



## **Consolidated<sup>1</sup> Statutory Financial Highlights of Massachusetts Mutual Life Insurance Company Full Year 2009**

**February 25, 2010, Springfield, Mass.** – For the year ended December 31, 2009, net gain from operations before dividends and taxes was \$1,794 million compared with \$1,311 million for 2008. Revenue for the year was \$18,274 million compared to \$19,301 million for 2008. Benefits and expenses were \$16,480 million compared to \$17,990 million in 2008. Total net income (loss) including net realized capital losses, was \$(283) million compared with \$(1,060) million in 2008. The Company’s surplus increased to \$9,259 million at December 31, 2009 compared with \$8,463 million at year-end 2008.

“While our industry as a whole continued to be impacted by the challenging business environment in 2009, our operating businesses continued to generate solid results, which illustrates the strong underlying fundamentals of our core businesses,” said Michael Rollings, Executive Vice President and Chief Financial Officer, Massachusetts Mutual Life Insurance Company (MassMutual). “Our financial performance in 2009 validates our long term strategy, and our increase in capital and surplus evidences MassMutual’s ability to emerge from a tumultuous economic cycle in excellent financial position. Our insurance operations are thriving, our asset management businesses are rebounding strongly, and our financial strength remains solidly intact, positioning us strongly for 2010 and beyond.”

**Financial Highlights for the full year 2009 (compared to full year 2008 unless otherwise noted):**

- Assets under management by MassMutual and its subsidiaries<sup>2</sup> increased to \$420 billion at December 31, 2009 compared to \$363 billion as of year-end 2008, due largely to improvements in the equity and credit markets.
- Surplus totaled \$9,259 million at December 31, 2009, and continues to provide additional financial strength to buffer the impact of continued market volatility. In addition, regulatory capital increased to \$11,026 million at December 31, 2009 from \$9,548 million at the end of 2008.
- As of December 31, 2009, total invested assets for the Company were \$86,574 million compared to \$86,218 million as of December 31, 2008 due to additional bond acquisitions and an increase in the value of the common stock of MassMutual Holding LLC, partially offset by impairments on bonds and

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<sup>1</sup> These consolidated statutory results of Massachusetts Mutual Life Insurance Company include its U.S.-domiciled wholly owned subsidiaries: C.M. Life Insurance Company and MML Bay State Life Insurance Company (collectively, the “Company”).

<sup>2</sup> Assets Under Management include assets and certain external investment funds managed by MassMutual subsidiaries, including OppenheimerFunds Inc., Babson Capital Management LLC, Baring Asset Management Limited, and Cornerstone Real Estate Advisers LLC.

decreases in derivatives, mortgage loans, and partnerships and LLCs.

- Revenue was \$18,274 million compared to \$19,301 million in the prior year period due to lower net investment income and a decrease in statutory premium.
- Statutory premium for 2009 was \$13,245 million compared to \$13,716 million in the prior year. An increase in annuity premium was offset by lower premium in the company's Retirement Services business due to a product shift towards registered product mutual fund options which do not generate premium under statutory accounting rules.
- Net investment income was \$4,363 million compared to \$5,164 million in 2008 reflecting lower returns from the investment and MassMutual Holding LLC portfolios.
- Benefits and expenses were \$16,480 million compared to \$17,990 million in the prior year. Improving equity markets favorably impacted required reserves for products with equity-related components.
- Consolidated statutory net gain from operations before dividends and taxes was \$1,794 million as compared to \$1,311 million in 2008.
- Dividends to policyholders were \$1,212 million compared to \$1,331 million in 2008. The company announced a 7.0% dividend interest rate<sup>3</sup> in the fourth quarter of 2009, which continues to be among the highest dividend interest rates in the industry.
- The Company recorded a net realized capital loss of \$913 million compared to a \$1,299 million capital loss during the prior year. The reduced losses were largely the result of decreased asset impairments in 2009.

#### Investment Highlights (as of December 31, 2009):

- The Company had invested assets of \$86,574 million, diversely held across multiple asset classes, industries and geographic regions.
- Long-term Bonds comprised 59% of the portfolio
- Mortgage Loans<sup>4</sup> comprised 14%
- Policy Loans comprised 10%
- Partnerships & LLCs comprised 6%

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<sup>3</sup> This refers to business issued since the MassMutual-Connecticut Mutual merger in 1996. For policies issued prior to the merger, the dividend interest rates are 6.85% for those issued by MassMutual and 6.70% for those issued by the former Connecticut Mutual. The dividend interest rate is not the rate of return on the policy. Dividends are not guaranteed and consist of an investment component, a mortality component and an expense component. Therefore, dividend interest rates should not be the sole basis for comparing insurers or policy performance.

<sup>4</sup> Mortgage loans are comprised of commercial mortgage loans and residential mortgage loan pools. Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration and Veterans Administration guarantees.

- Common Stock comprised 4%
  - Short-term Investments & Cash comprised 3%
  - Real Estate comprised 1%
  - Other Investments comprised 3%
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- Of the Long-term Bonds, approximately 93% were investment grade.
  - Approximately 28% of the Company's bond portfolio was held in U.S. government securities.
  - The Company had \$1.1 billion in subprime and \$2.5 billion in Alt-A residential mortgage-backed securities as part of its diversified bond portfolio, representing 4% of invested assets.

**About MassMutual Financial Group**

Founded in 1851, MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policyholders. The company has a long history of financial strength and strong performance, and although dividends are not guaranteed, MassMutual has paid dividends to eligible participating policyholders every year since the 1860s. With whole life insurance as its foundation, MassMutual provides products to help meet the financial needs of clients, such as life insurance, disability income insurance, long term care insurance, retirement/401(k) plan services, and annuities. In addition, the company's strong and growing network of financial professionals helps clients make good financial decisions for the long-term.

MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company (MassMutual) and its affiliated companies and sales representatives. MassMutual is headquartered in Springfield, Massachusetts and its major affiliates include: Babson Capital Management LLC; Baring Asset Management Limited; Cornerstone Real Estate Advisers LLC; The First Mercantile Trust Company; MassMutual International LLC; MML Investors Services, Inc., member FINRA and SIPC; OppenheimerFunds, Inc.; and The MassMutual Trust Company, FSB.

CRN201202-131348