalents and short-term investments	-	1,831	-	-	1,831
Separate account assets [2]	23,197	8,995	315	-	32,507
Total financial assets carried at fair value	$ 23,363	$ 16,758	$ 2,061	$ (2,368)	$ 39,814
Financial liabilities:					
Derivative financial instruments	$ -	$ (2,611)	$ (2)	$ 2,368	$ (245)
Total financial liabilities carried					

(1) Netting adjustments represent offsetting positions that may exist under a master-netting agreement with a counterparty where amounts due from the counterparty are offset against amounts due to the counterparty.

(2) $2,001 million of book value separate account assets and $332 million of market value separate account assets are not carried at fair value and therefore, not included in this table.

	December 31, 2008				
	Level 1	Level 2	Level 3	Netting [1]	Total
	(In Millions)				
Financial assets:					
Preferred stocks NAIC 4-6	$ 2	$ -	$ 7	$ -	$ 9
Common stocks - unaffiliated	201	1	73	-	275
Common stocks - subs and affiliates	-	182	1,311	-	1,493
Derivative financial instruments	-	6,792	8	(3,022)	3,778
Cash equivalents and short-term investments	-	1,986	1	-	- 1,987
Separate account assets [2]	25,103	8,614	351	-	34,068
Total financial assets carried at fair value	$ 25,306	$ 17,575	$ 1,751	$ (3,022)	$ 41,610
Financial liabilities:					
Derivative financial instruments	$ -	$ (3,398)	$ (5)	$ 3,022	$ (381)
Total financial liabilities carried at fair value	$ -	$ (3,398)	$ (5)	$ 3,022	$ (381)

(1) Netting adjustments represent offsetting positions that may exist under a master-netting agreement with a counterparty where amounts due from the counterparty are offset against amounts due to the counterparty.

(2) Book value separate accounts of $1,929 million are not carried at fair value and market value separate account assets of $480 million are not carried at fair value and therefore, not included in this table.

The following tables present the Company's bonds designated as NAIC 6 which are carried at fair value on a non-recurring basis:

	March 31, 2009			
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Bonds NAIC 6:				
Industrial and miscellaneous	$ -	$ 87	$ 91	$ 178
Credit tenant loans	-	3	3	6
Parents, subsidiaries and affiliates	-	-	13	13
Total assets carried at at fair value on a non-recurring basis	$ -	$ 90	$ 107	$ 197

	December 31, 2008			
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Bonds NAIC 6:				
Industrial and miscellaneous	$ -	$ 37	$ 107	$ 144
Credit tenant loans	-	-	1	1
Total assets carried at at fair value on a non-recurring basis	$ -	$ 37	$ 108	$ 145

Note: Bonds in these tables include NAIC category 6 bonds that are carried at the lower of amortized cost or market or fair value.

The following table presents changes in the Company's Level 3 financial instruments which are carried at fair value on a recurring basis:

	Balance 12/31/2008	Gains and (losses) in net income	Gains and (losses) in surplus	Acquisitions and dispositions	Transfer into (out of) Level 3	Balance 3/31/2009
	(In Millions)					
Financial assets:						
Preferred stocks NAIC 4-6	$ 7	$ -	$ 8	$ -	$ (1)	$ 14
Common stocks - unaffiliated	73	(3)	(3)	-	(2)	65
Common stocks - subs and affiliates	1,311	(11)	391	(31)	-	1,660
Derivative financial instruments	7	-	-	-	-	7
Cash equivalents and short-term investments	1	-	-	-	(1)	-
Separate account assets	351	(2)	(27)	(5)	(2)	315
Total financial assets carried at fair value	$ 1,750	$ (16)	$ 369	$ (36)	$ (6)	$ 2,061
Financial liabilities:						
Derivative financial instruments	$ (5)	$ 3	$ -	$ -	$ -	$ (2)
Total financial liabilities carried at fair value	$ (5)	$ 3	$ -	$ -	$ -	$ (2)

8. Fixed assets

No significant changes.

9. Deferred and uncollected life insurance premium

No significant changes.

10. Surplus notes

No significant changes.

11. Related party transactions

No significant changes.

12. Reinsurance

No significant changes.

13. Policyholders' liabilities

Certain variable annuity products issued by the Company include additional death or other insurance benefits, such as guaranteed minimum death benefits ("GMDBs"), guaranteed minimum accumulation benefits ("GMABs"), guaranteed minimum income benefits ("GMIBs"), and guaranteed minimum withdrawal benefits ("GMWBs"). Annuity GMDBs provide a death benefit if the contract value is less than the guaranteed minimum amount. Some contracts provide that guarantee upon the contract owner's death while others provide it upon the annuitant's death. GMABs provide the annuity contract holder with a guaranteed minimum account value at the end of the product's guarantee period. GMIBs provide the annuity contract holder a guaranteed minimum payment when the contract is annuitized. GMWBs provide the annuity contract holder with a guarantee that a minimum amount will be available for withdrawal annually for life regardless of contract value. As of March 31, 2009, the Company suspended issuing contracts with GMIBs and GMWBs.

The following table summarizes the account values, net amount at risk and weighted average attained age for variable annuity contracts with guaranteed minimum death, accumulation, income and withdrawal benefits classified as policyholders' reserves and separate account liabilities. The net amount at risk is defined as the minimum guarantee less the account value calculated on a policy-by-policy basis, but not less than zero.

	March 31, 2009			December 31, 2008		
	Account Value	Net Amount at Risk	Weighted Average Attained Age	Account Value	Net Amount at Risk	Weighted Average Attained Age
	($ In Millions)					
Annuity:						
GMDB	$ 7,485	$ 2,331	61	$ 7,841	$ 2,008	61
GMIB	2,620	1,224	60	2,524	1,023	60
GMAB	642	259	58	687	217	58
GMWB	93	26	65	78	21	65

14. Debt

No significant changes.

15. Employee benefit plans

No significant changes.

16. Employee compensation plans

No significant changes.

17. Federal income taxes

No significant changes.

18. Business risks, commitments and contingencies

a. Risks and uncertainties

The Company operates in a business environment subject to various risks and uncertainties. Such risks and uncertainties include, but are not limited to, interest rate risk and credit risk. Interest rate risk is the potential for interest rates to change, which can cause fluctuations in the value of investments and amounts due to policyholders. To the extent that fluctuations in interest rates cause the duration of assets and liabilities to differ, the Company controls its exposure to this risk by, among other things, asset/liability management techniques that account for the cash flow characteristics of the assets and liabilities.

The Company's currency exchange risk is related to non-U.S. dollar denominated investments, its medium-term note programs and international operations. The Company mitigates its currency exposures related to its investments and medium-term note programs through the use of derivatives.

Asset based fees calculated as a percentage of the separate account assets are a source of revenue to the Company. Gains and losses in the equity markets may result in corresponding increases and decreases in the Company's separate account assets and related revenue.

Risks related to credit markets

Credit risk is the risk that issuers of investments owned by the Company may default or that other parties may not be able to pay amounts due to the Company. The Company attempts to manage its investments to limit credit risk by diversifying its portfolio among various security types and industry sectors.

Beginning in 2007, the slowing of the U.S. housing market, rising residential mortgage rates, and relaxed underwriting standards by residential mortgage loan originators led to higher delinquency and loss rates, reduced credit availability and reduced liquidity in the residential loan market. The Company has implemented a stringent review process for determining the nature and timing of other-than-temporary impairments on securities containing these risk characteristics. Cash flows were modeled for selected bonds deemed to be at risk for impairment using prepayment and default assumptions that varied according to collateral attributes. Bonds with nontrivial credit exposure were modeled across a variety of prepayment and default scenarios, spanning the range of possible outcomes specific to each individual security.

Fair values resulting from internal models are those expected to be paid in an orderly transaction between market participants at the financial statement date. The fair values of residential mortgage-backed securities, commercial mortgage-backed securities, and commercial mortgage loans are highly sensitive to evolving conditions that can impair the cash flows realized by investors. Determining fair value is made more difficult by the lack of observable prices, uncertainty of credit ratings, and the current liquidity crisis which may continue into the foreseeable future. The ultimate emergence of losses is subject to uncertainty. If defaults were to increase above the stresses imposed in the Company's analysis or collateral performance was worse than expected, management would need to reassess whether such credit events have changed the Company's assessment of other-than-temporary impairments and estimates of fair values given the

underlying dynamics of the market and the expected performance of these assets. The liquidity crisis continues to adversely affect lenders' underwriting appetite for new financing arrangements and hence could lead to a diminished ability to refinance the underlying collateral. Also, continued down turns in the economy and real estate market and increased unemployment will likely result in higher defaults and ultimately, increased recognition of other-than-temporary impairments.

In response to the deterioration of Collateralized Debt Obligations ("CDOs") backed by residential mortgage-backed securities that began in 2007, the trading markets for all CDO-related structured products have been adversely affected by reduced liquidity. The Company has investments in CDOs that are exposed primarily to the credit risk of corporate bank loans, corporate bonds or credit default swap contracts referencing corporate credit risk. Most of these structured investments are backed by corporate loans and are commonly known as Collateralized Loan Obligations. The portfolios backing these investments are actively managed and diversified by industry and individual issuer concentrations. Due to the nature of CDOs which complicate an evaluation of the underlying collateral, the overall negative economic environment, and resulting reduced market liquidity, the risk premium of CDOs have increased and resulted in declining prices. The steep decline in economic activity that began in the fourth quarter of 2008 will continue to affect the economic performance of the collateral pool of each CDO. Management believes its scenario analysis approach, based on actual collateral data and forward looking assumptions, does capture the level of default risks in each pool including refinancing risks. However, in a rapidly changing economic environment the risk in each collateral pool will be more volatile.

The current liquidity crisis has also resulted in increased risks related to the Company's investments in domestic and European leveraged loans. European leveraged loans typically have speculative grade ratings. While default rates continue to be low, the weakening of world credit markets may have negative consequences in the future. In addition, the liquidity crisis continues to adversely affect lenders' underwriting appetite for new financing arrangements and hence could lead to a diminished ability to refinance the underlying collateral which could lead to increased defaults.

Management's judgment regarding other-than-temporary impairments and estimated fair value, including the difficulty of obtaining readily determinable prices for RMBS and other investments, including leveraged loan exposure, impacted by the current illiquid credit market environment, depends upon evolving conditions that can alter the anticipated cash flows realized by investors. Further deterioration of market conditions and related management judgments of other-than-temporary impairments and fair value could negatively impact the Company's results of operations, surplus, and the disclosed fair value.

Market risk arises within MassMutual's employee benefit plans to the extent that the obligations of the plans are not fully matched by assets with determinable cash flows. Pension obligations are subject to change due to fluctuations in long-term interest rates as well as factors such as changes in inflation, salary increases and members living longer. The risks are that market fluctuations could result in assets which are insufficient over time to cover the level of projected benefit obligations. In addition, increases in inflation and members living longer could increase the pension and postretirement obligations. Management determines the level of this risk using reports prepared by independent actuaries and takes action, where appropriate, in terms of setting investment strategy and determining contribution levels.

b. Commitments

As of March 31, 2009 and December 31, 2008, MassMutual approved financing of $1,350 million and $834 million, respectively, for MassMutual Asset Finance LLC that can be used to finance ongoing asset purchases and refinance existing MassMutual provided lines of credit. Borrowings under the facility with MassMutual as of March 31, 2009 and December 31, 2008, respectively, were $757 million and $704 million, with interest of $3 million for the three months ended March 31, 2009 and March 31, 2008, respectively.

In the normal course of business, the Company enters into commitments to purchase certain investments. The majority of these commitments have funding periods that extend between one and five years except Low Income Housing Tax Credit ("LIHTC") investments which extend up to nine years. The Company is not required to fund commitments once the commitment period expires. As of March 31, 2009, the Company had the following commitments:

	2009	2010	2011	2012	There-After	Total
	(In Millions)					
Private placements	$ 1,002	$ 770	$ 82	$ 8	$ 553	$ 2,415
Mortgage loans	153	152	84	3	19	411
Partnerships and LLCs	410	215	180	446	1,608	2,859
LIHTC investments (including equity contributions)	12	25	-	-	3	40
Total	$ 1,577	$ 1,162	$ 346	$ 457	$ 2,183	$ 5,725

19. Withdrawal characteristics

No significant changes.

20. Presentation of the Condensed Consolidated Statutory Statements of Cash Flows

As required by SSAP No. 69 "Statement of Cash Flows," the Company has included in the Condensed Consolidated Statutory Statements of Cash Flows, non-cash transactions primarily related to the following:

	Three Months Ended March 31, 2009	Year Ended December 31, 2008
	(In Millions)	
Bond conversion	$ 548	$ 3,715
Mortgages to other invested assets	44	15
Other invested assets stock distribution	7	21
Net investment income payment in-kind bonds	4	7
Interest capitalization for long-term debt	3	11
Stock conversion to other invested assets	3	-
Stock conversion	-	107
Various invested assets converted to bonds	-	261
Other invested assets received as dividend	-	18
Other invested assets converted to bonds	-	14
Dividend reinvestment	-	10
Other invested assets to stocks	-	1

Included in the bond conversion amount above is $416 million which is included in the Proceeds from investments sold, matured, or repaid on bonds and Cost of investments acquired for bonds on the Condensed Consolidated Statutory Statements of Cash Flows for the three months ended March 31, 2009 that represents rollover transactions processed as the result of rate resets on existing bank loans. For the year ended December 31, 2008, the amount was $2,094 million.