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Report of Independent Registered Public Accounting Firm

The Board of Directors of MML Bay State Life Insurance Company and Contract Owners of MML Bay State Variable Annuity Separate Account 1:

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of MML Bay State Variable Annuity Separate Account 1 (comprised of the divisions listed in Appendix A to the opinion) (collectively, “the Separate Account”) as of December 31, 2018, the related statements of operations and changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years in the five-year period then ended (collectively, the “financial highlights”). In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Separate Account as of December 31, 2018, the results of its operations and changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Separate Account’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Separate Account in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2018, by correspondence with the underlying mutual funds or their transfer agent. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the Separate Account’s auditor since 2004.

Hartford, Connecticut
March 19, 2019

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Appendix A

MML Bay State Variable Annuity Separate Account 1 is comprised of the following divisions and the activities of each division have been included within the accompanying statements of assets and liabilities as of December 31, 2018 and the related statements of operations and changes in net assets for each of the years in the two-year period then ended.

Divisions

MML Blend Division

MML Managed Bond Division

MML Oppenheimer/Loomis Sayles Equity Division

MML U.S. Government Money Market Division

Oppenheimer Capital Appreciation Division

Oppenheimer Conservative Balanced Division

Oppenheimer Discovery Mid Cap Growth Division

Oppenheimer Global Division

Oppenheimer Global Strategic Income Division

Oppenheimer Government Money Division

Oppenheimer Main Street Division

Oppenheimer Main Street Small Cap Division

Oppenheimer Total Return Bond Division

MML Bay State Variable Annuity Separate Account 1

STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2018

	MML Blend Division	MML Managed Bond Division	MML Oppenheimer/ Loomis Sayles Equity Division	MML U.S. Government Money Market Division	Oppenheimer Capital Appreciation Division	Oppenheimer Conservative Balanced Division	Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Global Division
ASSETS								
Investments								
Number of shares	77,638	62,965	63,881	602,762	129,508	104,250	47,021	145,476
Identified cost	\$1,719,761	\$ 804,875	\$1,533,430	\$ 602,762	\$6,183,552	\$1,386,714	\$3,607,489	\$4,528,479
Value	\$1,579,782	\$ 751,455	\$1,543,504	\$ 602,762	\$6,281,161	\$1,504,327	\$3,228,010	\$5,528,093
Dividends receivable	-	-	-	-	-	-	-	-
Receivable from MML Bay State Life Insurance Company	-	-	41	-	-	-	67	2
Total assets	1,579,782	751,455	1,543,545	602,762	6,281,161	1,504,327	3,228,077	5,528,095
LIABILITIES								
Annuitant mortality fluctuation reserve	523	83	526	86	1,142	592	127	-
Payable to MML Bay State Life Insurance Company	23	23	-	37	103	149	-	-
Total liabilities	546	106	526	123	1,245	741	127	-
NET ASSETS	\$1,579,236	\$ 751,349	\$1,543,019	\$ 602,639	\$6,279,916	\$1,503,586	\$3,227,950	\$5,528,095
Net Assets:								
Accumulation units – value	\$1,561,794	\$ 748,568	\$1,525,493	\$ 599,775	\$6,241,843	\$1,483,859	\$3,223,703	\$5,528,095
Contracts in payout (annuitization) period	17,442	2,781	17,526	2,864	38,073	19,727	4,247	-
Net assets	\$1,579,236	\$ 751,349	\$1,543,019	\$ 602,639	\$6,279,916	\$1,503,586	\$3,227,950	\$5,528,095
Outstanding units								
Contract owners	436,062	290,723	438,804	494,050	1,150,261	572,219	783,280	1,013,455
UNIT VALUE								
LifeTrust	\$ 3.62	\$ 2.58	\$ 3.52	\$ 1.22	\$ 5.46	\$ 2.63	\$ 4.12	\$ 5.45

See Notes to Financial Statements.

MML Bay State Variable Annuity Separate Account 1

STATEMENTS OF ASSETS AND LIABILITIES (Continued)

December 31, 2018

	Oppenheimer Global Strategic Income Division	Oppenheimer Government Money Division	Oppenheimer Main Street Division	Oppenheimer Main Street Small Cap Division	Oppenheimer Total Return Bond Division
ASSETS					
Investments					
Number of shares	593,882	212,350	298,200	30,160	46,850
Identified cost	\$3,129,977	\$ 212,350	\$7,700,204	\$ 739,540	\$ 358,725
Value	\$2,767,489	\$ 212,350	\$7,994,732	\$ 614,068	\$ 350,907
Dividends receivable	-	169	-	-	-
Receivable from MML Bay State Life Insurance Company	-	1	-	-	-
Total assets	2,767,489	212,520	7,994,732	614,068	350,907
LIABILITIES					
Annuitant mortality fluctuation reserve	409	-	1,197	-	-
Payable to MML Bay State Life Insurance Company	9	-	40	-	1
Total liabilities	418	-	1,237	-	1
NET ASSETS	\$2,767,071	\$ 212,520	\$7,993,495	\$ 614,068	\$ 350,906
Net Assets:					
Accumulation units – value	\$2,753,429	\$ 212,520	\$7,953,602	\$ 614,068	\$ 350,906
Contracts in payout (annuitization) period	13,642	-	39,893	-	-
Net assets	\$2,767,071	\$ 212,520	\$7,993,495	\$ 614,068	\$ 350,906
Outstanding units					
Contract owners	1,011,635	169,254	1,735,485	181,168	215,410
UNIT VALUE					
LifeTrust	\$ 2.74	\$ 1.26	\$ 4.61	\$ 3.39	\$ 1.63

See Notes to Financial Statements.

MML Bay State Variable Annuity Separate Account 1

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS For The Year Ended December 31, 2018

	MML Blend Division	MML Managed Bond Division	MML Oppenheimer/ Loomis Sayles Equity Division	MML U.S. Government Money Market Division	Oppenheimer Capital Appreciation Division	Oppenheimer Conservative Balanced Division	Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Global Division
Investment Income								
Dividends	\$ 37,740	\$ 27,028	\$ 32,451	\$ 6,548	\$ 24,594	\$ 37,150	\$ -	\$ 67,074
Expenses								
Mortality and expense risk fees and administrative expense charges	25,211	11,255	26,400	7,036	107,313	25,463	55,524	96,170
Net investment income (loss)	12,529	15,773	6,051	(488)	(82,719)	11,687	(55,524)	(29,096)
Net realized and unrealized gain (loss) on investments								
Realized gain (loss) on sale of fund shares	(18,046)	(11,820)	157,255	(1)	339,956	46,686	599,186	448,546
Realized gain distribution	121,971	-	256,281	-	578,426	43,929	535,620	474,208
Realized gain (loss)	103,925	(11,820)	413,536	(1)	918,382	90,615	1,134,806	922,754
Change in net unrealized appreciation/ depreciation of investments	(211,184)	(21,279)	(620,057)	1	(1,273,008)	(215,328)	(1,318,553)	(1,815,729)
Net gain (loss) on investments	(107,259)	(33,099)	(206,521)	-	(354,626)	(124,713)	(183,747)	(892,975)
Net increase (decrease) in net assets resulting from operations	(94,730)	(17,326)	(200,470)	(488)	(437,345)	(113,026)	(239,271)	(922,071)
Capital transactions:								
Transfer of net premiums	-	-	900	-	1,807	-	842	487
Transfers due to death benefits	(4,127)	(55,479)	(130,507)	(14,014)	(147,135)	(59,030)	(68,468)	(250,806)
Transfers due to annuity benefit payments	(2,261)	(3,164)	(3,366)	(5,128)	(9,359)	(2,790)	(350)	-
Transfers due to withdrawal of funds	(152,797)	(179,785)	(261,463)	(57,968)	(788,312)	(266,659)	(531,440)	(824,296)
Transfers due to net charge (credit) to annuitant mortality fluctuation	(1,492)	65	(2,080)	69	(5,941)	412	(1,250)	-
Transfers between divisions and to/from the Fixed Account	3,003	(134)	1,196	333,757	(100,382)	(82,484)	(197,836)	(4,314)
Net increase (decrease) in net assets resulting from capital transactions	(157,674)	(238,497)	(395,320)	256,716	(1,049,322)	(410,551)	(798,502)	(1,078,929)
Total increase (decrease)	(252,404)	(255,823)	(595,790)	256,228	(1,486,667)	(523,577)	(1,037,773)	(2,001,000)
NET ASSETS, at beginning of the year	1,831,640	1,007,172	2,138,809	346,411	7,766,583	2,027,163	4,265,723	7,529,095
NET ASSETS, at end of the year	\$ 1,579,236	\$ 751,349	\$ 1,543,019	\$ 602,639	\$ 6,279,916	\$ 1,503,586	\$ 3,227,950	\$ 5,528,095

See Notes to Financial Statements.

MML Bay State Variable Annuity Separate Account 1

*STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
For The Year Ended December 31, 2018*

	Oppenheimer Global Strategic Income Division	Oppenheimer Government Money Division	Oppenheimer Main Street Division	Oppenheimer Main Street Small Cap Division	Oppenheimer Total Return Bond Division
Investment Income					
Dividends	\$ 154,818	\$ 3,074	\$ 108,115	\$ 2,318	\$ 12,395
Expenses					
Mortality and expense risk fees and administrative expense charges	44,652	3,269	132,011	11,869	5,284
Net investment income (loss)	110,166	(195)	(23,896)	(9,551)	7,111
Net realized and unrealized gain (loss) on investments					
Realized gain (loss) on sale of fund shares	(60,843)	-	662,967	59,084	(25,265)
Realized gain distribution	-	-	813,199	95,464	-
Realized gain (loss)	(60,843)	-	1,476,166	154,548	(25,265)
Change in net unrealized appreciation/ depreciation of investments	(234,860)	-	(2,261,989)	(236,225)	7,803
Net gain (loss) on investments	(295,703)	-	(785,823)	(81,677)	(17,462)
Net increase (decrease) in net assets resulting from operations	(185,537)	(195)	(809,719)	(91,228)	(10,351)
Capital transactions:					
Transfer of net premiums	-	-	870	-	-
Transfers due to death benefits	(198,817)	-	(228,278)	(18,913)	(8,193)
Transfers due to annuity benefit payments	(1,347)	-	(8,066)	-	-
Transfers due to withdrawal of funds	(386,857)	(37,777)	(1,051,579)	(59,000)	(50,723)
Transfers due to net charge (credit) to annuitant mortality fluctuation	(11,217)	-	1,342	-	-
Transfers between divisions and to/from the Fixed Account	(104,430)	(390)	(22,971)	(209,433)	(9,419)
Net increase (decrease) in net assets resulting from capital transactions	(702,668)	(38,167)	(1,308,682)	(287,346)	(68,335)
Total increase (decrease)	(888,205)	(38,362)	(2,118,401)	(378,574)	(78,686)
NET ASSETS, at beginning of the year	3,655,276	250,882	10,111,896	992,642	429,592
NET ASSETS, at end of the year	\$ 2,767,071	\$ 212,520	\$ 7,993,495	\$ 614,068	\$ 350,906

See Notes to Financial Statements.

MML Bay State Variable Annuity Separate Account 1

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS For The Year Ended December 31, 2017

	MML Blend Division	MML Managed Bond Division	MML Oppenheimer/ Loomis Sayles Equity Division	MML U.S. Government Money Market Division	Oppenheimer Capital Appreciation Division	Oppenheimer Conservative Balanced Division	Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Global Division
Investment Income								
Dividends	\$ 38,830	\$ 33,303	\$ 39,342	\$ 2,555	\$ 18,568	\$ 40,154	\$ 1,229	\$ 63,715
Expenses								
Mortality and expense risk fees and administrative expense charges	25,836	14,858	30,591	10,689	107,569	28,553	55,696	95,909
Net investment income (loss)	12,994	18,445	8,751	(8,134)	(89,001)	11,601	(54,467)	(32,194)
Net realized and unrealized gain (loss) on investments								
Realized gain (loss) on sale of fund shares	(32,896)	(4,324)	68,161	230	383,972	16,193	250,291	195,193
Realized gain distribution	76,105	-	14,806	9	706,903	-	403,765	-
Realized gain (loss)	43,209	(4,324)	82,967	239	1,090,875	16,193	654,056	195,193
Change in net unrealized appreciation/ depreciation of investments	180,478	20,071	198,031	(237)	703,774	125,189	345,695	1,861,804
Net gain (loss) on investments	223,687	15,747	280,998	2	1,794,649	141,382	999,751	2,056,997
Net increase (decrease) in net assets resulting from operations	236,681	34,192	289,749	(8,132)	1,705,648	152,983	945,284	2,024,803
Capital transactions:								
Transfer of net premiums	4,562	-	5,462	-	36,335	-	39,323	31,664
Transfers due to death benefits	(13,080)	(2,705)	(9,168)	(12,131)	(225,813)	(45,307)	(163,678)	(88,405)
Transfers due to annuity benefit payments	(2,168)	(3,318)	(3,208)	(5,364)	(8,528)	(3,227)	(50)	-
Transfers due to withdrawal of funds	(314,255)	(130,034)	(317,803)	(10,305)	(833,209)	(142,608)	(350,634)	(444,720)
Transfers due to net charge (credit) to annuitant mortality fluctuation	(1,593)	98	413	144	(2,686)	(2,704)	(1,860)	(3,599)
Transfers between divisions and to/from the Fixed Account	35,756	24,978	(3,427)	(424,952)	(49,413)	-	126,689	(47,088)
Net increase (decrease) in net assets resulting from capital transactions	(290,778)	(110,981)	(327,731)	(452,608)	(1,083,314)	(193,846)	(350,210)	(552,148)
Total increase (decrease)	(54,097)	(76,789)	(37,982)	(460,740)	622,334	(40,863)	595,074	1,472,655
NET ASSETS, at beginning of the year	1,885,737	1,083,961	2,176,791	807,151	7,144,249	2,068,026	3,670,649	6,056,440
NET ASSETS, at end of the year	\$ 1,831,640	\$ 1,007,172	\$ 2,138,809	\$ 346,411	\$ 7,766,583	\$ 2,027,163	\$ 4,265,723	\$ 7,529,095

See Notes to Financial Statements.

MML Bay State Variable Annuity Separate Account 1

***STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
For The Year Ended December 31, 2017***

	Oppenheimer Global Strategic Income Division	Oppenheimer Government Money Division	Oppenheimer Main Street Division	Oppenheimer Main Street Small Cap Division	Oppenheimer Total Return Bond Division
Investment Income					
Dividends	\$ 86,887	\$ 1,000	\$ 129,048	\$ 6,806	\$ 11,523
Expenses					
Mortality and expense risk fees and administrative expense charges	52,783	3,763	142,330	11,054	6,484
Net investment income (loss)	34,104	(2,763)	(13,282)	(4,248)	5,039
Net realized and unrealized gain (loss) on investments					
Realized gain (loss) on sale of fund shares	(6,694)	-	440,845	536	(18,658)
Realized gain distribution	-	-	173,137	41,781	-
Realized gain (loss)	(6,694)	-	613,982	42,317	(18,658)
Change in net unrealized appreciation/ depreciation of investments	150,473	-	842,955	54,570	28,286
Net gain (loss) on investments	143,779	-	1,456,937	96,887	9,628
Net increase (decrease) in net assets resulting from operations	177,883	(2,763)	1,443,655	92,639	14,667
Capital transactions:					
Transfer of net premiums	12,000	18,000	35,116	-	-
Transfers due to death benefits	(19,681)	(13,649)	(153,763)	(7,912)	-
Transfers due to annuity benefit payments	(1,690)	-	(7,905)	-	-
Transfers due to withdrawal of funds	(312,873)	(63,019)	(974,414)	(91,838)	(61,622)
Transfers due to net charge (credit) to annuitant mortality fluctuation	381	-	(3,159)	-	-
Transfers between divisions and to/from the Fixed Account	(15,436)	6,115	2,852	234,822	-
Net increase (decrease) in net assets resulting from capital transactions	(337,299)	(52,553)	(1,101,273)	135,072	(61,622)
Total increase (decrease)	(159,416)	(55,316)	342,382	227,711	(46,955)
NET ASSETS, at beginning of the year	3,814,692	306,198	9,769,514	764,931	476,547
NET ASSETS, at end of the year	\$ 3,655,276	\$ 250,882	\$10,111,896	\$ 992,642	\$ 429,592

See Notes to Financial Statements.

MML Bay State Variable Annuity Separate Account 1

Notes To Financial Statements

1. ORGANIZATION

MML Bay State Variable Annuity Separate Account 1 (“the Separate Account”) is a separate investment account of MML Bay State Life Insurance Company (“MML Bay State”) established on January 14, 1994. The Separate Account is registered as a unit investment trust under the Investment Company Act of 1940 (“the 1940 Act”).

On June 30, 1997, MML Bay State redomesticated from the state of Missouri to the state of Connecticut. MML Bay State is an indirect subsidiary of Massachusetts Mutual Life Insurance Company (“MassMutual”). MML Bay State maintains the following segment within the separate account: LifeTrust.

The assets and liabilities of the Separate Account are clearly identified and distinguished from MML Bay State’s other assets and liabilities. The Separate Account assets are not chargeable with liabilities arising from any other MML Bay State business.

2. INVESTMENT OF THE SEPARATE ACCOUNT’S ASSETS

As of December 31, 2018, the Separate Account consists of thirteen divisions which invest in the following mutual funds:

Divisions	The division listed in the first column invests in the fund in this column
MML Blend Division	MML Blend Fund ¹
MML Managed Bond Division	MML Managed Bond Fund ¹
MML Oppenheimer/Loomis Sayles Equity Division	MML Equity Fund ¹
MML U.S. Government Money Market Division	MML U.S. Government Money Market Fund ¹
Oppenheimer Capital Appreciation Division	Oppenheimer Capital Appreciation Fund/VA ²
Oppenheimer Conservative Balanced Division	Oppenheimer Conservative Balanced Fund/VA ²
Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Discovery Mid Cap Growth Fund/VA ²
Oppenheimer Global Division	Oppenheimer Global Fund/VA ²
Oppenheimer Global Strategic Income Division	Oppenheimer Global Strategic Income Fund/VA ²
Oppenheimer Government Money Division	Oppenheimer Government Money Fund/VA ²
Oppenheimer Main Street Division	Oppenheimer Main Street Fund [®] /VA ²
Oppenheimer Main Street Small Cap Division	Oppenheimer Main Street Small Cap Fund [®] /VA ²
Oppenheimer Total Return Bond Division	Oppenheimer Total Return Bond Fund/VA ²

In addition to the thirteen divisions, some contract owners may also allocate funds to the Fixed Interest Account (“FIA”), which is part of MML Bay State’s general investment account (“General Account”). Because of exemptive and exclusionary provisions in the securities law, interests in the FIA are not registered under the Securities Act of 1933, and the General Account and the FIA are not registered as an investment company under the 1940 Act.

¹ MML Investment Advisers, LLC is the investment adviser to this Fund.

² OFI Global Asset Management, Inc. is the investment adviser to this Fund.

Notes To Financial Statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Separate Account in preparation of the financial statements in conformity with generally accepted accounting principles. Separate Account MML Bay State Variable Annuity Separate Account 1 follows the accounting and reporting guidance in FASB Accounting Standards Codification 946.

A. Investment Valuation

Investments in the investment divisions are valued at the closing net asset value of each of the respective underlying funds, which value their investment securities at fair value.

B. Accounting for Investments

Investment transactions are accounted for on a trade-date basis and identified cost is the basis followed in determining the cost of investments sold for financial statement purposes. Dividend income and gains from realized gain distributions are recorded on the ex-distribution date, and they are generally reinvested in the underlying investment divisions.

C. Federal Income Taxes

MML Bay State is taxed under federal law as a life insurance company under the provisions of the 1986 Internal Revenue Code, as amended. Under existing federal law, no taxes are payable on net investment income and net realized capital gains attributable to contracts which depend on the Separate Account's investment performance. Accordingly, no provision for federal income tax has been made. MML Bay State may, however, make such a charge in the future if an unanticipated change of current law results in a company tax liability attributable to the Separate Account.

D. Contract Charges

See Note 8B for charges associated with the contracts

E. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Annuitant Mortality Fluctuation

The Separate Account maintains a reserve as required by regulatory authorities to provide for mortality losses incurred. The reserve is adjusted quarterly for mortality losses and gains and its proportionate share of changes in value. Transfers to or from MML Bay State are then made quarterly to adjust the Separate Account. Net transfers from the Separate Account to MML Bay State totaled \$20,092 for the year ended December 31, 2018. Net transfers from the Separate Account to MML Bay State totaled \$13,858 for the year ended December 31, 2017. The reserve is subject to a maximum of 3% of the Separate Account's annuity reserves. Any mortality losses in excess of this reserve will be borne by MML Bay State. The reserve is not available to owners of the contracts except to the extent necessary to cover mortality losses under the contracts.

G. Annuity Reserves

Annuity reserves are developed by using accepted actuarial methods and are computed using the 1994 MGDB Table.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Separate Account defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Separate Account generally uses the market approach as the valuation technique due to the nature of the mutual fund investments offered in the Separate Account. This technique maximizes the use of observable inputs and minimizes the use of unobservable inputs. Investments in mutual funds are valued at the mutual fund's closing net asset value per share on the day of valuation.

Notes To Financial Statements (Continued)

Valuation Inputs: Various inputs are used to determine the value of the Separate Account's investments. These inputs are summarized in the three broad levels listed below:

- **Level 1** – quoted prices in active markets for identical securities
- **Level 2** – observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds and credit risk)
- **Level 3** – unobservable inputs

The net assets of the Separate Account are measured at fair value. All the net assets are categorized as Level 1 as of December 31, 2018. There have been no transfers between levels for the year ended December 31, 2018.

5. RELATED PARTY TRANSACTIONS

A. Sales Agreements

Pursuant to separate underwriting agreements with MML Bay State, on its own behalf and on behalf of the Separate Account, MML Investors Services, LLC ("MMLIS") serves as principal underwriter of the contracts sold by its registered representatives, and MML Strategic Distributors, LLC ("MSD") serves as principal underwriter of the contracts sold by registered representatives of other broker-dealers who have entered into distribution agreements with MSD.

Both MMLIS and MSD are registered with the Securities and Exchange Commission (the "SEC") as broker-dealers under the Securities Exchange Act of 1934 and are members of the Financial Industry Regulatory Authority ("FINRA"). Commissions for sales of contracts by MMLIS registered representatives are paid on behalf of MMLIS to its registered representatives. Commissions for sales of contracts by registered representatives of other broker-dealers are paid on behalf of MSD to those broker-dealers. MMLIS and MSD also receive compensation for their actions as principal underwriters of the contracts.

The contracts are no longer offered for sale to the public. Contract owners may continue, however, to make purchase payments under existing contracts.

B. Receivable from/Payable to MML Bay State

Certain fees such as cost of insurance fees and mortality and expense risk fees are charges paid between the General Account and the Separate Account.

6. PURCHASE AND SALES OF INVESTMENTS

The cost of purchases and proceeds from sales investments for the year ended December 31, 2018 were as follows:

	MML Blend Division	MML Managed Bond Division	MML Oppenheimer/ Loomis Sayles Equity Division	MML U.S. Government Money Market Division	Oppenheimer Capital Appreciation Division
Cost of purchase	\$ 162,820	\$ 28,016	\$ 297,459	\$ 1,263,951	\$ 617,875
Proceeds from sales	(186,152)	(250,836)	(430,664)	(1,007,882)	(1,171,819)
	Oppenheimer Conservative Balanced Division	Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Global Division	Oppenheimer Global Strategic Income Division	Oppenheimer Government Money Division
Cost of purchase	\$ 81,079	\$ 993,397	\$ 568,390	\$ 223,026	\$ 20,159
Proceeds from sales	(436,199)	(1,311,743)	(1,202,210)	(815,590)	(58,630)
	Oppenheimer Main Street Division	Oppenheimer Main Street Small Cap Division	Oppenheimer Total Return Bond Division		
Cost of purchase	\$ 1,053,319	\$ 534,015	\$ 12,395		
Proceeds from sales	(1,573,029)	(735,449)	(73,623)		

Notes To Financial Statements (Continued)

7. NET INCREASE (DECREASE) IN OUTSTANDING UNITS

The changes in outstanding units for the two years ended December 31, 2018 were as follows:

	MML Blend Division	MML Managed Bond Division	MML Oppenheimer/Loomis Sayles Equity Division	MML U.S. Government Money Market Division	Oppenheimer Capital Appreciation Division
2018					
Units purchased	-	24	974	57	1,683
Units withdrawn	(41,751)	(91,830)	(102,419)	(63,213)	(156,333)
Units transferred between divisions and to/from the Fixed Account	765	(54)	446	273,444	(17,404)
Net increase (decrease)	<u>(40,986)</u>	<u>(91,860)</u>	<u>(100,999)</u>	<u>210,289</u>	<u>(172,054)</u>
	Oppenheimer Conservative Balanced Division	Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Global Division	Oppenheimer Global Strategic Income Division	Oppenheimer Government Money Division
2018 (continued)					
Units purchased	129	917	77	4,123	-
Units withdrawn	(118,250)	(131,122)	(168,087)	(214,339)	(30,109)
Units transferred between divisions and to/from the Fixed Account	<u>(29,868)</u>	<u>(45,062)</u>	<u>(145)</u>	<u>(37,885)</u>	<u>(320)</u>
Net increase (decrease)	<u>(147,988)</u>	<u>(175,267)</u>	<u>(168,156)</u>	<u>(248,101)</u>	<u>(30,429)</u>
	Oppenheimer Main Street Division	Oppenheimer Main Street Small Cap Division	Oppenheimer Total Return Bond Division		
2018 (continued)					
Units purchased	409	-	-		
Units withdrawn	(253,152)	(19,864)	(36,147)		
Units transferred between divisions and to/from the Fixed Account	<u>(5,778)</u>	<u>(57,921)</u>	<u>(5,811)</u>		
Net increase (decrease)	<u>(258,521)</u>	<u>(77,784)</u>	<u>(41,957)</u>		
	MML Blend Division	MML Managed Bond Division	MML Oppenheimer/Loomis Sayles Equity Division	MML U.S. Government Money Market Division	Oppenheimer Capital Appreciation Division
2017					
Units purchased	1,299	41	1,645	115	9,357
Units withdrawn	(92,138)	(52,167)	(88,164)	(22,671)	(198,923)
Units transferred between divisions and to/from the Fixed Account	9,678	9,602	(1,013)	(348,028)	(9,483)
Net increase (decrease)	<u>(81,161)</u>	<u>(42,525)</u>	<u>(87,532)</u>	<u>(370,584)</u>	<u>(199,049)</u>
	Oppenheimer Conservative Balanced Division	Oppenheimer Discovery Mid Cap Growth Division	Oppenheimer Global Division	Oppenheimer Global Strategic Income Division	Oppenheimer Government Money Division
2017 (continued)					
Units purchased	6,921	10,390	5,097	4,292	14,325
Units withdrawn	(78,285)	(125,160)	(95,723)	(116,713)	(60,757)
Units transferred between divisions and to/from the Fixed Account	-	25,730	(8,754)	(5,606)	4,846
Net increase (decrease)	<u>(71,364)</u>	<u>(89,040)</u>	<u>(99,380)</u>	<u>(118,027)</u>	<u>(41,585)</u>
	Oppenheimer Main Street Division	Oppenheimer Main Street Small Cap Division	Oppenheimer Total Return Bond Division		
2017 (continued)					
Units purchased	7,942	-	-		
Units withdrawn	(235,620)	(27,838)	(37,083)		
Units transferred between divisions and to/from the Fixed Account	650	62,150	-		
Net increase (decrease)	<u>(227,028)</u>	<u>34,313</u>	<u>(37,083)</u>		

Notes To Financial Statements (Continued)

8. FINANCIAL HIGHLIGHTS

- A. A summary of units outstanding, unit values, net assets, investment income ratios, expense ratios (excluding expenses of the underlying funds) and total return ratios for each of the five years in the period ended December 31, 2018 follows:

	At December 31,		For the Years Ended December 31,			
	Units	Net Assets Unit Value ³	Amount	Investment Income Ratio ¹	Expense Ratio ²	Total Return ³
MML Blend Division						
2018	436,062	\$3.62	\$1,579,236	2.11%	1.40%	(5.68)%
2017	477,048	3.84	1,831,640	2.10	1.40	13.66
2016	558,209	3.38	1,885,737	2.09	1.40	7.90
2015	1,061,453	3.13	3,323,219	2.16	1.40	(1.31)
2014	1,064,125	3.17	3,375,888	2.20	1.40	9.45
MML Managed Bond Division						
2018	290,723	2.58	751,349	3.39	1.40	(1.83)
2017	382,584	2.63	1,007,172	3.13	1.40	3.24
2016	425,108	2.55	1,083,961	2.79	1.40	1.32
2015	489,852	2.52	1,232,716	2.83	1.40	(2.13)
2014	496,205	2.57	1,275,880	3.17	1.40	4.98
MML Oppenheimer/Loomis Sayles Equity						
2018	438,804	3.52	1,543,019	1.73	1.40	(11.25)
2017	539,803	3.96	2,138,809	1.80	1.40	14.19
2016	627,335	3.47	2,176,791	1.75	1.40	11.03
2015	714,564	3.13	2,233,118	2.11	1.40	(4.77)
2014	790,513	3.28	2,594,307	1.53	1.40	10.02
MML U.S. Government Money Market Division						
2018	494,050	1.22	602,639	1.30	1.40	(0.08)
2017	283,762	1.22	346,411	0.33	1.40	(1.03)
2016	654,346	1.23	807,151	-	1.40	(1.28)
2015	389,204	1.25	486,318	0.01	1.40	(1.39)
2014	388,343	1.27	492,067	-	1.40	(1.39)
Oppenheimer Capital Appreciation Division						
2018	1,150,261	5.46	6,279,916	0.32	1.40	(7.05)
2017	1,322,315	5.87	7,766,583	0.24	1.40	25.08
2016	1,521,364	4.70	7,144,249	0.41	1.40	(3.56)
2015	1,779,006	4.87	8,662,363	0.09	1.40	2.10
2014	1,885,723	4.77	8,992,789	0.45	1.40	13.80
Oppenheimer Conservative Balanced Division						
2018	572,219	2.63	1,503,586	2.06	1.40	(6.65)
2017	720,207	2.81	2,027,163	1.96	1.40	7.74
2016	791,571	2.61	2,068,026	2.39	1.40	3.80
2015	922,302	2.52	2,321,357	2.20	1.40	(0.57)
2014	1,058,409	2.53	2,679,214	2.06	1.40	6.69
Oppenheimer Discovery Mid Cap Growth Division						
2018	783,280	4.12	3,227,950	-	1.40	(7.40)
2017	958,548	4.45	4,265,723	0.03	1.40	27.01
2016	1,047,588	3.50	3,670,649	-	1.40	0.92
2015	1,274,291	3.47	4,424,484	-	1.40	5.12
2014	1,380,832	3.30	4,560,715	-	1.40	4.31

Notes To Financial Statements (Continued)

8. FINANCIAL HIGHLIGHTS (Continued)

	At December 31,			For the Years Ended December 31,		
	Units	Net Assets		Investment Income Ratio ¹	Expense Ratio ²	Total Return ³
		Unit Value ³	Amount			
Oppenheimer Global Division						
2018	1,013,455	\$5.45	\$ 5,528,095	0.98%	1.40%	(14.39)%
2017	1,181,610	6.37	7,529,095	0.93	1.40	34.77
2016	1,280,990	4.73	6,056,440	1.09	1.40	(1.31)
2015	1,567,731	4.79	7,510,209	1.29	1.40	2.50
2014	1,672,392	4.67	7,816,270	1.13	1.40	0.87
Oppenheimer Global Strategic Income Division						
2018	1,011,635	2.74	2,767,071	4.89	1.40	(5.73)
2017	1,259,736	2.90	3,655,276	2.30	1.40	4.80
2016	1,377,763	2.77	3,814,692	5.04	1.40	5.06
2015	1,612,283	2.64	4,249,197	5.83	1.40	(3.62)
2014	1,716,322	2.73	4,693,257	4.15	1.40	1.41
Oppenheimer Government Money Division						
2018	169,254	1.26	212,520	1.32	1.40	(0.06)
2017	199,683	1.26	250,882	0.37	1.40	(1.00)
2016	241,268	1.27	306,198	0.01	1.40	(1.38)
2015	257,586	1.29	331,472	0.01	1.40	(1.38)
2014	270,082	1.30	352,412	0.01	1.40	(1.38)
Oppenheimer Main Street Division						
2018	1,735,485	4.61	7,993,495	1.15	1.40	(9.17)
2017	1,994,006	5.07	10,111,896	1.27	1.40	15.29
2016	2,221,034	4.40	9,769,514	1.12	1.40	10.07
2015	2,512,516	4.00	10,040,591	0.94	1.40	1.89
2014	2,894,066	3.92	11,350,629	0.84	1.40	9.16
Oppenheimer Main Street Small Cap Division						
2018	181,168	3.39	614,068	0.28	1.40	(11.58)
2017	258,953	3.83	992,642	0.86	1.40	12.57
2016	224,640	3.41	764,931	0.48	1.40	16.42
2015	367,862	2.92	1,075,987	0.80	1.40	(7.21)
2014	296,768	3.15	935,458	0.94	1.40	10.38
Oppenheimer Total Return Bond Division						
2018	215,410	1.63	350,906	3.31	1.40	(2.41)
2017	257,367	1.67	429,592	2.48	1.40	3.14
2016	294,450	1.62	476,547	3.72	1.40	1.84
2015	320,387	1.59	509,165	4.06	1.40	(0.44)
2014	338,034	1.60	539,596	5.44	1.40	5.77

¹ The investment income ratios represent the dividends, excluding distributions of capital gains, received by the division from the underlying mutual fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that are assessed against contract owners accounts either through reductions in the unit values or the redemption of units. The recognition of investment income by the division is affected by the timing of the declaration of dividends by the underlying fund in which the division invests.

² The expense ratios represent the annualized contract expenses of the Separate Account, consisting primarily of mortality and expense charges, for each period indicated. The ratios include only those expenses that result in a direct reduction of unit values. Charges made directly to contract owners accounts through the redemption of units and expenses of the underlying fund have been excluded.

³ The total returns are for the periods indicated, including changes in the value of the underlying fund, and the expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units. Investment options with a date notation indicate the effective date of that investment option in the variable account. The total return is calculated for each period indicated or from the effective date through the end of the reporting period.

Notes To Financial Statements (Continued)

8. FINANCIAL HIGHLIGHTS (Continued)

- B.** The Separate Account assesses charges associated with the contract. These charges are either assessed as a direct reduction in unit values or through a redemption of units for all contracts contained within the Separate Account.

<p>Mortality and Expense Risk Charge</p> <p>This charge is assessed through reduction of unit values.</p>	<p>This charge is equal, on an annual basis, to 1.15% of the daily value of the assets invested in each fund.</p>
<p>Administrative Expense Charge</p> <p>This charge is assessed through reduction of unit values.</p>	<p>This charge is equal, on an annual basis, to 0.15% of the daily value of the assets invested in each fund.</p>
<p>Death Benefit Charge</p> <p>This charge is assessed through reduction of unit values.</p>	<p>This charge is equal, on an annual basis, to 0.10% of the daily value of the assets invested in each fund.</p>
<p>Administrative Charge</p> <p>This charge is assessed through the redemption of units.</p>	<p>\$30 per contract, annually. These charges are not applicable to contracts with values of \$50,000 or more.</p>
<p>Contingent Deferred Sales Charge</p> <p>This charge is assessed through the redemption of units.</p>	<p>0 - 7%</p>

9. SUBSEQUENT EVENTS

The Separate Account's management has reviewed events occurring through March 19, 2019, the date the financial statements were issued, and no subsequent events occurred requiring accrual or disclosure.

