MetLife



Bank of America Merrill Lynch 2015 Insurance Conference

Steven A. Kandarian

Chairman, President &
Chief Executive Officer

February 12, 2015

MetLife

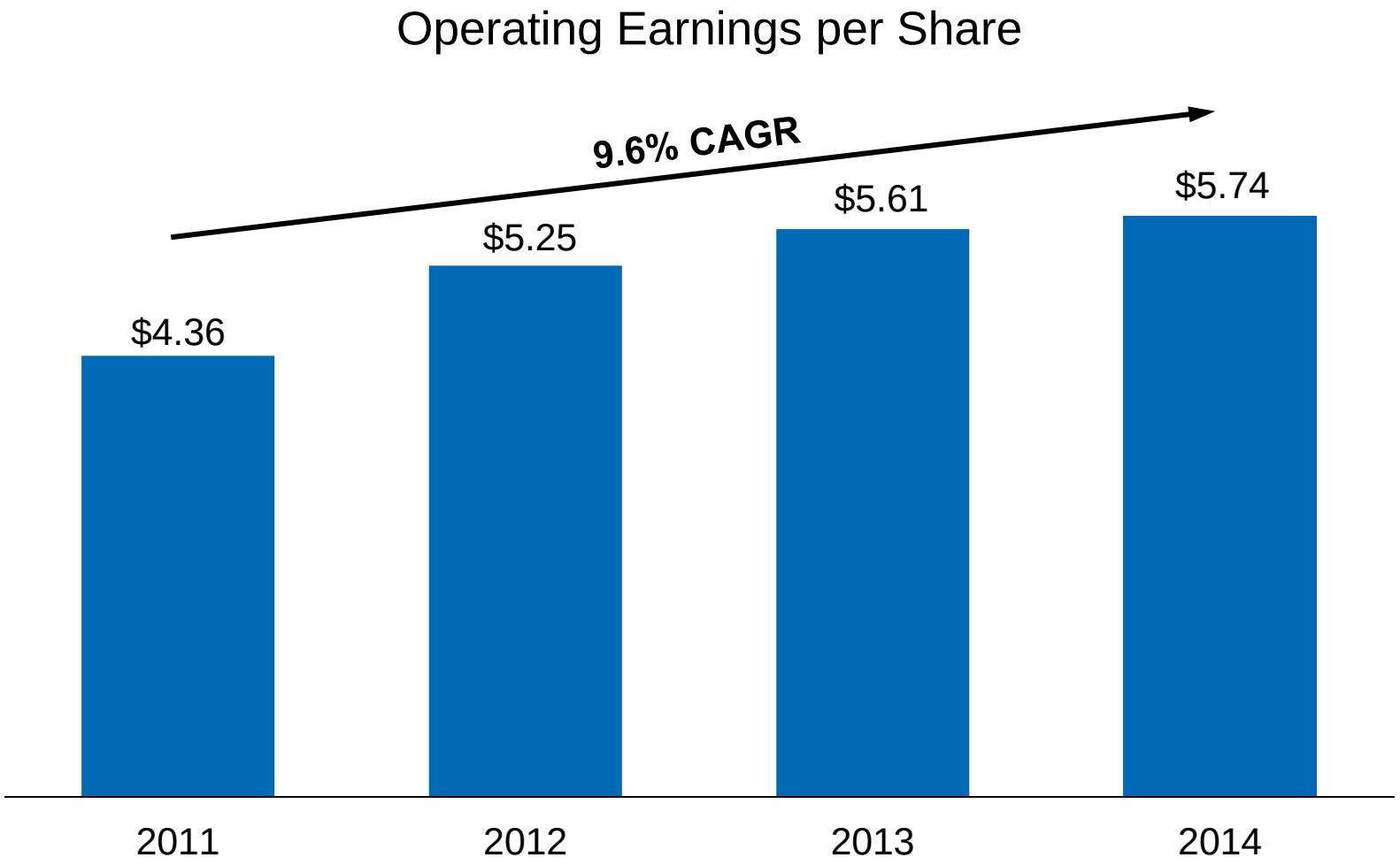
Cautionary Statement on Forward-Looking Statements and Non-GAAP Financial Information

This presentation may contain or incorporate by reference forward-looking statements. Forward-looking statements give expectations or forecasts of future events and use words such as “anticipate,” “estimate,” “expect,” “project” and other terms of similar meaning, or that are tied to future periods. **Any or all forward-looking statements may turn out to be wrong, and actual results could differ materially from those expressed or implied in the forward-looking statements.** Predictions of future performance are inherently difficult and are subject to numerous risks and uncertainties, including those identified in the “Risk Factors” section of MetLife, Inc.’s filings with the U.S. Securities and Exchange Commission. The company does not undertake any obligation to publicly correct or update any forward-looking statement if it later becomes aware that such statement is not likely to be achieved. Additional discussion of forward-looking statements may be included in other slides in this presentation; if so, please refer to those slides for more information.

This presentation may also contain measures that are not calculated based on accounting principles generally accepted in the United States of America, also known as GAAP. Additional discussion of non-GAAP financial information may be included in other slides in these materials, on the Investor Relations portion of MetLife's website (www.metlife.com), or elsewhere on that website; if so, please refer to those slides or the website for more information.

MetLife

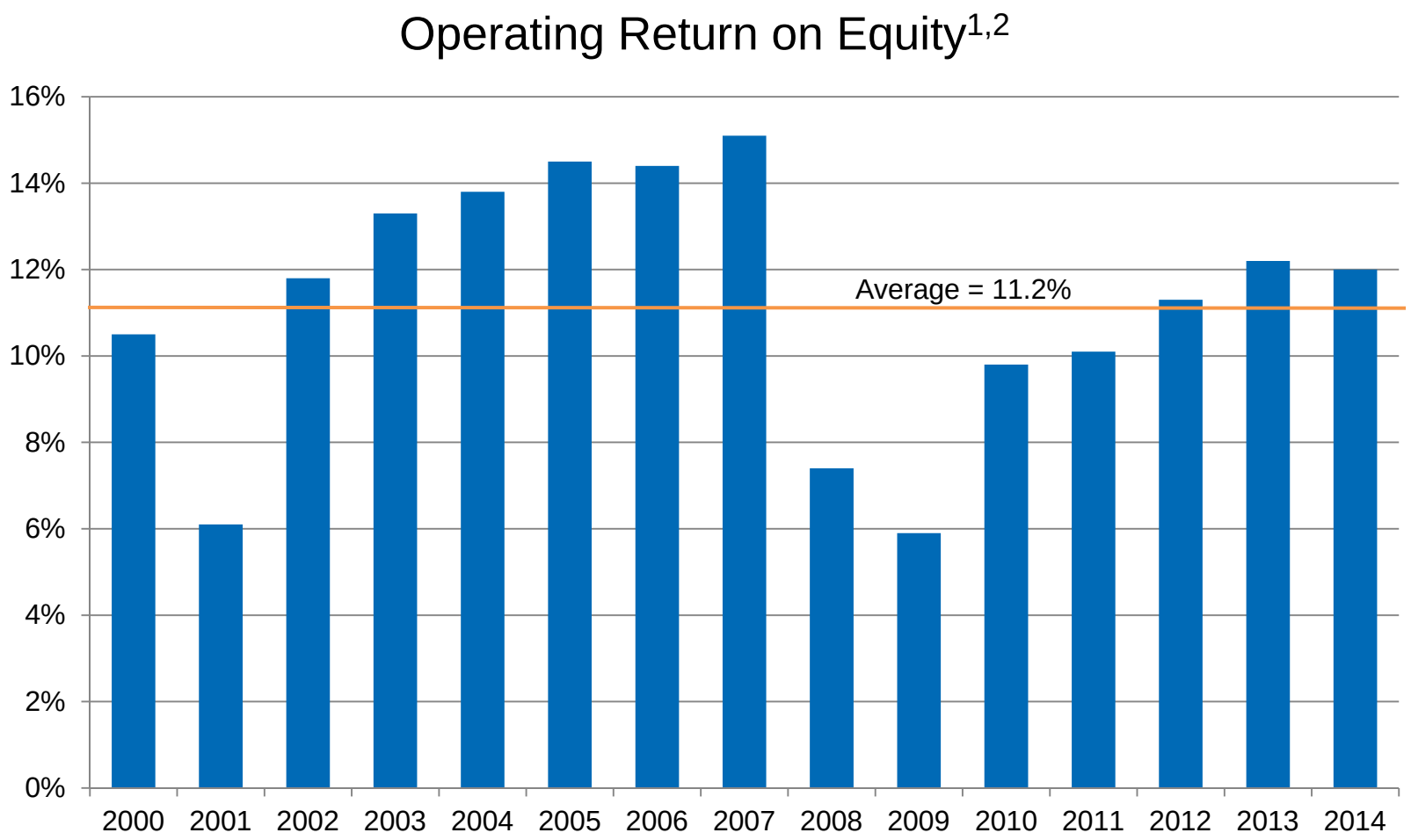
Good growth despite low rates and higher share count



See Appendix for non-GAAP financial information, definitions and/or reconciliations.

MetLife

Recent returns above long-term average



[1] Excludes accumulated other comprehensive income ("AOCI"), other than foreign currency translation adjustments ("FCTA").

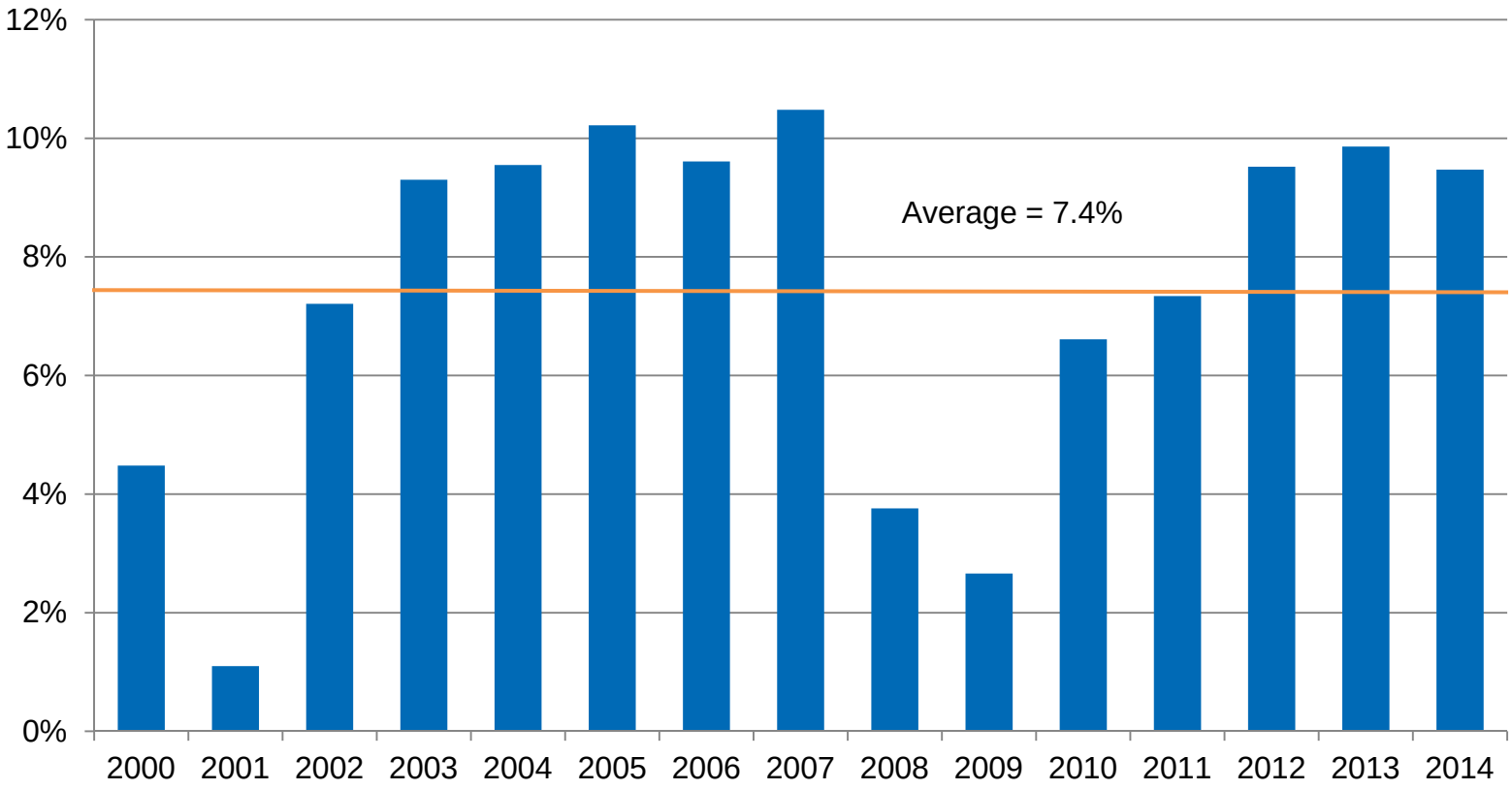
[2] Historical reported results for the years 2000 through 2007 have not been modified for current period events such as the adoption of new accounting pronouncements and subsequent events, including acquisitions and dispositions, discontinued operations and divested businesses.

See Appendix for non-GAAP financial information, definitions and/or reconciliations.

MetLife

Returns relative to risk free rate near pre-crisis levels

Operating ROE[1] spread over 10-Year Treasury Yield[2,3]



[1] Excludes AOCI, other than FCTA.

[2] 10-year Treasury yield is average in each period.

[3] Historical reported results for the years 2000 through 2007 have not been modified for current period events such as the adoption of new accounting pronouncements and subsequent events, including acquisitions and dispositions, discontinued operations and divested business.

See Appendix for non-GAAP financial information, definitions and/or reconciliations.

MetLife



Appendix

MetLife

Safe Harbor Statement

This presentation may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife, Inc., its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife, Inc.’s filings with the U.S. Securities and Exchange Commission (the “SEC”). These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the capital and credit markets, which may affect our ability to meet liquidity needs and access capital, including through our credit facilities, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets, including assets supporting risks ceded to certain of our captive reinsurers or hedging arrangements associated with those risks; (3) exposure to financial and capital market risks, including as a result of the disruption in Europe; (4) impact of comprehensive financial services regulation reform on us, as a potential non-bank systemically important financial institution, or otherwise; (5) numerous rulemaking initiatives required or permitted by the Dodd-Frank Wall Street Reform and Consumer Protection Act which may impact how we conduct our business, including those compelling the liquidation of certain financial institutions; (6) regulatory, legislative or tax changes relating to our insurance, international, or other operations that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to employees; (7) adverse results or other consequences from litigation, arbitration or regulatory investigations; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (11) impairments of goodwill and realized losses or market value impairments to illiquid assets; (12) defaults on our mortgage loans; (13) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (14) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (15) downgrades in our claims paying ability, financial strength or credit ratings; (16) a deterioration in the experience of the “closed block” established in connection with the reorganization of Metropolitan Life Insurance Company; (17) availability and effectiveness of reinsurance or indemnification arrangements, as well as any default or failure of counterparties to perform; (18) differences between actual claims experience and underwriting and reserving assumptions; (19) ineffectiveness of risk management

Safe Harbor Statement (Continued)

policies and procedures; (20) catastrophe losses; (21) increasing cost and limited market capacity for statutory life insurance reserve financings; (22) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, and for personnel; (23) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (24) our ability to address difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from business acquisitions, including our acquisition of American Life Insurance Company and Delaware American Life Insurance Company, and integrating and managing the growth of such acquired businesses, or arising from dispositions of businesses or legal entity reorganizations; (25) regulatory and other restrictions affecting MetLife, Inc.'s ability to pay dividends and repurchase common stock; (26) MetLife, Inc.'s primary reliance, as a holding company, on dividends from its subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (27) the possibility that MetLife, Inc.'s Board of Directors may influence the outcome of stockholder votes through the voting provisions of the MetLife Policyholder Trust; (28) changes in accounting standards, practices and/or policies; (29) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (30) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (31) inability to attract and retain sales representatives; (32) provisions of laws and our incorporation documents may delay, deter or prevent takeovers and corporate combinations involving MetLife; (33) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on the value of our investment portfolio, our disaster recovery systems, cyber- or other information security systems and management continuity planning; (34) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (35) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the SEC.

MetLife, Inc. does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife, Inc. later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. makes on related subjects in reports to the SEC.

MetLife

Explanatory Note on Non-GAAP Financial Information

Any references in this presentation (except in this Explanatory Note on Non-GAAP Financial Information slide and this Appendix) to net income (loss), net income (loss) per share, operating earnings, operating earnings per share, book value per share, book value per share, excluding accumulated other comprehensive income (loss) (“AOCI”), book value per share, excluding AOCI, other than foreign currency translation adjustments (“FCTA”), book value per share-tangible common stockholders’ equity, premiums, fees and other revenues, operating return on equity, excluding AOCI, other than FCTA, and tangible operating return on equity should be read as net income (loss) available to MetLife, Inc.'s common shareholders, net income (loss) available to MetLife, Inc.'s common shareholders per diluted common share, operating earnings available to common shareholders, operating earnings available to common shareholders per diluted common share, book value per common share, book value per common share, excluding AOCI, book value per common share, excluding AOCI, other than FCTA, book value per common share-tangible common stockholders’ equity, premiums, fees and other revenues (operating), operating return on MetLife, Inc.’s common stockholders’ equity, excluding AOCI, other than FCTA, and operating return on MetLife, Inc.’s tangible common stockholders’ equity, respectively.

Operating earnings is the measure of segment profit or loss that MetLife uses to evaluate segment performance and allocate resources. Consistent with accounting principles generally accepted in the United States of America ("GAAP") accounting guidance for segment reporting, operating earnings is MetLife's measure of segment performance. Operating earnings is also a measure by which MetLife senior management's and many other employees' performance is evaluated for the purposes of determining their compensation under applicable compensation plans.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax. Operating earnings available to common shareholders is defined as operating earnings less preferred stock dividends.

Operating revenues and operating expenses exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife and are referred to as divested businesses. Operating revenues also excludes net investment gains (losses) (“NIGL”) and net derivative gains (losses) (“NDGL”). Operating expenses also excludes goodwill impairments.

The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to NIGL and NDGL and certain variable annuity guaranteed minimum income benefits ("GMIB") fees ("GMIB Fees");
- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments but do not qualify for hedge accounting treatment, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, (iv) excludes certain amounts related to contractholder-directed unit-linked investments, and (v) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP; and
- Other revenues are adjusted for settlements of foreign currency earnings hedges.

MetLife

Explanatory Note on Non-GAAP Financial Information (Continued)

The following additional adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to NIGL and NDGL, (ii) inflation-indexed benefit adjustments associated with contracts backed by inflation-indexed investments and amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and other pass through adjustments, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;
- Amortization of deferred policy acquisition costs (“DAC”) and value of business acquired ("VOBA") excludes amounts related to: (i) NIGL and NDGL, (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;
- Amortization of negative VOBA excludes amounts related to Market Value Adjustments;
- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and
- Other expenses excludes costs related to: (i) noncontrolling interests, (ii) implementation of new insurance regulatory requirements, and (iii) acquisition and integration costs.

Operating earnings also excludes the recognition of certain contingent assets and liabilities that could not be recognized at acquisition or adjusted for during the measurement period under GAAP business combination accounting guidance. In addition to the tax impact of the adjustments mentioned above, provision for income tax (expense) benefit also includes the impact related to the timing of certain tax credits, as well as certain tax reforms.

MetLife, Inc.’s tangible common stockholders’ equity is defined as MetLife, Inc.’s common stockholders’ equity, excluding the net unrealized investment gains (losses) and defined benefit plans adjustment components of AOCI and is also reduced by the impact of goodwill, value of distribution agreements (“VODA”) and value of customer relationships acquired (“VOCRA”), all net of income tax. MetLife, Inc.’s common stockholders’ equity, excluding AOCI, other than FCTA, is defined as MetLife, Inc.’s common stockholders’ equity, excluding the net unrealized investment gains (losses) and defined benefit plans adjustment components of AOCI, net of income tax.

MetLife

Explanatory Note on Non-GAAP Financial Information (Continued)

MetLife believes the presentation of operating earnings and operating earnings available to common shareholders as MetLife measures it for management purposes enhances the understanding of the company's performance by highlighting the results of operations and the underlying profitability drivers of the business. Operating revenues, operating expenses, operating earnings, operating earnings available to common shareholders, operating earnings available to common shareholders per diluted common share, investment portfolio gains (losses) and derivative gains (losses) should not be viewed as substitutes for the following financial measures calculated in accordance with GAAP: GAAP revenues, GAAP expenses, income (loss) from continuing operations, net of income tax, net income (loss) available to MetLife, Inc.'s common shareholders, net income (loss) available to MetLife, Inc.'s common shareholders per diluted common share, net investment gains (losses) and net derivative gains (losses), respectively. MetLife, Inc.'s tangible common stockholders' equity and MetLife, Inc.'s common stockholders' equity, excluding AOCI, other than FCTA, should not be viewed as substitutes for total MetLife, Inc.'s stockholders' equity calculated in accordance with GAAP. Reconciliations of these measures to the most directly comparable GAAP measures are included in the Fourth Quarter 2014 Financial Supplement and/or in the tables that accompany this Appendix.

Operating return on MetLife, Inc.'s tangible common stockholders' equity is defined as operating earnings available to common shareholders, excluding amortization of VODA and VOCRA, net of income tax, divided by average MetLife, Inc.'s tangible common stockholders' equity.

Operating return on MetLife, Inc.'s common stockholders' equity, excluding AOCI other than FCTA is defined as operating earnings available to common shareholders divided by average MetLife, Inc.'s common stockholders' equity, excluding AOCI other than FCTA.

Operating return on MetLife, Inc.'s common stockholders' equity, excluding AOCI is defined as operating earnings available to common shareholders divided by average MetLife, Inc.'s common stockholders' equity, excluding AOCI.

Operating return on MetLife, Inc.'s common stockholders' equity is defined as operating earnings available to common shareholders divided by average MetLife, Inc.'s common stockholders' equity.

Return on MetLife, Inc.'s tangible common stockholders' equity is defined as net income (loss) available to MetLife, Inc.'s common shareholders, excluding goodwill impairment and amortization of VODA and VOCRA, net of income tax, divided by average MetLife, Inc.'s tangible common stockholders' equity.

MetLife

Explanatory Note on Non-GAAP Financial Information (Continued)

Return on MetLife, Inc.'s common stockholders' equity, excluding AOCI other than FCTA is defined as net income (loss) available to MetLife, Inc.'s common shareholders divided by average MetLife, Inc.'s common stockholders' equity, excluding AOCI other than FCTA.

Return on MetLife, Inc.'s common stockholders' equity, excluding AOCI is defined as net income (loss) available to MetLife, Inc.'s common shareholders divided by average MetLife, Inc.'s common stockholders' equity, excluding AOCI.

Return on MetLife, Inc.'s common stockholders' equity is defined as net income (loss) available to MetLife, Inc.'s common shareholders divided by average MetLife, Inc.'s common stockholders' equity.

Operating expense ratio is calculated by dividing operating expenses (other expenses net of capitalization of DAC) by operating premiums, fees and other revenues.

For the historical periods presented, reconciliations of non-GAAP measures used in this presentation to the most directly comparable GAAP measures may be included in this Appendix to the presentation materials and/or are on the Investor Relations portion of MetLife's Internet website. Additional information about MetLife's historical results is also available on its Internet website in its Quarterly Financial Supplements for the corresponding periods.

The non-GAAP measures used in this presentation should not be viewed as substitutes for the most directly comparable GAAP measures.

In this presentation, MetLife may refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

The impact of changes in foreign currency exchange rates is calculated using the average foreign currency exchange rates for the current period and is applied to each of the comparable periods.

In this presentation, MetLife may provide forward-looking guidance on its future earnings, premiums, fees and other revenues, earnings per diluted common share, book value per common share, return on common equity and free cash flow (as a percentage of annual operating earnings) on an operating or non-GAAP basis. A reconciliation of the non-GAAP measures to the most directly comparable GAAP measures is not accessible on a forward-looking basis because MetLife believes it is not possible to provide other than a range of net investment gains and losses and net derivative gains and losses, which can fluctuate significantly within or outside the range and from period to period and may have a significant impact on GAAP net income.

In addition, MetLife may provide estimated historical operating results for business that is not within a single reportable segment or Corporate & Other in this presentation. A reconciliation of non-GAAP measures to the most directly comparable GAAP measures is not accessible for such results, as MetLife calculates GAAP results only for its reportable segments and Corporate & Other.

MetLife

Reconciliation of Operating Earnings Available to Common Shareholders to Net Income (Loss) Available to MetLife, Inc.'s Common Shareholders – Total Company

($ in millions, except per share data)	2011		2012		2013		2014	
Operating earnings available to common shareholders	$ 4,654	$ 4.36	$ 5,649	$ 5.25	$ 6,261	$ 5.61	$ 6,560	$ 5.74
Adjustments from operating earnings available to common shareholders to net income (loss) available to MetLife, Inc.'s common shareholders								
Add: Net investment gains (losses)	(867)	(0.81)	(352)	(0.33)	161	0.14	(197)	(0.17)
Add: Net derivative gains (losses)	4,824	4.52	(1,919)	(1.78)	(3,239)	(2.90)	1,317	1.15
Add: Goodwill impairment	-	-	(1,868)	(1.73)	-	-	-	-
Add: Other adjustments to continuing operations	(1,419)	(1.34)	(2,492)	(2.31)	(1,597)	(1.43)	(1,376)	(1.20)
Add: Provision for income tax (expense) benefit	(923)	(0.86)	2,174	2.02	1,683	1.51	(87)	(0.08)
Add: Income (loss) from discontinued operations, net of income tax	24	0.02	48	0.04	2	-	(3)	-
Less: Net income (loss) attributable to noncontrolling interests	(8)	(0.01)	38	0.04	25	0.02	27	0.02
Less: Preferred stock redemption premium	146	0.14	-	-	-	-	-	-
Net income (loss) available to MetLife, Inc.'s common shareholders	$ 6,155	$ 5.76	$ 1,202	$ 1.12	$ 3,246	$ 2.91	$ 6,187	$ 5.42
Weighted average common shares outstanding - diluted		1068.1		1076.8		1116 2		1142.5


MetLife