

METLIFE INC  
Form 10-Q  
August 04, 2009

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM        TO**

**Commission file number: 001-15787**

**MetLife, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**13-4075851**

*(I.R.S. Employer  
Identification No.)*

**200 Park Avenue, New York, NY**

*(Address of principal executive offices)*

**10166-0188**

*(Zip Code)*

**(212) 578-2211**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At July 31, 2009, 818,638,951 shares of the registrant's common stock, \$0.01 par value per share, were outstanding.

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**Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q, including the Management's Discussion and Analysis of Financial Condition and Results of Operations, 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 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. See Management's Discussion and Analysis of Financial Condition and Results of Operations.

**Note Regarding Reliance on Statements in Our Contracts**

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife, Inc., its subsidiaries or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to investors; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife, Inc. and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife, Inc.'s other public filings, which are available without charge through the SEC's website at [www.sec.gov](http://www.sec.gov).

**Table of Contents****Part I Financial Information****Item 1. Financial Statements****MetLife, Inc.****Interim Condensed Consolidated Balance Sheets  
June 30, 2009 (Unaudited) and December 31, 2008****(In millions, except share and per share data)**

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$225,494 and \$209,508, respectively)	\$ 211,563	\$ 188,251
Equity securities available-for-sale, at estimated fair value (cost: \$3,679 and \$4,131, respectively)	3,045	3,197
Trading securities, at estimated fair value (cost: \$1,523 and \$1,107, respectively)	1,471	946
Mortgage and consumer loans:		
Held-for-investment, at amortized cost (net of valuation allowances of \$543 and \$304, respectively)	48,229	49,352
Held-for-sale, principally at estimated fair value	4,271	2,012
Mortgage and consumer loans, net	52,500	51,364
Policy loans	9,907	9,802
Real estate and real estate joint ventures held-for-investment	7,295	7,585
Real estate held-for-sale	1	1
Other limited partnership interests	5,193	6,039
Short-term investments	8,117	13,878
Other invested assets	13,071	17,248
Total investments	312,163	298,311
Cash and cash equivalents	13,213	24,207
Accrued investment income	3,019	3,061
Premiums and other receivables	16,730	16,973
Deferred policy acquisition costs and value of business acquired	20,323	20,144
Current income tax recoverable	253	
Deferred income tax assets	3,856	4,927
Goodwill	5,036	5,008
Other assets	7,896	7,262
Assets of subsidiaries held-for-sale		946
Separate account assets	126,968	120,839

Total assets	\$	509,457	\$	501,678
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**Liabilities and Stockholders Equity****Liabilities:**

Future policy benefits	\$	132,823	\$	130,555
Policyholder account balances		147,883		149,805
Other policyholder funds		8,319		7,762
Policyholder dividends payable		881		1,023
Short-term debt		4,757		2,659
Long-term debt		12,940		9,667
Collateral financing arrangements		5,297		5,192
Junior subordinated debt securities		2,691		3,758
Current income tax payable				342
Payables for collateral under securities loaned and other transactions		24,607		31,059
Other liabilities		14,679		14,284
Liabilities of subsidiaries held-for-sale				748
Separate account liabilities		126,968		120,839
Total liabilities		481,845		477,693

**Contingencies, Commitments and Guarantees (Note 11)****Stockholders Equity:**

MetLife, Inc. s stockholders equity:

Preferred stock, par value \$0.01 per share; 200,000,000 shares authorized; 84,000,000 shares issued and outstanding; \$2,100 aggregate liquidation preference		1		1
Common stock, par value \$0.01 per share; 3,000,000,000 shares authorized; 822,359,818 shares and 798,016,664 shares issued at June 30, 2009 and December 31, 2008, respectively; 818,586,271 shares and 793,629,070 shares outstanding at June 30, 2009 and December 31, 2008, respectively		8		8
Additional paid-in capital		16,849		15,811
Retained earnings		20,472		22,403
Treasury stock, at cost; 3,773,547 shares and 4,387,594 shares at June 30, 2009 and December 31, 2008, respectively		(203)		(236)
Accumulated other comprehensive loss		(9,834)		(14,253)
Total MetLife, Inc. s stockholders equity		27,293		23,734
Noncontrolling interests		319		251
Total equity		27,612		23,985
Total liabilities and stockholders equity	\$	509,457	\$	501,678

**See accompanying notes to the interim condensed consolidated financial statements.**

**Table of Contents****MetLife, Inc.****Interim Condensed Consolidated Statements of Income  
For the Three Months and Six Months Ended June 30, 2009 and 2008 (Unaudited)****(In millions, except per share data)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>				
Premiums	\$ 6,576	\$ 6,340	\$ 12,698	\$ 12,631
Universal life and investment-type product policy fees	1,216	1,396	2,399	2,793
Net investment income	3,731	4,319	6,994	8,616
Other revenues	572	351	1,126	720
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(566)	(139)	(1,119)	(213)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive loss	234		234	
Other net investment gains (losses), net	(3,497)	(218)	(3,850)	(874)
Total net investment gains (losses)	(3,829)	(357)	(4,735)	(1,087)
Total revenues	8,266	12,049	18,482	23,673
<b>Expenses</b>				
Policyholder benefits and claims	6,946	6,579	13,528	13,162
Interest credited to policyholder account balances	1,229	1,196	2,397	2,429
Policyholder dividends	434	446	858	875
Other expenses	2,031	2,607	5,033	5,154
Total expenses	10,640	10,828	21,816	21,620
Income (loss) from continuing operations before provision for income tax	(2,374)	1,221	(3,334)	2,053
Provision for income tax expense (benefit)	(956)	342	(1,332)	549
Income (loss) from continuing operations, net of income tax	(1,418)	879	(2,002)	1,504
Income from discontinued operations, net of income tax		117	36	152
Net income (loss)	(1,418)	996	(1,966)	1,656
Less: Net income (loss) attributable to noncontrolling interests	(16)	50	(20)	62
Net income (loss) attributable to MetLife, Inc.	(1,402)	946	(1,946)	1,594



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Less: Preferred stock dividends	31	31	61	64
Net income (loss) available to MetLife, Inc. s common shareholders	\$ (1,433)	\$ 915	\$ (2,007)	\$ 1,530
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc. s common shareholders per common share:				
Basic	\$ (1.74)	\$ 1.19	\$ (2.50)	\$ 2.03
Diluted	\$ (1.74)	\$ 1.18	\$ (2.50)	\$ 1.99
Net income (loss) available to MetLife, Inc. s common shareholders per common share:				
Basic	\$ (1.74)	\$ 1.28	\$ (2.46)	\$ 2.14
Diluted	\$ (1.74)	\$ 1.26	\$ (2.46)	\$ 2.10

**See accompanying notes to the interim condensed consolidated financial statements.**

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**MetLife, Inc.**

**Interim Condensed Consolidated Statement of Stockholders' Equity  
For the Six Months Ended June 30, 2009 (Unaudited)**

(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Investment Gains (Losses)	Other-Than-Temporary Impairment	Accumulated Net Unrealized Foreign Currency Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
at December 31,	\$ 1	\$ 8	\$ 15,811	\$ 22,403	\$ (236)	\$ (12,564)	\$	\$ (246)	\$ (1,443)	\$ 23,734	\$ 251	\$ 24,235
Change during the period:				76			(76)					
Issuance of new shares			1,035							1,035		
Repurchases of shares, net of tax			2		33					35		
Share-based compensation			1							1		
Dividends on common stock				(61)						(61)		
Change in noncontrolling interests											95	
Comprehensive (loss):				(1,946)						(1,946)	(20)	(2,000)
Comprehensive (loss):						(57)				(57)		(57)





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	\$ 1	\$ 8	\$ 17,647	\$ 21,441	\$ (4,047)	\$ (2,696)	\$ 427	\$ (240)	\$ 32,541	\$ 1,472	\$ 191	\$

**See accompanying notes to the interim condensed consolidated financial statements.**

**Table of Contents****MetLife, Inc.****Interim Condensed Consolidated Statements of Cash Flows  
For the Six Months Ended June 30, 2009 and 2008 (Unaudited)****(In millions)**

	<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (1,966)	\$ 1,656
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization expenses	259	334
Amortization of premiums and accretion of discounts associated with investments, net	(287)	(526)
Loss from sales of investments and businesses, net	4,687	1,226
Undistributed equity earnings of real estate joint ventures and other limited partnership interests	857	(66)
Interest credited to policyholder account balances	2,400	2,576
Interest credited to bank deposits	84	84
Universal life and investment-type product policy fees	(2,413)	(2,838)
Change in accrued investment income	43	309
Change in premiums and other receivables	(997)	(569)
Change in deferred policy acquisition costs, net	(914)	(643)
Change in insurance-related liabilities	2,434	2,727
Change in trading securities	(459)	(167)
Change in residential mortgage loans held-for-sale, net	(2,291)	
Change in mortgage servicing rights	(479)	
Change in income tax payable	(1,675)	243
Change in other assets	(463)	904
Change in other liabilities	(96)	157
Other, net	49	11
Net cash (used in) provided by operating activities	(1,227)	5,418
<b>Cash flows from investing activities</b>		
Sales, maturities and repayments of:		
Fixed maturity securities	31,711	46,828
Equity securities	1,154	786
Mortgage and consumer loans	3,015	3,066
Real estate and real estate joint ventures	7	119
Other limited partnership interests	640	380
Purchases of:		
Fixed maturity securities	(47,052)	(52,188)

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Equity securities	(1,102)	(705)
Mortgage and consumer loans	(2,076)	(5,205)
Real estate and real estate joint ventures	(213)	(622)
Other limited partnership interests	(413)	(880)
Net change in short-term investments	5,761	684
Net change in other invested assets	(59)	(1,013)
Net change in policy loans	(105)	(345)
Purchases of businesses, net of cash received of \$0 and \$44, respectively		(350)
Sales of businesses, net of cash disposed of \$180 and \$0, respectively		