UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): September 22, 2006

MetLife Insurance Company of Connecticut

(Exact Name of Registrant as Specified in Its Charter)

Connecticut

(State or Other Jurisdiction of Incorporation)

33-03094	06-0566090
(Commission File Number)	(IRS Employer Identification No.)

One Cityplace, Hartford, Connecticut	06103-3415
(Address of Principal Executive Offices)	(Zip Code)

860-308-1000

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01 OTHER EVENTS

In connection with registration statements on Form N-4 and Form N-6 to be filed by MetLife Insurance Company of Connecticut (the "Company"), the Company is filing its December 31, 2005 consolidated financial statements which have been updated to reflect the addition of a subsequent event footnote.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Not applicable

(b) Not applicable

(c) Not applicable

(d) Exhibits.

99.1 Consolidated financial statements of the Company as of December 31, 2005 and 2004 and for the six months ended December 31, 2005 and June 30, 2005 and the years ended December 31, 2004 and 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Gwenn L. Carr

Name: Gwenn L. Carr
Title: Senior Vice-President and Secretary

Date: September 22, 2006

EXHIBIT INDEX

Exhibit Number	Exhibit
99.1	Consolidated financial statements of the Company as of December 31, 2005 and 2004 and for the six months ended December 31, 2005 and June 30, 2005 and the years ended December 31, 2004 and 2003

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder of
The Travelers Insurance Company:

We have audited the accompanying consolidated balance sheet of The Travelers Insurance Company and subsidiaries (the "Company") as of December 31, 2005 (SUCCESSOR), and the related consolidated statements of income, stockholder's equity, and cash flows for the six months ended December 31, 2005 (SUCCESSOR), and June 30, 2005 (PREDECESSOR). Our audit also included the consolidated financial statement schedules as of December 31, 2005 (SUCCESSOR), and the six months ended December 31, 2005 (SUCCESSOR), and June 30, 2005 (PREDECESSOR), listed in the accompanying index. These consolidated financial statements and consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and consolidated financial statement schedules based on our audit. The consolidated financial statements and consolidated financial statement schedules of the Company as of December 31, 2004 (PREDECESSOR), and for the years ended December 31, 2004 (PREDECESSOR) and 2003 (PREDECESSOR), were audited by other auditors whose report, dated March 28, 2005, expressed an unqualified opinion on those statements and included an explanatory paragraph regarding the Company's change of its accounting method for certain non-traditional long duration contracts and separate accounts in 2004 and for variable interest entities in 2003.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Travelers Insurance Company and subsidiaries as of December 31, 2005 (SUCCESSOR), and the results of their operations and their cash flows for the six months ended December 31, 2005 (SUCCESSOR), and June 30, 2005 (PREDECESSOR), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein as of December 31, 2005 (SUCCESSOR), and for the six months ended December 31, 2005 (SUCCESSOR), and June 30, 2005 (PREDECESSOR).

As described in Note 1 to the consolidated financial statements, the Company was acquired by MetLife, Inc. on July 1, 2005. As required by the U.S. Securities and Exchange Commission Staff Accounting Bulletin Topic 5-J, Push Down Basis of Accounting Required in Certain Limited Circumstances, the purchase method of accounting was applied to the assets and liabilities of the Company, and such assets and liabilities were measured at their fair values as of the acquisition date in conformity with Statement of Financial Accounting Standards No. 141, Business Combinations. The accompanying consolidated financial statements for periods prior and subsequent to the acquisition date are labeled "PREDECESSOR" and "SUCCESSOR," respectively.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

New York, New York
March 29, 2006
(September 19, 2006 as to Note 17)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder
The Travelers Insurance Company:

We have audited the accompanying consolidated balance sheet of The Travelers Insurance Company and subsidiaries as of December 31, 2004 (PREDECESSOR) and the related consolidated statements of income, stockholder's equity, and cash flows for each of the years in the two-year period ended December 31, 2004 (PREDECESSOR). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Travelers Insurance Company and subsidiaries as of December 31, 2004 and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company changed its methods of accounting and reporting for certain nontraditional long-duration contracts and for separate accounts in 2004 and variable interest entities in 2003.

/s/ KPMG LLP
KPMG LLP

Hartford, Connecticut
March 28, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder
The Travelers Insurance Company:

Under date of March 28, 2005, we reported on the consolidated balance sheet of The Travelers Insurance Company and subsidiaries as of December 31, 2004 (PREDECESSOR) and the related consolidated statements of income, stockholder's equity and cash flows for each of the years in the two-year period ended December 31, 2004 (PREDECESSOR), which are included in the Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedules as listed in the accompanying index. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its methods of accounting and reporting for certain nontraditional long-duration contracts and for separate accounts in 2004 and variable interest entities in 2003.

/s/ KPMG LLP

KPMG LLP
Hartford, Connecticut
March 28, 2005

THE TRAVELERS INSURANCE COMPANY
(A Wholly-Owned Subsidiary of MetLife, Inc.)

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

(IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)

	SUCCESSOR	PREDECESSOR
	DECEMBER 31, 2005	DECEMBER 31, 2004
ASSETS		
Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: $48,848 and $40,466, respectively)	$48,162	$ 42,621
Trading securities, at fair value (cost: $457 and $1,220, respectively)	452	1,346
Equity securities available-for-sale, at fair value (cost: $424 and $332, respectively)	421	374
Mortgage and consumer loans	2,094	2,124
Policy loans	881	1,084
Real estate and real estate joint ventures held-for-investment	96	112
Other limited partnership interests	1,248	1,259
Short-term investments	1,486	3,502
Other invested assets	1,029	4,095
Total investments	55,869	56,517
Cash and cash equivalents	521	215
Accrued investment income	549	548
Premiums and other receivables	5,299	4,479
Deferred policy acquisition costs and value of business acquired	3,701	2,862
Assets of subsidiaries transferred	--	10,019
Goodwill	856	196
Current income tax recoverable	1	--
Deferred income tax asset	1,283	--
Other assets	154	265
Separate account assets	31,238	30,742
Total assets	$99,471	$105,843
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities:		
Future policy benefits	$18,077	$ 12,682
Policyholder account balances	32,986	33,755
Other policyholder funds	287	596
Liabilities of subsidiaries transferred	--	5,745
Current income tax payable	--	305
Deferred income tax liability	--	1,371
Payables for collateral under securities loaned and other transactions	8,750	2,215
Other liabilities	1,477	4,127
Separate account liabilities	31,238	30,742
Total liabilities	92,815	91,538
Stockholder's Equity:		
Common stock, par value $2.50 per share; 40,000,000 shares authorized, issued and outstanding	100	100
Additional paid-in capital	6,684	5,449
Retained earnings	241	7,159
Accumulated other comprehensive (loss) income	(369)	1,597
Total stockholder's equity	6,656	

14,305 ------- -------- Total liabilities and stockholder's
equity.............. $99,471 $105,843 ======= ========

See accompanying notes to consolidated financial statements.

THE TRAVELERS INSURANCE COMPANY
(A Wholly-Owned Subsidiary of MetLife, Inc.)

CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005 AND JUNE 30, 2005 AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(IN MILLIONS)

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
REVENUES				
Premiums	$ 222	$ 325	$ 911	$1,082
Universal life and investment-type product policy fees	442	406	690	531
Net investment income	1,216	1,608	3,012	2,743
Other revenues	57	113	207	143
Net investment gains (losses)	(188)	26	9	32
Total revenues	1,749	2,478	4,829	4,531
EXPENSES				
Policyholder benefits and claims	523	599	1,411	1,568
Interest credited to policyholder account balances	504	698	1,305	1,248
Other expenses	383	440	762	557
Total expenses	1,410	1,737	3,478	3,373
Income from continuing operations before provision for income taxes	339	741	1,351	1,158
Provision for income taxes	98	205	361	240
Income from continuing operations	241	536	990	918
Income from discontinued operations, net of income taxes	--	240	491	440
Net income	$ 241	$ 776	$1,481	$1,358

See accompanying notes to consolidated financial statements.

THE TRAVELERS INSURANCE COMPANY
(A Wholly-Owned Subsidiary of MetLife, Inc.)

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005 AND JUNE 30, 2005
AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(IN MILLIONS)

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ---------
------------------ FOREIGN ADDITIONAL NET UNREALIZED
CURRENCY COMMON PAID-IN RETAINED INVESTMENT TRANSLATION
STOCK CAPITAL EARNINGS GAINS (LOSSES) ADJUSTMENT TOTAL
------ ---------- -------- ------------- ----------- -
------ BALANCE AT JANUARY 1, 2003
(PREDECESSOR)................ $100 $ 5,443 $ 5,638 $
454 $ -- $11,635 Stock option transactions,
net......................... 3 3 Dividends on common
stock.............................. (545) (545)
Comprehensive income (loss): Net
income...
1,358 1,358 Other comprehensive income (loss):
Unrealized gains (losses) on derivative instruments,
net of income taxes............................... 85
85 Unrealized investment gains (losses), net of related
offsets and income taxes..........................
817 817 Foreign currency translation
adjustments............. 4 4 ------- Other
comprehensive income (loss).................... 906 --
----- Comprehensive income
(loss)........................... 2,264 ---- -------
------- ------- ------ ------- BALANCE AT DECEMBER 31,
2003 (PREDECESSOR).............. 100 5,446 6,451 1,356
4 13,357 Stock option transactions,
net......................... 3 3 Dividends on common
stock.............................. (773) (773)
Comprehensive income (loss): Net
income...
1,481 1,481 Other comprehensive income (loss):
Unrealized gains (losses) on derivative instruments,
net of income taxes............................... 98
98 Unrealized investment gains (losses), net of related
offsets and income taxes..........................
138 138 Foreign currency translation
adjustments............. 1 1 ------- Other
comprehensive income (loss).................... 237 --
----- Comprehensive income
(loss)........................... 1,718 ---- -------
------- ------- ------ ------- BALANCE AT DECEMBER 31,
2004 (PREDECESSOR).............. 100 5,449 7,159 1,592
5 14,305 Stock option transactions,
net......................... 3 3 Dividends on common
stock.............................. (675) (675)
Comprehensive income (loss): Net
income...
776 776 Other comprehensive income (loss): Unrealized
gains (losses) on derivative instruments, net of income
taxes.............................. 57 57 Unrealized
investment gains (losses), net of related offsets and
income taxes.......................... (32) (32) ----
--- Other comprehensive income
(loss).................... 25 ------- Comprehensive
income (loss)........................... 801
Restructuring transactions, net (See Notes 10, 11, and
15)..
(3,095) (2,966) (166) (6,227) ---- ------- ------- ----
--- ------ ------- BALANCE AT JUNE 30, 2005
(PREDECESSOR)................. 100 2,357 4,294 1,451
5 8,207 Effect of push down accounting of MetLife,
Inc.'s purchase price on The Travelers Insurance
Company's net assets acquired (See Note
1).......................... 4,547 (4,294) (1,451)
(5) (1,203) ---- ------- ------- ------- ------ -------
BALANCE AT JULY 1, 2005
(SUCCESSOR).................... 100 6,904 -- -- --
7,004 Revisions of purchase price pushed down to The
Travelers Insurance Company's net assets acquired (See
Note 1).... (220) (220) Comprehensive income (loss):

Net
income...
241 241 Other comprehensive income (loss): Unrealized
investment gains (losses), net of related offsets and
income taxes............................ (371) (371)
Foreign currency translation adjustments..............
2 2 ------- Other comprehensive income
(loss)..................... (369) ------- Comprehensive
income (loss)............................. (128) ---- -
------ ------- ------- ------ ------- BALANCE AT
DECEMBER 31, 2005 (SUCCESSOR)................. $100 $
6,684 $ 241 $ (371) $ 2 $ 6,656 ==== ======= =======
======= ====== =======

See accompanying notes to consolidated financial statements.

THE TRAVELERS INSURANCE COMPANY
(A Wholly-Owned Subsidiary of MetLife, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005 AND JUNE 30, 2005
AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(IN MILLIONS)

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 241	$ 776	$ 1,481	$ 1,358
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expenses	3	5	4	4
Amortization of premiums (accretion of discounts) associated with investments, net	96	(31)	(57)	(62)
(Gains) losses from sales of investments, net	188	(41)	(16)	(37)
Change in undistributed income of real estate joint ventures and other limited partnership interests	(19)	(22)	107	1
Interest credited to other policyholder account balances	504	698	1,305	1,248
Universal life and investment-type product policy fees	(442)	(448)	(781)	(606)
Change in accrued investment income	(55)	54	(39)	(42)
Change in trading securities	103	209	226	(232)
Change in premiums and other receivables	134	17	(8)	8
Change in DAC and VOBA, net	(76)	(241)	(540)	(442)
Change in insurance-related liabilities	679	140	604	832
Change in current income taxes payable	54	167	340	15
Change in other assets	494	(87)	73	(66)
Change in other liabilities	(971)	(46)	(613)	(401)
Other, net	2	58	56	14
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 935	$ 1,208	$ 2,142	$ 1,592
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales, maturities and repayments of:				
Fixed maturities	$ 22,065	$ 7,437	$ 14,745	$ 22,016
Equity securities	221	108	182	150
Mortgage and consumer loans	724	288	707	358
Real estate and real estate joint ventures	65	146	198	195
Other limited partnership interests	173	125	332	239
Purchases of:				
Fixed maturities	(30,165)	(6,902)	(18,872)	(26,563)
Equity securities	--	(120)	(157)	(144)
Mortgage and consumer loans	(480)	(452)	(944)	(317)
Real estate and real estate joint ventures	(13)	(11)	(28)	(30)
Other limited partnership interests	(330)	(136)	(370)	(437)
Policy loans	3	204	14	34
Net change in short-term investments	752	1,102	(116)	814

Net change in other invested assets.................. 252 (206) (152) 7
Other, net... 3 -- 130 94 -------- -------- -------- --------
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES.... $ (6,730) $ 1,583 $ (4,331) $ (3,584) -------- -------- -------- --------

See accompanying notes to consolidated financial statements.

THE TRAVELERS INSURANCE COMPANY
(A Wholly-Owned Subsidiary of MetLife, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005 AND JUNE 30, 2005
AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(IN MILLIONS)

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES				
Policyholder account balances:				
Deposits	$ 7,441	$ 3,252	$ 9,619	$ 8,326
Withdrawals	(8,971)	(4,177)	(6,649)	(5,396)
Net change in payables for collateral under securities loaned and other transactions	7,478	(943)	89	(430)
Dividends on common stock	--	(675)	(773)	(545)
Restructuring transactions	--	(259)	--	--
Other, net	(75)	--	--	--
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	5,873	(2,802)	2,286	1,955
Change in cash and cash equivalents	78	(11)	97	(37)
Cash and cash equivalents, beginning of period	443	246	149	186
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 521	$ 235	$ 246	$ 149
Cash and cash equivalents, subsidiaries transferred, beginning of period	$ --	$ 31	$ 10	$ 18
CASH AND CASH EQUIVALENTS, SUBSIDIARIES TRANSFERRED, END OF PERIOD	$ --	$ --	$ 31	$ 10
Cash and cash equivalents, from continuing operations, beginning of period	$ 443	$ 215	$ 139	$ 168
CASH AND CASH EQUIVALENTS, FROM CONTINUING OPERATIONS, END OF PERIOD	$ 521	$ 235	$ 215	$ 139
Supplemental disclosures of cash flow information:				
Net cash paid during the period for income taxes	$ 90	$ 406	$ 93	$ 309
Net cash paid during the period for income taxes, subsidiaries transferred	$ --	$ 99	$ 169	$ 147
Non-cash transactions during the period:				
Business Dispositions:				
Assets of subsidiaries distributed to parent in restructuring transactions	$ --	$ 10,472	$ --	$ --
Liabilities of subsidiaries distributed to parent in restructuring transactions	--	6,014	--	--
Net assets of subsidiaries distributed to parent in restructuring transactions	--	4,458	$ --	$ --
Less: cash disposed	--	25	$ --	$ --
Business dispositions, net of cash disposed	$ --	$ 4,433	$ --	$ --
Inclusion (reversal) of Travelers Property Casualty minority interest in joint				

ventures.................................. $ -- $ -- $ (58) $ 63 ======== ======== ======== ======== Acquisition of real estate through foreclosures of mortgage loans............ $ -- $ -- $ -- $ 53 ======== ======== ======== ========

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See Note 1 for purchase accounting adjustments.
See Note 10, 11, and 15 for non-cash restructuring transactions.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACQUISITION OF THE TRAVELERS INSURANCE COMPANY BY METLIFE, INC.

On July 1, 2005 (the "Acquisition Date"), The Travelers Insurance Company ("TIC," together with its subsidiaries, including The Travelers Life and Annuity Company ("TLAC"), the "Company") and other affiliated entities, including substantially all of Citigroup Inc.'s ("Citigroup") international insurance businesses, and excluding Primerica Life Insurance Company and its subsidiaries ("Primerica") (collectively, "Travelers"), were acquired by MetLife, Inc. ("MetLife") from Citigroup (the "Acquisition") for $12.0 billion. MetLife is a leading provider of insurance and other financial services to millions of individual and institutional customers throughout the United States. Outside the United States, the MetLife companies have direct insurance operations in Asia Pacific, Latin America and Europe.

Consideration paid by MetLife for the purchase consisted of approximately $10.9 billion in cash and 22,436,617 shares of MetLife's common stock with a market value of approximately $1.0 billion to Citigroup and approximately $100 million in other transaction costs. Consideration paid to Citigroup will be finalized subject to review of the June 30, 2005 financial statements of Travelers by both MetLife and Citigroup and interpretation of the provisions of the acquisition agreement, dated as of January 31, 2005 between MetLife and Citigroup (the "Acquisition Agreement"), by both parties.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets , the Acquisition is being accounted for by MetLife using the purchase method of accounting, which requires that the assets and liabilities of the Company be identified and measured at their fair value as of the Acquisition Date. As required by the U.S. Securities and Exchange Commission ("SEC") Staff Accounting Bulletin Topic 5-J., Push Down Basis of Accounting Required in Certain Limited Circumstances, the purchase method of accounting applied by MetLife to the acquired assets and liabilities associated with the Company has been "pushed down" to the consolidated financial statements of the Company, thereby establishing a new basis of accounting. This new basis of accounting is referred to as the "successor basis," while the historical basis of accounting is referred to as the "predecessor basis." Financial statements included herein for periods prior and subsequent to the Acquisition Date are labeled "predecessor" and "successor," respectively.

Purchase Price Allocation and Goodwill -- Preliminary

The purchase price has been allocated to the assets acquired and liabilities assumed using management's best estimate of their fair values as of the Acquisition Date. The computation of the purchase price and the allocation of the purchase price to the net assets acquired based upon their respective fair values as of July 1, 2005, and the resulting goodwill, as revised, are presented below. During the fourth quarter of 2005, the Company revised the purchase price allocation as a result of reviews of the Company's underwriting criteria performed in order to refine the estimate of fair values of assumed future policy benefit liabilities. As a result of these reviews and actuarial analyses, and to be consistent with MetLife's reserving methodologies, the Company increased its estimate of the fair value of liabilities relating to a specific group of acquired life insurance policies. Consequently, the fair value of future policy benefits assumed increased by $360 million, net of the related deferred tax assets of $126 million, for a net change of $234 million. The Company expects to complete its reviews and, if required, further refine its estimate of the fair value of such liabilities by June 30, 2006. Additionally, the Company received updated information regarding the fair values of certain assets and liabilities such as its investments in other limited partnerships, mortgage and consumer loans, other assets and other liabilities resulting in a change in the fair value of assets and liabilities acquired, net of their related deferred tax effects, of $28 million. These adjustments resulted in a reduction of the total net fair value of the assets acquired and liabilities assumed of $262 million from those initially estimated. Based upon MetLife's method of attributing the purchase price to the entities acquired, the portion of Travelers' purchase price attributed to the Company was decreased by $220 million resulting in an increase in goodwill of $42 million.

The fair value of certain other assets acquired and liabilities assumed, including goodwill, may be further adjusted during the allocation period due to finalization of the purchase price to be paid to Citigroup as noted previously, agreement between Citigroup and MetLife as to the tax basis purchase price to be allocated to the acquired subsidiaries, and receipt of information regarding the estimation of certain fair values. In no case will the adjustments extend beyond one year from the Acquisition Date.

	SUCCESSOR
	AS OF JULY 1, 2005
	(IN MILLIONS)
TOTAL PURCHASE PRICE	$11,966
Purchase price attributed to other affiliates	5,182
Purchase price attributed to the Company	6,784
NET ASSETS ACQUIRED PRIOR TO PURCHASE ACCOUNTING ADJUSTMENTS	$ 8,207
ADJUSTMENTS TO REFLECT ASSETS ACQUIRED AT FAIR VALUE:	
Fixed maturities available-for-sale, at fair value	(26)
Mortgage loans on real estate	72
Real estate and real estate joint ventures held-for-investment	39
Other limited partnership interests	48
Other invested assets	(36)
Premiums and other receivables	1,001
Elimination of historical deferred policy acquisition costs	(3,052)
Value of business acquired	3,490
Value of distribution agreements and customer relationships acquired	73
Net deferred income tax asset	1,747
Elimination of historical goodwill	(196)
Other assets	(11)
ADJUSTMENTS TO REFLECT LIABILITIES ASSUMED AT FAIR VALUE:	
Future policy benefits	(3,752)
Policyholder account balances	(1,869)
Other liabilities	193
NET FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED	5,928
GOODWILL RESULTING FROM THE ACQUISITION	$ 856

Goodwill resulting from the Acquisition has been allocated to the Company's segments, as well as Corporate & Other, that are expected to benefit from the Acquisition as follows:

	SUCCESSOR
	AS OF JULY 1, 2005
	(IN MILLIONS)
Institutional	$305
Individual	159
Corporate & Other	392
TOTAL	$856

The entire amount of goodwill is expected to be deductible for income tax purposes.

Condensed Statement of Net Assets Acquired

The condensed statement of net assets acquired reflects the fair value of the Company's net assets as of July 1, 2005 as follows:

	SUCCESSOR
	AS OF JULY 1, 2005
	(IN MILLIONS)
ASSETS:	
Fixed maturities available-for-sale	$41,210
Trading securities	555
Equity securities available-for-sale	617
Mortgage loans on real estate	2,363
Policy loans	884
Real estate and real estate joint ventures held-for-investment	126
Other limited partnership interests	1,120
Short-term investments	2,225
Other invested assets	1,205
Total investments	50,305
Cash and cash equivalents	443
Accrued investment income	494
Premiums and other receivables	4,688
Value of business acquired	3,490
Goodwill	856
Other intangible assets	73
Deferred tax asset	1,174
Other assets	730
Separate account assets	30,427
Total assets acquired	92,680
LIABILITIES:	
Future policy benefits	17,551
Policyholder account balances	34,251
Other policyholder funds	114
Current income taxes payable	36
Other liabilities	3,517
Separate account liabilities	30,427
Total liabilities assumed	85,896
Net assets acquired	$ 6,784

Other Intangible Assets

Value of business acquired ("VOBA") reflects the estimated fair value of in-force contracts acquired and represents the portion of the purchase price that is allocated to the value of the right to receive future cash

flows from the life insurance and annuity contracts in-force at the Acquisition Date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. Actual experience on the purchased business may vary from these projections. If estimated gross profits or premiums differ from expectations, the amortization of VOBA is adjusted to reflect actual experience.

The value of the other identifiable intangibles reflects the estimated fair value of the Company's distribution agreements and customer relationships acquired at July 1, 2005 and will be amortized in relation to the expected economic benefits of the agreements. If actual experience under the distribution agreements or with customer relationships differs from expectations, the amortization of these intangibles will be adjusted to reflect actual experience.

The use of discount rates was necessary to establish the fair value of VOBA, as well as the other identifiable intangible assets. In selecting the appropriate discount rates, management considered the calculated weighted average cost of capital, as well as the weighted average cost of capital required by market participants. A discount rate of 11.5% was used to value these intangible assets.

The fair value of business acquired, distribution agreements and customer relationships acquired are as follows:

	SUCCESSOR JULY 1, 2005	WEIGHTED AVERAGE AMORTIZATION PERIOD
	(IN MILLIONS)	
Value of business acquired	$3,490	16 years
Value of distribution agreements and customer relationships acquired	73	16 years
Total value of intangible assets acquired, excluding goodwill	$3,563	16 years

The estimated future amortization of the value of business acquired, distribution agreements and customer relationships acquired from 2006 to 2010 is as follows:

	(IN MILLIONS)
2006	$322
2007	$316
2008	$300
2009	$282
2010	$262

2. SUMMARY OF ACCOUNTING POLICIES

BUSINESS

TIC is a Connecticut corporation incorporated in 1863. As described more fully in Note 1, on July 1, 2005, TIC became a wholly-owned subsidiary of MetLife, a leading provider of insurance and other financial services to millions of individual and institutional customers throughout the United States. Outside the United States, the MetLife companies have direct insurance operations in Asia Pacific, Latin America and Europe. The Company offers individual annuities, individual life insurance, and institutional protection and asset accumulation products. Prior to the Acquisition, TIC was a wholly-owned subsidiary of Citigroup Insurance Holding Company ("CIHC"). Primerica was distributed via dividend from TIC to CIHC on June 30, 2005 in

contemplation of the Acquisition. Primerica is reported in discontinued operations for all periods presented. See Note 15.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of (i) the Company; (ii) partnerships and joint ventures in which the Company has control; and (iii) variable interest entities ("VIEs") for which the Company is deemed to be the primary beneficiary. Assets, liabilities, revenues and expenses of the general account for 2005 and 2004 include amounts related to certain separate accounts previously reported in separate account assets and liabilities. See "-- Application of Recent Accounting Pronouncements." Intercompany accounts and transactions have been eliminated.

Minority interest related to consolidated entities included in other liabilities was $180 million and $216 million at December 31, 2005 and 2004, respectively.

As described more fully in Note 1, the application of purchase accounting resulted in the establishment of a new basis of accounting. Consequently, all periods prior and subsequent to the Acquisition Date are labeled "predecessor" and "successor," respectively. As such periods are not prepared on a consistent basis, the six month period and the years prior to the Acquisition are presented separately from the six month period subsequent to the Acquisition.

Certain amounts in the predecessor consolidated financial statements for periods prior to July 1, 2005 have been reclassified to conform with the presentation of the successor.

Significant reclassifications to the consolidated balance sheet as of December 31, 2004 are as follows: (i) securities previously reported in other invested assets are now reported in equity securities; (ii) real estate and real estate joint ventures previously reported in other invested assets are now reported in real estate and real estate joint ventures held-for-investment; (iii) corporate joint ventures that were previously reported in other invested assets are now reported in other limited partnership interests; (iv) positive derivative revaluation previously reported in other assets are now reported in other invested assets; (v) reinsurance recoverables are now reported in premiums and other receivables; (vi) VOBA previously reported in other assets is now reported in deferred policy acquisition costs ("DAC"); (vii) policy and contract claim liabilities previously reported in contractholder funds are now reported in other policyholder funds; (viii) balances on investment-type contracts previously reported in contractholder funds are now reported in policyholder account balances; (ix) deferred sales inducements previously reported as part of DAC, are now reported in other assets; (x) trading securities sold and not yet purchased are now reported in other liabilities; and (xi) deferred profits previously reported as other liabilities are now reported in other policyholder funds.

Reclassifications to the consolidated statements of income for the years ended December 31, 2004 and 2003, were primarily related to certain reinsurance and other revenues previously reported in general and administrative expenses which are now reported in other revenues. In addition, amortization of DAC is now reported in other expenses.

The consolidated statements of cash flows for the years ended December 31, 2004 and 2003 have been presented using the indirect method. Reclassifications made to the consolidated statements of cash flows for the years ended December 31, 2004 and 2003 primarily related to investment-type policy activity previously reported as cash flows from operating activities which are now reported as cash flows from financing activities. In addition, net changes in payables for securities loaned transactions were reclassified from cash flows from investing activities to cash flows from financing activities and accrued withdrawn benefits were reclassified from cash flows from financing activities to cash flows from operating activities. Additionally, the statement of cash flows for the six months ended June 30, 2005 has been restated to include the cash flows of discontinued operations, which were previously excluded from that statement.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements. The most critical estimates include those used in determining: (i) investment impairments; (ii) the fair value of investments in the absence of quoted market values; (iii) application of the consolidation rules to certain investments; (iv) the fair value of and accounting for derivatives; (v) the capitalization and amortization of DAC and the establishment and amortization of VOBA; (vi) the measurement of goodwill and related impairment, if any; (vii) the liability for future policyholder benefits; (viii) accounting for reinsurance transactions; and (ix) the liability for litigation and regulatory matters. The application of purchase accounting requires the use of estimation techniques in determining the fair value of the assets acquired and liabilities assumed -- the most significant of which relate to the aforementioned critical estimates. In applying these policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's businesses and operations. Actual results could differ from these estimates.

Investments

The Company's principal investments are in fixed maturities, trading securities, mortgage and consumer loans, other limited partnerships and real estate joint ventures, all of which are exposed to three primary sources of investment risk: credit, interest rate and market valuation. The financial statement risks are those associated with the recognition of impairments and income, as well as the determination of fair values. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value. Management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used by the Company in the impairment evaluation process include, but are not limited to: (i) the length of time and the extent to which the market value has been below cost or amortized cost; (ii) the potential for impairments of securities when the issuer is experiencing significant financial difficulties; (iii) the potential for impairments in an entire industry sector or sub-sector; (iv) the potential for impairments in certain economically depressed geographic locations; (v) the potential for impairments of securities where the issuer, series of issuers or industry has suffered a catastrophic type of loss or has exhausted natural resources; (vi) the Company's ability and intent to hold the security for a period of time sufficient to allow for the recovery of its value to an amount equal to or greater than cost or amortized cost; (vii) unfavorable changes in forecasted cash flows on asset-backed securities; and (viii) other subjective factors, including concentrations and information obtained from regulators and rating agencies. In addition, the earnings on certain investments are dependent upon market conditions, which could result in prepayments and changes in amounts to be earned due to changing interest rates or equity markets. The determination of fair values in the absence of quoted market values is based on: (i) valuation methodologies; (ii) securities the Company deems to be comparable; and (iii) assumptions deemed appropriate given the circumstances. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts. In addition, the Company enters into certain structured investment transactions, real estate joint ventures and limited partnerships for which the Company may be deemed to be the primary beneficiary and, therefore, may be required to consolidate such investments. The accounting rules for the determination of the primary beneficiary are complex and require evaluation of the contractual rights and obligations associated with each

party involved in the entity, an estimate of the entity's expected losses and expected residual returns and the allocation of such estimates to each party.

Derivatives

The Company enters into freestanding derivative transactions primarily to manage the risk associated with variability in cash flows or changes in fair values related to the Company's financial assets and liabilities. The Company also uses derivative instruments to hedge its currency exposure associated with net investments in certain foreign operations. The Company also purchases investment securities, issues certain insurance policies and engages in certain reinsurance contracts that have embedded derivatives. The associated financial statement risk is the volatility in net income which can result from (i) changes in fair value of derivatives not qualifying as accounting hedges; (ii) ineffectiveness of designated hedges; and (iii) counterparty default. In addition, there is a risk that embedded derivatives requiring bifurcation are not identified and reported at fair value in the consolidated financial statements. Accounting for derivatives is complex, as evidenced by significant authoritative interpretations of the primary accounting standards which continue to evolve, as well as the significant judgments and estimates involved in determining fair value in the absence of quoted market values. These estimates are based on valuation methodologies and assumptions deemed appropriate under the circumstances. Such assumptions include estimated volatility and interest rates used in the determination of fair value where quoted market values are not available. The use of different assumptions may have a material effect on the estimated fair value amounts.

Deferred Policy Acquisition Costs and Value of Business Acquired

The Company incurs significant costs in connection with acquiring new and renewal insurance business. These costs, which vary with and are primarily related to the production of that business, are deferred. The recovery of DAC and VOBA is dependent upon the future profitability of the related business. The amount of future profit is dependent principally on investment returns in excess of the amounts credited to policyholders, mortality, morbidity, persistency, interest crediting rates, expenses to administer the business, creditworthiness of reinsurance counterparties and certain economic variables, such as inflation. Of these factors, the Company anticipates that investment returns are most likely to impact the rate of amortization of such costs. The aforementioned factors enter into management's estimates of gross profits, which generally are used to amortize such costs. VOBA reflects the estimated fair value of in-force contracts in a life insurance company acquisition and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the insurance and annuity contracts in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. Actual experience on the purchased business may vary from these projections. Revisions to estimates result in changes to the amounts expensed in the reporting period in which the revisions are made and could result in the impairment of the asset and a charge to income if estimated future gross profits are less than amounts deferred. In addition, the Company utilizes the reversion to the mean assumption, a common industry practice, in its determination of the amortization of DAC and VOBA. This practice assumes that the expectation for long-term appreciation in equity markets is not changed by minor short-term market fluctuations, but that it does change when large interim deviations have occurred.

Goodwill

Goodwill is the excess of cost over the fair value of net assets acquired. The Company tests goodwill for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. Impairment testing is performed using the fair value approach, which requires the use of estimates and judgment, at the "reporting

unit" level. A reporting unit is the operating segment, or a business that is one level below the operating segment if discrete financial information is prepared and regularly reviewed by management at that level. For purposes of goodwill impairment testing, goodwill within Corporate & Other is allocated to reporting units within the Company's business segments. If the carrying value of a reporting unit's goodwill exceeds its fair value, the excess is recognized as an impairment and recorded as a charge against net income. The fair values of the reporting units are determined using a market multiple or discounted cash flow model. The critical estimates necessary in determining fair value are projected earnings, comparative market multiples and the discount rate.

Liability for Future Policy Benefits

The Company establishes liabilities for amounts payable under insurance policies, including traditional life insurance, traditional annuities and non-medical health insurance. Generally, amounts are payable over an extended period of time and liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, expenses, persistency, investment returns and inflation. Utilizing these assumptions, liabilities are established on a block of business basis.

Differences between actual experience and the assumptions used in pricing these policies and in the establishment of liabilities result in variances in profit and could result in losses. The effects of changes in such estimated liabilities are included in the results of operations in the period in which the changes occur.

Reinsurance

The Company enters into reinsurance transactions as a purchaser of reinsurance. Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. The Company periodically reviews actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded reinsurance and evaluates the financial strength of counterparties to its reinsurance agreements using criteria similar to that evaluated in the security impairment process discussed previously. Additionally, for each of its reinsurance contracts, the Company must determine if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. The Company must review all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims. If the Company determines that a reinsurance contract does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the contract using the deposit method of accounting.

Litigation

The Company is a party to a number of legal actions and regulatory investigations. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on the Company's consolidated financial position. On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in the Company's consolidated financial statements. The review includes senior legal and financial personnel. Estimates of possible additional losses or ranges of loss for particular matters cannot in the ordinary course be made with a reasonable degree of certainty. The limitations of available data and uncertainty regarding numerous variables make it difficult to estimate liabilities. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could

not be estimated as of December 31, 2005. Furthermore, it is possible that an adverse outcome in certain of the Company's litigation and regulatory investigations, or the use of different assumptions in the determination of amounts recorded could have a material effect upon the Company's consolidated net income or cash flows in particular quarterly or annual periods.

SIGNIFICANT ACCOUNTING POLICIES

Investments

The Company's fixed maturity and equity securities are classified as available-for-sale and are reported at their estimated fair value. Unrealized investment gains and losses on securities are recorded as a separate component of other comprehensive income or loss, net of policyholder related amounts and deferred income taxes. The cost of fixed maturity and equity securities is adjusted for impairments in value deemed to be other-than-temporary in the period in which the determination is made. These adjustments are recorded as investment losses. The assessment of whether such impairment has occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value. Management considers a wide range of factors, as described in "--Summary of Critical Accounting Estimates--Investments," about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential.

The Company's review of its fixed maturities and equity securities for impairments also includes an analysis of the total gross unrealized losses by three categories of securities: (i) securities where the estimated fair value had declined and remained below cost or amortized cost by less than 20%; (ii) securities where the estimated fair value had declined and remained below cost or amortized cost by 20% or more for less than six months; and (iii) securities where the estimated fair value had declined and remained below cost or amortized cost by 20% or more for six months or greater.

Investment gains and losses on sales of securities are determined on a specific identification basis. All security transactions are recorded on a trade date basis. Amortization of premium and accretion of discount on fixed maturity securities is recorded using the effective interest method.

Mortgage and consumer loans are stated at amortized cost, net of valuation allowances. Loans are considered to be impaired when it is probable that, based upon current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Valuation allowances are established for the excess carrying value of the loan over the present value of expected future cash flows discounted at the loan's original effective interest rate, the value of the loan's collateral or the loan's market value if the loan is being sold. The Company also establishes allowances for loan loss when a loss contingency exists for pools of loans with similar characteristics, for example, mortgage loans based on similar property types and loan to value risk factors. A loss contingency exists when the likelihood that a future event will occur is probable based on past events. Changes in valuation allowances are included in net investment gains and losses. Interest income earned on impaired loans is accrued on the principal amount of the loan based on the loan's contractual interest rate. However, interest ceases to be accrued for loans on which interest is generally more than 60 days past due and/or where the collection of interest is not considered probable. Cash receipts on impaired loans are recorded as a reduction of the recorded investment.

Real estate held-for-investment, including related improvements, is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful life of the asset (typically 20 to 55 years). Once the Company identifies a property that is expected to be sold within one year and commences a firm plan for marketing the property, the Company, if applicable, classifies the property as held-for-sale and reports the related net investment income and any resulting investment gains and losses as

discontinued operations. Real estate held-for-sale is stated at the lower of depreciated cost or fair value less expected disposition costs. Real estate is not depreciated while it is classified as held-for-sale. Cost of real estate held-for-investment is adjusted for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Impaired real estate is written down to estimated fair value with the impairment loss being included in net investment gains and losses. Impairment losses are based upon the estimated fair value of real estate, which is generally computed using the present value of expected future cash flows from the real estate discounted at a rate commensurate with the underlying risks. Real estate acquired upon foreclosure of commercial and agricultural mortgage and consumer loans is recorded at the lower of estimated fair value or the carrying value of the mortgage loan at the date of foreclosure.

Policy loans are stated at unpaid principal balances.

Short-term investments are stated at amortized cost, which approximates fair value.

Other invested assets consist primarily of the fair value of the Company's freestanding derivative instruments. In 2004, other invested assets also included the Company's investment in the preferred stock of Citigroup. See Note 10.

Prior to the Acquisition, the Company used the equity method of accounting for all real estate joint ventures and other limited partnership interests in which it had an ownership interest but did not control, including those in which it had a minor equity investment or virtually no influence over operations.

Subsequent to the Acquisition, the Company uses the equity method of accounting for investments in real estate joint ventures and other limited partnership interests in which it has more than a minor ownership interest or more than minor influence over operations, but does not have a controlling interest and is not the primary beneficiary. The Company uses the cost method of accounting for real estate joint ventures and other limited partnership interests in which it has a minor ownership investment and virtually no influence over operations.

Trading Securities

Trading securities are recorded at fair value with subsequent changes in fair value recognized in net investment income.

Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, or other financial indices. Derivatives may be exchange traded or contracted in the over-the-counter market. The Company uses a variety of derivatives, including swaps, forwards, futures and option contracts, to manage its various risks. Additionally, the Company enters into income generation and replication derivatives as permitted by its Derivatives Use Plans approved by the applicable state insurance departments. Freestanding derivatives are carried on the Company's consolidated balance sheet either as assets within other invested assets or as liabilities within other liabilities at fair value as determined by quoted market prices or through the use of pricing models. Values can be affected by changes in interest rates, foreign exchange rates, financial indices, credit spreads, market volatility and liquidity. Values can also be affected by changes in estimates and assumptions used in pricing models. If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting pursuant to SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"), as amended, changes in the fair value of the derivative are reported in net investment gains (losses).

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its

designation of the hedge as either (i) a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge"); (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"); or (iii) a hedge of a net investment in a foreign operation. In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship.

Under a fair value hedge, changes in the fair value of the hedging derivative, including amounts measured as ineffectiveness, and changes in the fair value of the hedged item related to the designated risk being hedged, are reported within net investment gains (losses). The fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statements of income within interest income or interest expense to match the location of the hedged item.

Under a cash flow hedge, changes in the fair value of the hedging derivative measured as effective are reported within other comprehensive income (loss), a separate component of stockholder's equity, and the deferred gains or losses on the derivative are reclassified into the consolidated statement of income when the Company's earnings are affected by the variability in cash flows of the hedged item. Changes in the fair value of the hedging instrument measured as ineffectiveness are reported within net investment gains (losses). The fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of income within interest income or interest expense to match the location of the hedged item.

In a hedge of a net investment in a foreign operation, changes in the fair value of the hedging derivative that are measured as effective are reported within other comprehensive income (loss) consistent with the translation adjustment for the hedged net investment in the foreign operation. Changes in the fair value of the hedging instrument measured as ineffectiveness are reported within net investment gains (losses).

The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; (iv) a hedged firm commitment no longer meets the definition of a firm commitment; or (v) the derivative is de-designated as a hedging instrument.

When hedge accounting is discontinued because it is determined that the derivative is not highly effective in offsetting changes in the fair value or cash flows of a hedged item, the derivative continues to be carried on the consolidated balance sheet at its fair value, with changes in fair value recognized currently in net investment gains (losses). The carrying value of the hedged recognized asset or liability under a fair value hedge is no longer adjusted for changes in its fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurrence, the changes in fair value of derivatives recorded in other comprehensive income (loss) related to discontinued cash flow hedges are released into the consolidated statement of income when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur by the end of the specified time period or the hedged item no longer meets the definition of a firm commitment, the derivative continues to be carried on the consolidated balance sheet at its fair value, with changes in fair value recognized currently in net investment gains (losses). Any asset or liability associated

with a recognized firm commitment is derecognized from the consolidated balance sheet, and recorded currently in net investment gains (losses). Deferred gains and losses of a derivative recorded in other comprehensive income (loss) pursuant to the cash flow hedge of a forecasted transaction are recognized immediately in net investment gains (losses).

In all other situations in which hedge accounting is discontinued, the derivative is carried at its fair value on the consolidated balance sheet, with changes in its fair value recognized in the current period as net investment gains (losses).

The Company is also a party to financial instruments that contain terms which are deemed to be embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated under SFAS 133. If the instrument would not be accounted for in its entirety at fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative. Such embedded derivatives are carried on the consolidated balance sheet at fair value with the host contract and changes in their fair value are reported currently in net investment gains (losses). If the Company is unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the consolidated balance sheet at fair value, with changes in fair value recognized in the current period in net investment gains (losses).

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Certain securities of $208 million were reclassified to cash equivalents from short-term investments due to the revised term to maturity at the Acquisition Date.

Deferred Policy Acquisition Costs and Value of Business Acquired

DAC represents the costs of acquiring new and renewal insurance business that vary with, and are primarily related to, the production of that business are deferred. Such costs consist principally of commissions and agency and policy issue expenses. VOBA represents the present value of estimated future profits to be generated from existing insurance contracts in-force at the Acquisition Date.

Generally, DAC and VOBA are amortized in proportion to the present value of estimated gross profits from investment, mortality, expense margins and surrender charges. Interest rates used to compute the present value of estimated gross profits are based on rates in effect at the inception or acquisition of the contracts.

Actual gross profits can vary from management's estimates resulting in increases or decreases in the rate of amortization. Management utilizes the reversion to the mean assumption, a common industry practice, in its determination of the amortization of DAC. This practice assumes that the expectation for long-term equity investment appreciation is not changed by minor short-term market fluctuations, but that it does change when large interim deviations have occurred. Management periodically updates these estimates and evaluates the recoverability of DAC. When appropriate, management revises its assumptions of the estimated gross margins or profits of these contracts, and the cumulative amortization is re-estimated and adjusted by a cumulative charge or credit to current operations.

DAC and VOBA for non-participating traditional life, non-medical health and annuity policies with life contingencies are amortized in proportion to anticipated premiums. Assumptions as to anticipated premiums are made at the date of policy issuance or acquisition and are consistently applied during the lives of the contracts. Deviations from estimated experience are included in operations when they occur. For these contracts, the amortization period is typically the estimated life of the policy.

Prior to the Acquisition, the Company amortized its deferred and payout annuity contracts employing a level effective yield methodology, whereas subsequent to the Acquisition, the Company amortizes DAC for deferred annuity contracts in proportion to anticipated gross profits and payout annuity contracts in proportion to anticipated premiums.

Policy acquisition costs related to internally replaced contracts are expensed at the date of replacement.

Sales Inducements

The Company has two different types of sales inducements which are included in other assets: (i) the policyholder receives a bonus whereby the policyholder's initial account balance is increased by an amount equal to a specified percentage of the customer's deposit; and (ii) the policyholder receives a higher interest rate using a dollar cost averaging method than would have been received based on the normal general account interest rate credited. The Company defers sales inducements and amortizes them over the life of the policy using the same methodology and assumptions used to amortize DAC.

Goodwill

Goodwill is the excess of cost over the fair value of net assets acquired and is as follows:

	SUCCESSOR
	DECEMBER 31, 2005
	(IN MILLIONS)
BALANCE, END OF PREVIOUS PERIOD	$196
Elimination of historical goodwill	(196)
Effect of push down accounting of MetLife's purchase price on TIC's net assets acquired (See Note 1)	856
BALANCE, BEGINNING AND END OF PERIOD	$856

Goodwill is not amortized but is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. Impairment testing is performed using the fair value approach, which requires the use of estimates and judgment, at the "reporting unit" level. A reporting unit is the operating segment, or a business one level below that operating segment if discrete financial information is prepared and regularly reviewed by management at that level. For purposes of goodwill impairment testing, goodwill within Corporate & Other is allocated to reporting units within the Company's business segments. If the carrying value of a reporting unit's goodwill exceeds its fair value, the excess is recognized as an impairment and recorded as a charge against net income. The fair values of the reporting units are determined using a market multiple or a discounted cash flow model.

Liability for Future Policy Benefits and Policyholder Account Balances

Overview

Future policy benefit liabilities for non-participating traditional life insurance policies are equal to the aggregate of the present value of future benefit payments and related expenses less the present value of future net premiums. Assumptions as to mortality and persistency are based upon the Company's experience when the basis of the liability is established. For contracts in-force at the time of the Acquisition, the Company revalued the liabilities using updated assumptions as to interest rates, mortality, persistency and provisions for adverse deviation which were current as of the time of the Acquisition. The interest rate for future policy benefit liabilities on non-participating traditional life insurance on the successor basis is approximately 4% at

December 31, 2005. Interest rates for the future policy benefit liabilities on the predecessor basis ranged from 3% to 7% at December 31, 2004.

Future policy benefit liabilities for individual and group traditional fixed annuities after annuitization are equal to the present value of expected future payments. The interest rates used in establishing such liabilities on the successor basis range from 4% to 6% at December 31, 2005. The interest rates for such liabilities on the predecessor basis ranged from 2% to 9% at December 31, 2004.

Future policy benefit liabilities for non-medical health insurance are calculated using the net level premium method and assumptions as to future morbidity, withdrawals and interest, which provide a margin for adverse deviation. The interest rate used in establishing such liabilities on the successor basis is approximately 4% at December 31, 2005. The interest rates for such liabilities on the predecessor basis ranged from 7% to 8% at December 31, 2004.

Future policy benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumptions as to claim terminations, expenses and interest. The interest rate used in establishing such liabilities on the successor basis is approximately 4% at December 31, 2005. The interest rates for such liabilities on the predecessor basis ranged from 7% to 8% at December 31, 2004.

Liabilities for unpaid claim expenses for the Company's workers' compensation business are included in future policyholder benefits and are estimated based upon the Company's historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs, reduced for anticipated subrogation. The effects of changes in such estimated liabilities are included in the results of operations in the period in which the changes occur.

Policyholder account balances relate to investment-type contracts and universal life-type policies. Investment-type contracts principally include traditional individual fixed annuities in the accumulation phase and non-variable group annuity contracts. Policyholder account balances are equal to (i) policy account values, which consist of an accumulation of gross premium payments; (ii) credited interest, ranging from 0.3% to 13% on the successor basis at December 31, 2005 and 1% to 8% on the predecessor basis at December 31, 2004, less expenses, mortality charges, and withdrawals; and (iii) fair value purchase accounting adjustments relating to the Acquisition.

Product Liability Classification Changes Resulting from the Acquisition

Prior to the Acquisition, the Company determined the classification of its single premium immediate annuities and structured settlements as investment or insurance contracts at the contract level. As such, single premium immediate annuities and structured settlements with life contingent payments were classified and accounted for as "limited pay" long-duration insurance contracts due to their significant mortality risk. The liability associated with these contracts was reported in future policyholder benefits on the Company's consolidated balance sheet. Contracts without life contingencies were classified as investment contracts and were reported in policyholder account balances.

Subsequent to the Acquisition, the Company classifies single premium immediate annuities and structured settlements at the block of business level which combines those contracts with life contingencies and those contracts without life contingencies. In the aggregate, both the single premium immediate annuities and structured settlements contain significant mortality risk. Therefore, the Company accounts for all single premium immediate annuities and structured settlements as long-duration insurance contracts and reports them as future policyholder benefits.

With respect to immediate participation guarantee contracts, contracts may have funds associated with future life contingent payments on behalf of specific lives, as well as unallocated funds not yet associated with

specific lives or future payments. Prior to the Acquisition, the Company classified and reported funds within a contract that were associated with life contingent payments in future policyholder benefits on the Company's consolidated balance sheet. All other funds held with respect to those contracts were reported in policyholder account balances on the Company's consolidated balance sheet.

Subsequent to the Acquisition, the Company evaluates the immediate participation guarantee contracts at the aggregate level. Based upon the Company's current evaluation, all immediate participation guarantee contracts are accounted for as universal life contracts and are being reported in policyholder account balances on the Company's consolidated balance sheet.

Prior to the Acquisition, the Company recorded its deferred annuity contracts, including the guaranteed minimum death benefit ("GMDB") features, as investment contracts. Subsequent to the Acquisition, the Company records such contracts as insurance products. As a result, the Company has established a future policyholder benefit liability for GMDBs in accordance with Statement of Position ("SOP") 03-1, Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts ("SOP 03-1").

Guarantees

The Company establishes future policy benefit liabilities for minimum death and income benefit guarantees relating to certain annuity contracts and secondary and paid up guarantees relating to certain life policies as follows:

- Annuity guaranteed death benefit liabilities are determined by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. The Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised. The assumptions used in estimating the liabilities are consistent with those used for amortizing DAC, including the mean reversion assumption. The assumptions of investment performance and volatility are consistent with the historical experience of the capital markets. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

- Liabilities for universal and variable life secondary guarantees and paid-up guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the accumulation period based on total expected assessments. The Company regularly evaluates estimates used and adjusts the additional liability balances, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised. The assumptions used in estimating the secondary and paid up guarantee liabilities are consistent with those used for amortizing DAC. The assumptions of investment performance and volatility for variable products are consistent with the historical experience of the capital markets. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

The Company offers certain variable annuity products with guaranteed minimum benefit riders as follows:

- Guaranteed minimum withdrawal benefit riders ("GMWB"s) guarantee a policyholder return of the purchase payment plus a bonus amount via partial withdrawals, even if the account value is reduced to zero, provided that the policyholder's cumulative withdrawals in a contract year do not exceed a certain limit. The initial guaranteed withdrawal amount is equal to the initial benefit base as defined in the contract. When an additional purchase payment is made, the guaranteed withdrawal amount is set

equal to the greater of (i) the guaranteed withdrawal amount before the purchase payment; or (ii) the benefit base after the purchase payment. The benefit base increases by additional purchase payments plus a bonus amount and decreases by benefits paid and/or withdrawal amounts. After a specified period of time, the benefit base may also change as a result of an optional reset as defined in the contract. The benefit base can be reset to the account balance on the date of the reset if greater than the benefit base before the reset. The GMWB is an embedded derivative, which is measured at fair value separately from the host variable annuity product.

- Guaranteed minimum accumulation benefit riders ("GMAB"s) provide the contractholder with a minimum accumulation of their purchase payments deposited within a specific time period, adjusted proportionately for withdrawals, after a specified period of time determined at the time of issuance of the variable annuity contract. The GMAB is also an embedded derivative, which is measured at fair value separately from the host variable annuity product.

The fair value of the GMWBs and GMABs is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the lives of the contracts, incorporating expectations concerning policyholder behavior. In measuring the fair value of GMWBs and GMABs, the Company attributes a portion of the fees collected from the policyholder equal to the present value of expected future guaranteed minimum withdrawal and accumulation benefits. GMWBs and GMABs are reported in policyholder account balances and the changes in fair value are reported in net investment gains (losses). Any additional fees represent "excess" fees and are reported in universal life and investment-type product policy fees.

Other Policyholder Funds

Other policyholder funds includes policy and contract claims and unearned policy and contract fees.

Recognition of Insurance Revenue and Related Benefits

Premiums related to traditional life and annuity policies with life contingencies are recognized as revenues when due. Benefits and expenses are provided against such revenues to recognize profits over the estimated lives of the policies. When premiums are due over a significantly shorter period than the period over which benefits are provided, any excess profit is deferred and recognized into operations in a constant relationship to insurance in-force or, for annuities, the amount of expected future policy benefit payments.

Premiums related to non-medical health and disability contracts are recognized on a pro rata basis over the applicable contract term. Prior to the Acquisition, deferred revenues on life and annuity policies with life contingencies were reported in other liabilities, whereas subsequent to the Acquisition, these amounts are included in other policyholder funds on the accompanying consolidated balance sheet.

Deposits related to universal life-type and investment-type products are credited to policyholder account balances. Revenues from such contracts consist of amounts assessed against policyholder account balances for mortality, policy administration and surrender charges and are recorded in universal life and investment-type product policy fees in the period in which services are provided. Amounts that are charged to operations include interest credited and benefit claims incurred in excess of related policyholder account balances.

Other Revenues

Other revenues include fees and broker-dealer commissions. Such fees and commissions are recognized in the period in which services are performed. Other revenues also include changes in account value relating to corporate-owned life insurance ("COLI"). Under certain COLI contracts, if the Company reports certain unlikely adverse results in its consolidated financial statements, withdrawals would not be immediately

available and would be subject to market value adjustment, which could result in a reduction of the account value.

Federal Income Taxes

The future tax consequences of temporary differences between financial reporting and tax bases of assets and liabilities are measured at the balance sheet dates and are recorded as deferred income tax assets and liabilities. Valuation allowances are established when management assesses, based on available information, that it is more likely than not that deferred income tax assets will not be realized.

For federal income tax purposes, an election under Internal Revenue Code Section 338 was made by the Company's parent, MetLife. As a result of this election, the income tax bases in the acquired assets and liabilities were adjusted as of the Acquisition Date resulting in a change to the related deferred income taxes. See Notes 1 and 7.

Reinsurance

The Company has reinsured certain of its life insurance contracts with other insurance companies under various agreements. For reinsurance contracts that transfer sufficient underwriting risk, reinsurance premiums, commissions, expense reimbursements, benefits and liabilities related to reinsured long-duration contracts are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts. The cost of reinsurance related to short-duration contracts is accounted for over the reinsurance contract period. Amounts due from reinsurers, for both short- and long-duration arrangements, are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured contracts. Policy and contract liabilities are reported gross of reinsurance credits. DAC and VOBA are reduced by amounts recovered under reinsurance contracts. Amounts received from reinsurers for policy administration are reported in other revenues.

Separate Accounts

Separate accounts are established in conformity with insurance laws and are generally not chargeable with liabilities that arise from any other business of the Company. Separate account assets are subject to general account claims only to the extent the value of such assets exceeds the separate account liabilities. Effective with the adoption of SOP 03-1 on January 1, 2004, the Company reports separately, as assets and liabilities, investments held in separate accounts and liabilities of the separate accounts if (i) such separate accounts are legally recognized; (ii) assets supporting the contract liabilities are legally insulated from the Company's general account liabilities; (iii) investments are directed by the contractholder; and (iv) all investment performance, net of contract fees and assessments, is passed through to the contractholder. The Company reports separate account assets meeting such criteria at their fair value. Investment performance (including investment income, net investment gains (losses) and changes in unrealized gains (losses)) and the corresponding amounts credited to contractholders of such separate accounts are offset within the same line in the consolidated statements of income. In connection with the adoption of SOP 03-1, separate account assets with a fair value of $500 million were reclassified to general account investments with a corresponding transfer of separate account liabilities to future policy benefits and policyholder account balances. See "-- Application of Recent Accounting Pronouncements."

The Company's revenues reflect fees charged to the separate accounts, including mortality charges, risk charges, policy administration fees, investment management fees and surrender charges. Separate accounts

not meeting the above criteria are combined on a line-by-line basis with the Company's general account assets, liabilities, revenues and expenses.

Discontinued Operations

The results of operations of a component of the Company that either has been disposed of or is classified as held-for-sale are reported in discontinued operations if the operations and cash flows of the component have been or will be eliminated from the ongoing operations of the Company as a result of the disposal transaction and the Company will not have any significant continuing involvement in the operations of the component after the disposal transaction.

APPLICATION OF RECENT ACCOUNTING PRONOUNCEMENTS

In February 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 155, Accounting for Certain Hybrid Instruments ("SFAS 155"). SFAS 155 amends SFAS 133 and SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ("SFAS 140"). SFAS 155 allows financial instruments that have embedded derivatives to be accounted for as a whole, eliminating the need to bifurcate the derivative from its host, if the holder elects to account for the whole instrument on a fair value basis. In addition, among other changes, SFAS 155 (i) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS 133; (ii) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; (iii) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and (iv) eliminates the prohibition on a qualifying special-purpose entity ("QSPE") from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial interest. SFAS 155 will be applied prospectively and is effective for all financial instruments acquired or issued for fiscal years beginning after September 15, 2006. SFAS 155 is not expected to have a material impact on the Company's consolidated financial statements. The FASB has issued additional guidance relating to derivative financial instruments as follows:

- In June 2005, the FASB cleared SFAS 133 Implementation Issue No. B38, Embedded Derivatives: Evaluation of Net Settlement with Respect to the Settlement of a Debt Instrument through Exercise of an Embedded Put Option or Call Option ("Issue B38") and SFAS 133 Implementation Issue No. B39, Embedded Derivatives: Application of Paragraph 13(b) to Call Options That Are Exercisable Only by the Debtor ("Issue B39"). Issue B38 clarified that the potential settlement of a debtor's obligation to a creditor occurring upon exercise of a put or call option meets the net settlement criteria of SFAS No. 133. Issue B39 clarified that an embedded call option, in which the underlying is an interest rate or interest rate index, that can accelerate the settlement of a debt host financial instrument should not be bifurcated and fair valued if the right to accelerate the settlement can be exercised only by the debtor (issuer/borrower) and the investor will recover substantially all of its initial net investment. Issues B38 and B39, which must be adopted as of the first day of the first fiscal quarter beginning after December 15, 2005, did not have a material impact on the Company's consolidated financial statements.

- Effective July 1, 2003, the Company adopted SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities ("SFAS 149"). SFAS 149 amended and clarified the accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Except for certain previously issued and effective guidance, SFAS 149 was effective for contracts entered into or modified after June 30, 2003. The

Company's adoption of SFAS 149 did not have a significant impact on its consolidated financial statements.

Effective November 9, 2005, the Company prospectively adopted the guidance in FASB Staff Position ("FSP") 140-2, Clarification of the Application of Paragraphs 40(b) and 40(c) of FAS 140 ("FSP 140-2"). FSP 140-2 clarified certain criteria relating to derivatives and beneficial interests when considering whether an entity qualifies as a QSPE. Under FSP 140-2, the criteria must only be met at the date the QSPE issues beneficial interests or when a derivative financial instrument needs to be replaced upon the occurrence of a specified event outside the control of the transferor. FSP 140-2 did not have a material impact on the Company's consolidated financial statements.

In September 2005, the American Institute of Certified Public Accountants ("AICPA") issued SOP 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts ("SOP 05-1"). SOP 05-1 provides guidance on accounting by insurance enterprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in SFAS No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and For Realized Gains and Losses from the Sale of Investments. SOP 05-1 defines an internal replacement as a modification in product benefits, features, rights, or coverages that occurs by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. Under SOP 05-1, modifications that result in a substantially unchanged contract will be accounted for as a continuation of the replaced contract. A replacement contract that is substantially changed will be accounted for as an extinguishment of the replaced contract resulting in a release of unamortized deferred acquisition costs, unearned revenue and deferred sales inducements associated with the replaced contract. The guidance in SOP 05-1 will be applied prospectively and is effective for internal replacements occurring in fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of SOP 05-1 and does not expect that the pronouncement will have a material impact on the Company's consolidated financial statements.

Effective July 1, 2005, the Company adopted SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of Accounting Principles Board ("APB") Opinion No. 29 ("SFAS 153"). SFAS 153 amended prior guidance to eliminate the exception for nonmonetary exchanges of similar productive assets and replaced it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS 153 were required to be applied prospectively for fiscal periods beginning after June 15, 2005. The adoption of SFAS 153 did not have a material impact on the Company's consolidated financial statements.

In June 2005, the FASB completed its review of Emerging Issues Task Force ("EITF") Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments ("EITF 03-1"). EITF 03-1 provides accounting guidance regarding the determination of when an impairment of debt and marketable equity securities and investments accounted for under the cost method should be considered other-than-temporary and recognized in income. EITF 03-1 also requires certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available-for-sale or held-to-maturity under SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities ("SFAS 115"), that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized. The FASB decided not to provide additional guidance on the meaning of other-than-temporary impairment but has issued FSP 115-1, The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments ("FSP 115-1"), which nullifies the accounting guidance on the determination of whether an investment is other-than-temporarily impaired as set forth in EITF 03-1. As required by

FSP 115-1, the Company adopted this guidance on a prospective basis, which had no material impact on the Company's consolidated financial statements and has provided the required disclosures.

In June 2005, the EITF reached consensus on Issue No. 04-5, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights ("EITF 04-5"). EITF 04-5 provides a framework for determining whether a general partner controls and should consolidate a limited partnership or a similar entity in light of certain rights held by the limited partners. The consensus also provides additional guidance on substantive rights. EITF 04-5 was effective after June 29, 2005 for all newly formed partnerships and for any pre-existing limited partnerships that modified their partnership agreements after that date. The adoption of this provision of EITF 04-5 did not have a material impact on the Company's consolidated financial statements. EITF 04-5 must be adopted by January 1, 2006 for all other limited partnerships through a cumulative effect of a change in accounting principle recorded in opening equity or it may be applied retrospectively by adjusting prior period financial statements. The adoption of this provision of EITF 04-5 did not have a material impact on the Company's consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3 ("SFAS 154"). The statement requires retrospective application to prior periods' financial statements for a voluntary change in accounting principle unless it is deemed impracticable. It also requires that a change in the method of depreciation, amortization, or depletion for long-lived, non-financial assets be accounted for as a change in accounting estimate rather than a change in accounting principle. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS 154 did not have a material impact on the Company's consolidated financial statements.

Effective July 1, 2004, the Company adopted EITF Issue No. 03-16, Accounting for Investments in Limited Liability Companies ("EITF 03-16"). EITF 03-16 provides guidance regarding whether a limited liability company should be viewed as similar to a corporation or similar to a partnership for purposes of determining whether a noncontrolling investment should be accounted for using the cost method or the equity method of accounting. EITF 03-16 did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2004, the Company adopted SOP 03-1 as interpreted by a Technical Practice Aid issued by the AICPA. SOP 03-1 provides guidance on (i) the classification and valuation of long-duration contract liabilities; (ii) the accounting for sales inducements; and (iii) separate account presentation and valuation. The following summarizes the more significant aspects of the Company's adoption of SOP 03-1 prior to the Acquisition, effective January 1, 2004:

Separate Account Presentation. SOP 03-1 requires separate account products to meet certain criteria in order to be treated as separate account products. For products not meeting the specified criteria, these assets and liabilities are included in the reporting entity's general account.

The Company's adoption of SOP 03-1 resulted in the consolidation on the Company's balance sheet at January 1, 2004 of approximately $500 million of investments previously held in separate and variable account assets and approximately $500 million of contractholder funds previously held in separate and variable account liabilities.

Variable Annuity Contracts with Guaranteed Minimum Death Benefit Features. SOP 03-1 requires the reporting entity to categorize the contract as either an insurance or investment contract based upon the significance of mortality or morbidity risk. SOP 03-1 provides explicit guidance for calculating a liability for insurance contracts, and provides that the reporting entity does not hold liabilities for investment contracts (i.e., there is no significant mortality risk).

Liabilities for Universal Life and Variable Universal Life Contracts. SOP 03-1 requires that a liability, in addition to the account balance, be established for certain insurance benefit features provided under universal life and variable universal life products if the amounts assessed against the contract holder each period for the insurance benefit feature are assessed in a manner that is expected to result in profits in earlier years and losses in subsequent years from the insurance benefit function.

The Company's universal life and variable universal life products were reviewed to determine whether an additional liability is required under SOP 03-1. The Company determined that SOP 03-1 applied to some of its universal life and variable universal life contracts with these features and established an additional liability of approximately $1 million.

Sales Inducements to Contractholders. In accordance with SOP 03-1, the Company defers sales inducements and amortizes them over the life of the policy using the same methodology and assumptions used to amortize DAC. These inducements relate to bonuses on certain products offered by the Company.

Effective the third quarter of 2003, the Company adopted FASB Interpretation ("FIN") No. 46, Consolidation of Variable Interest Entities -- An Interpretation of Accounting Research Bulletin No. 51 and its December 2003 revision ("FIN 46(r)"), which includes substantial changes from the original FIN 46. Included in these changes, the calculation of expected losses and expected residual returns has been altered to reduce the impact of decision maker and guarantor fees in the calculation of expected residual returns and expected losses. In addition, the definition of a variable interest has been changed in the revised guidance.

FIN 46 and FIN 46(r) change the method of determining whether certain entities, including securitization entities, should be consolidated in the Company's financial statements. An entity is subject to FIN 46 and FIN 46(r) and is called a VIE if it has (i) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties; or (ii) equity investors that cannot make significant decisions about the entity's operations or that do not absorb the expected losses or receive the expected returns of the entity. All other entities are evaluated for consolidation under SFAS No. 94, Consolidation of All Majority-Owned Subsidiaries. A VIE is consolidated by its primary beneficiary, which is the party involved with the VIE that has a majority of the expected losses or a majority of the expected residual returns or both.

The adoption of the provisions of FIN 46(r) during the third quarter of 2003 did not require the Company to consolidate any additional VIEs that were not previously consolidated.

Effective January 1, 2003, the Company adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recorded and measured initially at fair value only when the liability is incurred rather than at the date of an entity's commitment to an exit plan as required by EITF Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity Including Certain Costs Incurred in a Restructuring ("EITF 94-3"). As required by SFAS 146, the Company adopted this guidance on a prospective basis which had no material impact on the Company's consolidated financial statements.

3. INVESTMENTS

FIXED MATURITIES BY SECTOR AND EQUITY SECURITIES AVAILABLE-FOR-SALE

The following tables set forth the cost or amortized cost, gross unrealized gain and loss, and estimated fair value of the Company's fixed maturities by sector and equity securities, the percentage of the total fixed maturities holdings that each sector represents and the percentage of the total equity securities at:

SUCCESSOR	DECEMBER 31, 2005				
	COST OR AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE	% OF TOTAL
	(DOLLARS IN MILLIONS)				
U.S. corporate securities	$16,788	$ 45	$393	$16,440	34.1%
Residential mortgage-backed securities	11,304	14	121	11,197	23.2
U.S. Treasury/agency securities	6,153	20	61	6,112	12.7
Foreign corporate securities	5,323	30	139	5,214	10.8
Commercial mortgage-backed securities	4,545	10	75	4,480	9.3
Asset-backed securities	3,594	9	14	3,589	7.5
State and political subdivision securities	632	--	25	607	1.3
Foreign government securities	472	17	2	487	1.0
Total bonds	48,811	145	830	48,126	99.9
Redeemable preferred stocks	37	1	2	36	0.1
Total fixed maturities	$48,848	$146	$832	$48,162	100.0%
Non-redeemable preferred stocks	$ 327	$ 1	$ 5	$ 323	76.7%
Common stocks	97	4	3	98	23.3
Total equity securities	$ 424	$ 5	$ 8	$ 421	100.0%

PREDECESSOR

	DECEMBER 31, 2004				
	COST OR AMORTIZED COST	GROSS UNREALIZED		ESTIMATED FAIR VALUE	% OF TOTAL
		GAIN	LOSS		
	(DOLLARS IN MILLIONS)				
U.S. corporate securities................	$21,956	$1,337	$33	$23,260	54.6%
Residential mortgage-backed securities....	4,636	122	4	4,754	11.2
U.S. Treasury/agency securities..........	1,818	99	--	1,917	4.5
Foreign corporate securities.............	6,855	384	12	7,227	16.9
Commercial mortgage-backed securities.....	2,249	113	3	2,359	5.5
Asset-backed securities..................	1,861	17	3	1,875	4.4
State and political subdivision securities............................	360	41	1	400	0.9
Foreign government securities............	576	59	--	635	1.5
Total bonds...........................	40,311	2,172	56	42,427	99.5
Redeemable preferred stocks..............	155	40	1	194	0.5
Total fixed maturities.................	$40,466	$2,212	$57	$42,621	100.0%
Non-redeemable preferred stocks..........	$ 124	$ 3	$ 1	$ 126	33.7%
Common stocks............................	208	41	1	248	66.3
Total equity securities................	$ 332	$ 44	$ 2	$ 374	100.0%

The Company is not exposed to any significant concentration of credit risk in its U.S. and foreign corporate fixed maturities portfolio, other than those disclosed below:

	SUCCESSOR	PREDECESSOR
	DECEMBER 31, 2005	DECEMBER 31, 2004
	(IN MILLIONS)	
Communications(1)	$2,753	$3,933
Banking	$2,193	$2,728
Electric Utilities	$2,042	$2,965
Finance Companies	$1,777	$3,344
Capital Goods(2)	$1,223	$1,652
Real Estate Investment Trust	$1,125	$1,983
Energy	$ 991	$1,557
Basic Industry(3)	$ 936	$1,537
Insurance	$ 883	$1,769
Food and Beverage	$ 772	$ 905
Natural Gas Utilities	$ 737	$ 911
Brokerage	$ 670	$ 726
Industrial Other	$ 650	$ 629
Transportation(4)	$ 608	$ 683

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(1) Communications includes telecommunications, media cable and media non-cable.

(2) Capital goods includes aerospace, building materials, conglomerates, construction machine, containers, defense, packaging and environmental.

(3) Basic industry includes chemicals, metals, and paper.

(4) Transportation includes airlines, railroad and transportation services.

The Company held fixed maturities at estimated fair values that were below investment grade or not rated by an independent rating agency that totaled $3,080 million and $4,955 million at December 31, 2005 and 2004, respectively. These securities had a net unrealized gain (loss) of ($40) million and $392 million at December 31, 2005 and 2004, respectively. The Company held non-income producing fixed maturities at estimated fair values of $3 million and $47 million at December 31, 2005 and 2004, respectively. Unrealized gains (losses) associated with non-income producing fixed maturities were ($5) million and $18 million at December 31, 2005 and 2004, respectively.

The cost or amortized cost and estimated fair value of bonds at December 31, 2005 and 2004, by contractual maturity date (excluding scheduled sinking funds), are shown below:

	SUCCESSOR		PREDECESSOR	
	DECEMBER 31, 2005		DECEMBER 31, 2004	
	COST OR AMORTIZED COST	ESTIMATED FAIR VALUE	COST OR AMORTIZED COST	ESTIMATED FAIR VALUE
	(IN MILLIONS)			
Due in one year or less	$ 1,336	$ 1,330	$ 2,087	$ 2,127
Due after one year through five years	9,730	9,623	11,394	11,849
Due after five years through ten years	8,922	8,734	11,573	12,264
Due after ten years	9,380	9,173	6,511	7,199
Subtotal	29,368	28,860	31,565	33,439
Mortgage-backed, commercial mortgage-backed and other asset-backed securities	19,443	19,266	8,746	8,988
Subtotal	48,811	48,126	40,311	42,427
Redeemable preferred stocks	37	36	155	194
Total fixed maturities	$48,848	$48,162	$40,466	$42,621

Bonds not due at a single maturity date have been included in the above table in the year of final contractual maturity. Actual maturities may differ from contractual maturities due to the exercise of prepayment options.

The Company makes investments in collateralized mortgage obligations ("CMOs"). CMOs typically have high credit quality, offer good liquidity, and provide a significant advantage in yield and total return compared to U.S. Treasury securities. The Company's investment strategy is to purchase CMO tranches which are protected against prepayment risk, including planned amortization class and last cash flow tranches. Prepayment protected tranches are preferred because they provide stable cash flows in a variety of interest rate scenarios. The Company does invest in other types of CMO tranches if a careful assessment indicates a favorable risk/return tradeoff. The Company does not purchase residual interests in CMOs.

At December 31, 2005 and 2004, the Company held CMOs classified as available-for-sale with a fair value of $7,224 million and $2,395 million, respectively. Approximately 55% and 54% of the Company's CMO holdings were fully collateralized by the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC") securities at December 31, 2005 and 2004, respectively. In addition, the Company held $3,973 million and $2,359 million of GNMA, FNMA or FHLMC mortgage-backed pass-through securities at December 31, 2005 and 2004, respectively. All of these securities are rated AAA by the major rating agencies.

Sales or disposals of fixed maturities and equity securities classified as available-for-sale were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			

Proceeds............................ $20,368 $2,971 $6,957 $13,101 Gross investment gains............. $ 41 $ 152 $ 257 $ 449 Gross investment losses............ $ (318) $ (96) $ (219) $ (364)

There were no gross investment losses above that exclude writedowns recorded during the six months ended December 31, 2005. Gross investment losses exclude writedowns recorded during the six months ended June 30, 2005, and the years ended December 31, 2004 and 2003 for other-than-temporarily impaired available-for-sale fixed maturities and equity securities of $4 million, $42 million and $109 million, respectively.

The Company periodically disposes of fixed maturity and equity securities at a loss. Generally, such losses are insignificant in amount or in relation to the cost basis of the investment or are attributable to declines in fair value occurring in the period of disposition.

UNREALIZED LOSSES FOR FIXED MATURITIES AND EQUITY SECURITIES AVAILABLE-FOR-SALE

The following tables show the estimated fair values and gross unrealized losses of the Company's fixed maturities (aggregated by sector) and equity securities in an unrealized loss position, aggregated by length of time that the securities have been in a continuous unrealized loss position at December 31, 2005 and 2004:

SUCCESSOR	DECEMBER 31, 2005					
	LESS THAN 12 MONTHS		EQUAL TO OR GREATER THAN 12 MONTHS		TOTAL	
	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSS
	(DOLLARS IN MILLIONS)					
U.S. corporate securities	$13,605	$393	$ --	$ --	$13,605	$393
Residential mortgage-backed securities	8,490	121	--	--	8,490	121
U.S. Treasury/agency securities	4,148	61	--	--	4,148	61
Foreign corporate securities	4,284	139	--	--	4,284	139
Commercial mortgage-backed securities	3,654	75	--	--	3,654	75
Asset-backed securities	1,741	14	--	--	1,741	14
State and political subdivision securities	549	25	--	--	549	25
Foreign government securities	147	2	--	--	147	2
Total bonds	36,618	830	--	--	36,618	830
Redeemable preferred stocks	28	2	--	--	28	2
Total fixed maturities	$36,646	$832	$ --	$ --	$36,646	$832
Equity securities	$ 214	$ 8	$ --	$ --	$ 214	$ 8
Total number of securities in an unrealized loss						

position...........	4,711	--	4,711
	=======	=====	=======

THE TRAVELERS INSURANCE COMPANY
(A Wholly-Owned Subsidiary of MetLife, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

PREDECESSOR						
	DECEMBER 31, 2004					
	LESS THAN 12 MONTHS		EQUAL TO OR GREATER THAN 12 MONTHS		TOTAL	
	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE	GROSS UNREALIZED LOSS
	(DOLLARS IN MILLIONS)					
U.S. corporate securities	$2,943	$26	$192	$ 7	$3,135	$33
Residential mortgage-backed securities	551	3	53	1	604	4
U.S. Treasury/agency securities	60	--	--	--	60	--
Foreign corporate securities	944	8	178	4	1,122	12
Commercial mortgage-backed securities	250	3	7	--	257	3
Asset-backed securities	294	2	45	1	339	3
State and political subdivision securities	4	--	11	1	15	1
Foreign government securities	19	--	--	--	19	--
Total bonds	5,065	42	486	14	5,551	56
Redeemable preferred stocks	13	--	7	1	20	1
Total fixed maturities	$5,078	$42	$493	$15	$5,571	$57
Equity securities	$ 31	$ 2	$ 9	$--	$ 40	$ 2
Total number of securities in an unrealized loss position	681		89		770	

AGING OF GROSS UNREALIZED LOSSES FOR FIXED MATURITIES AND EQUITY SECURITIES AVAILABLE-FOR-SALE

The following tables present the cost or amortized cost, gross unrealized losses and number of securities for fixed maturities and equity securities at December 31, 2005 and 2004 where the estimated fair value had declined and remained below cost or amortized cost by less than 20%, or 20% or more for:

SUCCESSOR

DECEMBER 31, 2005

COST OR AMORTIZED COST GROSS UNREALIZED LOSSES NUMBER OF

SECURITIES -------

-- ---------------
------------ -----

---- LESS THAN 20%
20% OR MORE LESS
THAN 20% 20% OR
MORE LESS THAN 20%
20% OR MORE ------
------- ----------
- ------------- --
--------- --------
----- -----------
(DOLLARS IN
MILLIONS) Less
than six
months.............
$37,631 $69 $814
$26 4,663 48 -----
-- --- ---- --- --
--- --
Total..............
$37,631 $69 $814
$26 4,663 48
======= === ====
=== ===== ==

PREDECESSOR

DECEMBER 31, 2004

(DOLLARS IN MILLIONS)	COST OR AMORTIZED COST		GROSS UNREALIZED LOSSES		NUMBER OF SECURITIES	
	LESS THAN 20%	20% OR MORE	LESS THAN 20%	20% OR MORE	LESS THAN 20%	20% OR MORE
Less than six months	$4,115	$ 1	$29	$ --	499	5
Six months or greater but less than nine months	890	--	13	--	155	--
Nine months or greater but less than twelve months	147	--	3	--	27	--
Twelve months or greater	517	--	14	--	84	--
Total	$5,669	$ 1	$59	$ --	765	5

As of December 31, 2005, $814 million of unrealized losses related to securities with an unrealized loss position less than 20% of cost or amortized cost, which represented 2% of the cost or amortized cost of such securities. As of December 31, 2004, $59 million of unrealized losses related to securities with an unrealized loss position less than 20% of cost or amortized cost, which represented 1% of the cost or amortized cost of such securities.

As of December 31, 2005, $26 million of unrealized losses related to securities with an unrealized loss position greater than 20% of cost or amortized cost, which represented 38% of the cost or amortized cost of such securities. Of such unrealized losses, all have been in an unrealized loss position for a period of less than six months. As of December 31, 2004, there were no unrealized losses related to securities with an unrealized loss position greater than 20% of cost or amortized cost.

As described more fully in Note 2, the Company performs a regular evaluation, on a security-by-security basis, of its investment holdings in accordance with its impairment policy in order to evaluate whether such securities are other-than-temporarily impaired. In connection with the Acquisition, the Company's investment portfolio was revalued in accordance with purchase accounting as of July 1, 2005. The increase in the unrealized losses during 2005 is principally driven by an increase in interest rates since the portfolio revaluation at the Acquisition Date. Based upon the Company's evaluation of the securities in accordance with its impairment policy, the cause of the decline being principally attributable to the general rise in rates during the year, and the Company's intent and ability to hold the fixed income and equity securities with unrealized losses for a period of time sufficient for them to recover, the Company has concluded that the aforementioned securities are not other-than-temporarily impaired.

SECURITIES LENDING PROGRAM

The Company participates in a securities lending program whereby blocks of securities, which are included in fixed maturity securities, are loaned to third parties, primarily major brokerage firms. The Company requires a minimum of 102% of the fair value of the loaned securities to be separately maintained as collateral for the loans. Securities with a cost or amortized cost of $8,478 million and $2,106 million and an estimated fair value of $8,372 million and $1,918 million were on loan under the program at December 31, 2005 and 2004, respectively. Securities loaned under such transactions may be sold or repledged by the transferee. The Company was liable for cash collateral under its control of $8,622 million and $1,986 million at December 31, 2005 and 2004, respectively. Securities loaned transactions are accounted for as financing arrangements on the Company's consolidated balance sheets and consolidated statements of cash flows and the income and expenses associated with the program are reported in net investment income as investment

income and investment expenses, respectively. Security collateral of $174 million and $341 million at December 31, 2005 and December 31, 2004, respectively, was on deposit from customers in connection with the securities lending transactions. Security collateral may not be sold or repledged and is not reflected in the consolidated financial statements.

ASSETS ON DEPOSIT AND HELD IN TRUST

The Company had investment assets on deposit with regulatory agencies with a fair market value of $20 million and $21 million at December 31, 2005 and 2004, respectively, consisting primarily of fixed maturity securities. The Company had no securities held in trust to satisfy collateral requirements at December 31, 2005. Company securities held in trust to satisfy collateral requirements, consisting primarily of fixed maturity securities, had an amortized cost of $15 million at December 31, 2004.

MORTGAGE AND CONSUMER LOANS

At December 31, 2005 and 2004, the Company's mortgage and consumer loans consisted of the following:

	SUCCESSOR	PREDECESSOR
	DECEMBER 31, 2005	DECEMBER 31, 2004
	(IN MILLIONS)	
Current mortgage and consumer loans	$2,081	$2,070
Underperforming mortgage and consumer loans	13	54
Total mortgage and consumer loans	$2,094	$2,124

Underperforming assets include delinquent mortgage loans over 90 days past due, loans in the process of foreclosure and loans modified at interest rates below market.

Mortgage loans are collaterized by properties located in the United States. At December 31, 2005, approximately 37%, 12%, and 5% of the properties were located in California, New York, and New Jersey, respectively. Generally, the Company, as a lender, only loans up to 75% of the purchase price on the underlying real estate.

NET INVESTMENT INCOME

The components of net investment income were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Fixed maturities	$1,169	$1,173	$2,336	$2,330
Equity securities	3	22	9	(21)
Mortgage and consumer loans	85	82	184	158
Real estate and real estate joint ventures	2	19	29	20
Policy loans	23	29	70	76
Other limited partnership interests	33	217	262	32
Cash, cash equivalents and short-term investments	61	24	31	49
Preferred stock of Citigroup	--	73	182	182
Other	(6)	3	1	34
Total	1,370	1,642	3,104	2,860
Less: Investment expenses	154	34	92	117
Net investment income	$1,216	$1,608	$3,012	$2,743

NET INVESTMENT GAINS (LOSSES)

Net investment gains (losses) were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Fixed maturities(1)	$ (278)	$ 17	$ (21)	$ (33)
Equity securities	1	35	17	9
Mortgage and consumer loans	(8)	1	1	(14)
Real estate and real estate joint ventures	7	7	1	6
Other limited partnership interests	(1)	2	1	44
Sales of businesses	2	--	--	--
Derivatives	(11)	(402)	122	507
Other	100	366	(112)	(487)
Net investment gains (losses)	$ (188)	$ 26	$ 9	$ 32

----

(1) Subsequent to the Acquisition, the Company's investment portfolio was repositioned, resulting in significant net investment losses during the six months ended December 31, 2005. Such losses resulted from the sale of securities during a period of rising interest rates.

NET UNREALIZED INVESTMENT GAINS (LOSSES)

The components of net unrealized investment gains (losses), included in accumulated other comprehensive income (loss), were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Fixed maturities	$(686)	$2,124	$2,155	$1,966
Equity securities	(3)	21	42	33
Derivatives	1	83	(6)	(159)
Other	(18)	4	1	16
Discontinued operations	--	--	256	225
Total	(706)	2,232	2,448	2,081
Amounts allocated from DAC and VOBA	135	--	--	--
Deferred income taxes	200	(781)	(856)	(725)
Net unrealized investment gains (losses)	$(371)	$1,451	$1,592	$1,356

The changes in net unrealized investment gains (losses) were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
BALANCE, END OF PREVIOUS PERIOD	$ 1,451	$1,592	$1,356	$ 454
Effect of purchase accounting push down (See Note 1)	(1,451)	--	--	--
BALANCE, BEGINNING OF PERIOD	--	1,592	1,356	454
Unrealized investment gains (losses) during the period	(706)	43	367	1,368
Unrealized investment gains (losses) relating to:				
DAC and VOBA	135	--	--	--
Deferred income taxes	200	(18)	(131)	(466)
Restructuring transaction	--	(166)	--	--
BALANCE, END OF PERIOD	$ (371)	$1,451	$1,592	$1,356
Net change in unrealized investment gains (losses)	$ (371)	$ (141)	$ 236	$ 902

TRADING SECURITIES

Net investment income for the six months ended December 31, 2005 and June

30, 2005 and the years ended December 31, 2004 and 2003 includes $6 million, ($35) million, $44 million and $190 million, respectively, of gains (losses) on securities classified as trading. Of these amounts, ($3) million, $20 million, $78 million and $92 million relate to net gains (losses) recognized on trading securities sold during the six months ended December 31, 2005 and June 30, 2005 and the years ended December 31, 2004 and 2003,

respectively. The remaining $9 million, ($55) million, ($34) million and $98 million for the six months ended December 31, 2005 and June 30, 2005, and the years ended December 31, 2004 and 2003, respectively, relate to changes in fair value on trading securities held at December 31, 2005, June 30, 2005, December 31, 2004 and December 31, 2003, respectively.

VARIABLE INTEREST ENTITIES

As of December 31, 2004, a collateralized debt obligation and a real estate joint venture were consolidated as VIEs. The collateralized debt obligation was sold subsequent to June 30, 2005. The real estate joint venture experienced a reconsideration event that changed the Company's status so that it is no longer the primary beneficiary. The following table presents the total assets of and maximum exposure to loss relating to VIEs for which the Company has concluded that it holds significant variable interests but it is not the primary beneficiary and which have not been consolidated:

	DECEMBER 31, 2005	
	NOT PRIMARY BENEFICIARY	
	TOTAL ASSETS (1)	MAXIMUM EXPOSURE TO LOSS (2)
	(IN MILLIONS)	
Asset-backed securitizations	$1,281	$69
Real estate joint ventures(3)	97	18
Other limited partnerships(4)	4,055	285
Other investments(5)	200	15
Total	$5,633	$387

----

(1) The assets of the asset-backed securitizations are reflected at fair value at December 31, 2005. The assets of the real estate joint ventures, other limited partnerships and other investments are reflected at the carrying amounts at which such assets would have been reflected on the Company's consolidated balance sheet had the Company consolidated the VIE from the date of its initial investment in the entity.

(2) The maximum exposure to loss of the asset-backed securitizations is equal to the carrying amounts of participation. The maximum exposure to loss relating to real estate joint ventures, other limited partnerships and other investments is equal to the carrying amounts plus any unfunded commitments, reduced by amounts guaranteed by other partners.

(3) Real estate joint ventures include partnerships and other ventures which engage in the acquisition, development, management and disposal of real estate investments.

(4) Other limited partnerships include partnerships established for the purpose of investing in public and private debt and equity securities.

(5) Other investments include securities that are not asset-backed securitizations.

4. DERIVATIVE FINANCIAL INSTRUMENTS

TYPES OF DERIVATIVE INSTRUMENTS

On the Acquisition Date, derivative revaluation gains were reclassified from other assets to other invested assets to conform with MetLife's presentation.

At the Acquisition Date, the Company's derivative positions which previously qualified for hedge accounting were dedesignated in accordance with SFAS 133. Such derivative positions were not redesignated

in hedging relationships. Accordingly, all changes in such derivative fair values for the six months ended December 31, 2005 are recorded in net investment gains (losses).

The following table provides a summary of the notional amounts and current market or fair value of derivative financial instruments held at:

	SUCCESSOR			PREDECESSOR		
	DECEMBER 31, 2005			DECEMBER 31, 2004		
	NOTIONAL AMOUNT	CURRENT MARKET OR FAIR VALUE		NOTIONAL AMOUNT	CURRENT MARKET OR FAIR VALUE	
		ASSETS	LIABILITIES		ASSETS	LIABILITIES
	(IN MILLIONS)					
Interest rate swaps	$ 6,540	$356	$ 49	$ 5,702	$ 59	$109
Interest rate caps	2,020	16	--	118	3	--
Financial futures	81	2	1	1,339	--	--
Foreign currency swaps	3,084	429	72	3,219	850	45
Foreign currency forwards	488	18	2	431	--	8
Options	--	165	3	--	189	--
Financial forwards	--	--	2	--	2	2
Credit default swaps	957	2	2	415	4	3
Total	$13,170	$988	$131	$11,224	$1,107	$167

The above table does not include notional values for equity futures, equity financial forwards, and equity options. At December 31, 2005 and 2004, the Company owned 587 and 217 equity futures contracts, respectively. Equity futures market values are included in financial futures in the preceding table. At December 31, 2005 and 2004, the Company owned 73,500 and 115,400 equity financial forwards, respectively. Equity financial forwards market values are included in financial forwards in the preceding table. At December 31, 2005 and 2004, the Company owned 1,420,650 and 1,144,700 equity options, respectively. Equity options market values are included in options in the preceding table. The notional amount related to equity options for 2004 has been removed from the above table to conform to 2005 presentation.

The following table provides a summary of the notional amounts of derivative financial instruments by maturity at December 31, 2005:

	SUCCESSOR				
	REMAINING LIFE				
	ONE YEAR OR LESS	AFTER ONE YEAR THROUGH FIVE YEARS	AFTER FIVE YEARS THROUGH TEN YEARS	AFTER TEN YEARS	TOTAL

(IN MILLIONS)					
Interest rate swaps	$ 942	$2,929	$2,519	$150	$ 6,540
Interest rate caps	2,000	20	--	--	2,020
Financial futures	81	--	--	--	81
Foreign currency swaps	535	869	1,616	64	3,084
Foreign currency forwards	488	--	--	--	488
Credit default swaps	95	836	26	--	957
Total	$4,141	$4,654	$4,161	$214	$13,170

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date.

The Company also enters into basis swaps to better match the cash flows from assets and related liabilities. In a basis swap, both legs of the swap are floating with each based on a different index. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party. A single net payment is usually made by one counterparty at each due date. Basis swaps are included in interest rate swaps in the preceding table.

Interest rate caps are used by the Company primarily to protect its floating rate liabilities against rises in interest rates above a specified level and against interest rate exposure arising from mismatches between assets and liabilities (duration mismatches).

In exchange-traded interest rate (Treasury and swap) and equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of interest rate and equity securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange.

Exchange-traded interest rate (Treasury and swap) futures are used primarily to hedge mismatches between the duration of assets in a portfolio and the duration of liabilities supported by those assets, to hedge against changes in value of securities the Company owns or anticipates acquiring and to hedge against changes in interest rates on anticipated liability issuances by replicating Treasury or swap curve performance. The value of interest rate futures is substantially impacted by changes in interest rates and they can be used to modify or hedge existing interest rate risk.

Exchange-traded equity futures are used primarily to hedge liabilities embedded in certain variable annuity products offered by the Company.

Foreign currency derivatives, including foreign currency swaps, foreign currency forwards and currency option contracts, are used by the Company to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies. The Company also uses foreign currency forwards to hedge the foreign currency risk associated with certain of its net investments in foreign operations.

In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a forward exchange rate calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the inception and termination of the currency swap by each party.

In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made in a different currency at the specified future date.

The Company enters into currency option contracts that give it the right, but not the obligation, to sell the foreign currency amount in exchange for a functional currency amount within a limited time at a contracted price. The contracts may also be net settled in cash, based on differentials in the foreign exchange rate and the strike price. Currency option contracts are included in options in the preceding table.

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. To hedge against adverse changes in equity indices, the Company enters into contracts to sell the equity index within a limited time at a contracted price. The contracts will be net settled in cash based on differentials in the indices at time of exercise and the strike price. Equity index options are included in options in the preceding table.

Equity variance swaps are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on changes in equity volatility over a defined period. Equity variance swaps are included in financial forwards in the preceding table.

Certain credit default swaps are used by the Company to hedge against credit-related changes in the value of its investments and to diversify its credit risk exposure in certain portfolios. In a credit default swap transaction, the Company agrees with another party, at specified intervals, to pay a premium to insure credit risk. If a credit event, as defined by the contract, occurs, generally the contract will require the swap to be settled gross by the delivery of par quantities of the referenced investment equal to the specified swap notional in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered.

Credit default swaps are used in replication synthetic asset transactions ("RSATs") to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. RSATs are a combination of a derivative and usually a U.S. Treasury or Agency security. RSATs that involve the use of credit default swaps are included in such classification in the preceding table.

HEDGING

The table below provides a summary of the notional amount and fair value of derivatives by type of hedge designation at:

	SUCCESSOR			PREDECESSOR		
	DECEMBER 31, 2005			DECEMBER 31, 2004		
	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
	(IN MILLIONS)					
Fair value...............	$ 66	$ --	$ --	$ 1,506	$ --	$ 14
Cash flow................	430	2	--	7,560	897	142
Foreign operations.......	--	--	--	25	--	--
Non-qualifying...........	12,674	986	131	2,133	210	11
Total..............						

$13,170	$988	$131
$11,224	$1,107	$167
=======	====	====
=======	======	====

FAIR VALUE HEDGES

The Company designates and accounts for the following as fair value hedges when they have met the requirements of SFAS 133: (i) interest rate swaps to convert fixed rate investments to floating rate investments; (ii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated investments and liabilities; and (iii) interest rate futures to hedge against changes in value of fixed rate investments.

The Company recognized net investment gains (losses) representing the ineffective portion of all fair value hedges as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Changes in the fair value of derivatives	$--	$(16)	$(21)	$ 1
Changes in the fair value of the items hedged	--	5	(12)	(24)
Net ineffectiveness of fair value hedging activities	$--	$(11)	$(33)	$(23)

All components of each derivative's gain or loss were included in the assessment of hedge ineffectiveness, except for financial futures where the time value component of the derivative has been excluded from the assessment of ineffectiveness. For the six months ended June 30, 2005 and the years ended December 31, 2004 and 2003, the cost of carry for financial futures was ($8) million, ($29) million and ($23) million, respectively.

There were no instances in which the Company discontinued fair value hedge accounting due to a hedged firm commitment no longer qualifying as a fair value hedge.

CASH FLOW HEDGES

The Company designates and accounts for the following as cash flow hedges, when they have met the requirements of SFAS 133: (i) interest rate swaps to convert floating rate investments to fixed rate investments; (ii) interest rate swaps to convert floating rate liabilities into fixed rate liabilities; (iii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; (iv) interest rate futures to hedge against changes in value of securities to be acquired; and (v) interest rate futures to hedge against changes in interest rates on liabilities to be issued.

For the six months ended December 31, 2005, the Company did not recognize any net investment gains (losses) related to the assessment of hedge ineffectiveness. For the six months ended June 30, 2005, and the years ended December 31, 2004 and 2003, the Company recognized net investment gains (losses) of ($5) million, $6 million and ($3) million, respectively, which represented the ineffective portion of all cash flow hedges. All components of each derivative's gain or loss were included in the assessment of hedge ineffectiveness. For the six months ended December 31, 2005 and June 30, 2005 and for the years ended December 31, 2004 and 2003, there were no instances in which the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date or in the additional time period permitted by SFAS 133. There were no hedged forecasted transactions, other than the receipt or payment of variable interest payments.

Presented below is a rollforward of the components of other comprehensive income (loss), before income taxes, related to cash flow hedges:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
BALANCE, END OF PREVIOUS PERIOD	$ 83	$(6)	$(159)	$(286)
Effect of purchase accounting push down (See Note 1)	(83)	--	--	--
BALANCE, BEGINNING OF PERIOD	-	(6)	(159)	(286)
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	1	85	140	112
Amounts reclassified to net investment income	--	4	13	15
BALANCE, END OF THE PERIOD	$ 1	$83	$ (6)	$(159)

At December 31, 2005, approximately ($5) million of the deferred net loss on derivatives accumulated in other comprehensive income (loss) are expected to be reclassified to earnings during the year ending December 31, 2006.

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

The Company uses forward exchange contracts, foreign currency swaps and options to hedge portions of its net investment in foreign operations against adverse movements in exchange rates. The Company measures ineffectiveness on the forward exchange contracts based upon the change in forward rates. There was no ineffectiveness recorded in 2005, 2004 or 2003.

The Company's consolidated statements of stockholder's equity for the six months ended December 31, 2005 did not include any gains (losses) related to foreign currency contracts used to hedge its net investments in foreign operations. The Company's consolidated statements of stockholder's equity for the six months ended June 30, 2005, and the years ended December 31, 2004 and 2003, included gains (losses) of $3 million, $1 million and ($6) million, respectively, related to foreign currency contracts used to hedge its net investments in foreign operations. When substantially all of the net investments in foreign operations are sold or liquidated, the amounts in accumulated other comprehensive income ("AOCI") are reclassified to the consolidated statements of income, while a pro rata portion is reclassified upon partial sale of the net investments in foreign operations.

NON-QUALIFYING DERIVATIVES AND DERIVATIVES FOR PURPOSES OTHER THAN HEDGING

The Company enters into the following derivatives that do not qualify for hedge accounting under SFAS 133 or for purposes other than hedging: (i) interest rate swaps, purchased caps, and interest rate futures to minimize its exposure to interest rate volatility; (ii) foreign currency forwards, swaps and option contracts to minimize its exposure to adverse movements in exchange rates; (iii) credit default swaps to minimize its exposure to adverse movements in credit; (iv) equity futures, equity index options and equity variance swaps to economically hedge liabilities embedded in certain variable annuity products; (v) RSATs to synthetically create investments; and (vi) basis swaps to better match the cash flows from assets and related liabilities.

Effective at the Acquisition Date, the Company's derivative positions which previously qualified for hedge accounting were dedesignated in accordance with SFAS 133. Such derivative positions were not

redesignated and were included with the Company's other non-qualifying derivative positions from the Acquisition Date through December 31, 2005. For the six months ended December 31, 2005 and June 30, 2005, and the years ended December 31, 2004 and 2003, the Company recognized as net investment gains (losses) changes in fair value of ($1) million, ($10) million, ($33) million and ($96) million, respectively, related to derivatives that do not qualify for hedge accounting.

EMBEDDED DERIVATIVES

The Company has certain embedded derivatives that are required to be separated from their host contracts and accounted for as derivatives. These host contracts include guaranteed minimum accumulation and withdrawal benefits. The fair value of the Company's embedded derivative liabilities was $40 million and $181 million at December 31, 2005 and 2004, respectively. The amounts recorded in net investment gains (losses) for the six months ended December 31, 2005 and June 30, 2005 and during the year ended December 31, 2004 were gains (losses) of $39 million, ($3) million and $30 million, respectively. There were no investment gains (losses) associated with embedded derivatives during the year ended December 31, 2003.

CREDIT RISK

The Company may be exposed to credit related losses in the event of nonperformance by counterparties to derivative financial instruments. Generally, the current credit exposure of the Company's derivative contracts is limited to the fair value at the reporting date. The credit exposure of the Company's derivative transactions is represented by the fair value of contracts with a net positive fair value at the reporting date.

As noted above, the Company manages its credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master agreements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Because exchange traded futures are effected through regulated exchanges, and positions are marked to market on a daily basis, the Company has minimal exposure to credit related losses in the event of nonperformance by counterparties to such derivative instruments.

The Company enters into various collateral arrangements, which require both the pledging and accepting of collateral in connection with its derivative instruments. As of December 31, 2005 and 2004, the Company was obligated to return cash collateral under its control of $128 million and $229 million, respectively. This unrestricted cash collateral is included in cash and cash equivalents and the obligation to return it is included in payables for collateral under securities loaned and other transactions in the consolidated balance sheet. As of December 31, 2005 and 2004, the Company had also accepted collateral consisting of various securities with a fair market value of $427 million and $584 million, respectively, which is held in separate custodial accounts. The Company is permitted by contract to sell or repledge this collateral, but as of December 31, 2005 and 2004, none of the collateral had been sold or repledged. As of December 31, 2005, the Company had not pledged any collateral related to derivative instruments.

5. INSURANCE

DEFERRED POLICY ACQUISITION COSTS AND VALUE OF BUSINESS ACQUIRED

Information regarding DAC and VOBA for the years ended December 31, 2003 and 2004, and the six months ended June 30, 2005 and December 31, 2005, is as follows:

	DAC	VOBA	TOTAL
	(IN MILLIONS)		
BALANCE AT JANUARY 1, 2003 (PREDECESSOR)	$2,044	$ 115	$ 2,159
Capitalization	583	--	583
Less: amortization	266	14	280
BALANCE AT DECEMBER 31, 2003 (PREDECESSOR)	2,361	101	2,462
Capitalization	810	--	810
Less: amortization	399	11	410
BALANCE AT DECEMBER 31, 2004 (PREDECESSOR)	2,772	90	2,862
Capitalization	426	--	426
Less: amortization	230	6	236
BALANCE AT JUNE 30, 2005 (PREDECESSOR)	2,968	84	3,052
Effect of purchase accounting push down (See Note 1)	(2,968)	3,406	438
BALANCE AT JULY 1, 2005 (SUCCESSOR)	--	3,490	3,490
Capitalization	262	--	262
Less: amortization related to:			
Net investment gains (losses)	(4)	(25)	(29)
Unrealized investment gains (losses)	(32)	(103)	(135)
Other expenses	17	198	215
Total amortization	(19)	70	51
BALANCE AT DECEMBER 31, 2005 (SUCCESSOR)	$ 281	$ 3,420	$ 3,701

The estimated future amortization expense for the next five years allocated to other expenses for VOBA is $320 million in 2006, $313 million in 2007, $296 million in 2008, $278 million in 2009 and $257 million in 2010.

Amortization of VOBA and DAC is related to (i) investment gains and losses and the impact of such gains and losses on the amount of the amortization; (ii) unrealized investment gains and losses to provide information regarding the amount that would have been amortized if such gains and losses had been recognized; and (iii) other expenses to provide amounts related to the gross profits originating from transactions other than investment gains and losses.

VALUE OF DISTRIBUTION AGREEMENTS AND CUSTOMER RELATIONSHIPS ACQUIRED

Changes in value of distribution agreements ("VODA") and value of customer relationships acquired ("VOCRA"), which are reported within other assets in the consolidated balance sheet, are as follows:

	(IN MILLIONS)
BALANCE AT DECEMBER 31, 2004 (PREDECESSOR)	$--
Effect of purchase accounting push down (See Note 1)	73
Amortization	--
BALANCE AT JULY 1, 2005 (SUCCESSOR)	73
Capitalization	--
Amortization	(1)
BALANCE AT DECEMBER 31, 2005 (SUCCESSOR)	$72

The estimated future amortization expense for the next five years of the value of distribution agreements and customer relationships acquired is $2 million in 2006, $3 million in 2007, $4 million in 2008, $4 million in 2009 and $5 million in 2010.

SALES INDUCEMENTS

Changes in deferred sales inducements are as follows:

	SUCCESSOR	PREDECESSOR	
	SIX MONTHS ENDED DECEMBER 31, 2005	SIX MONTHS ENDED JUNE 30, 2005	YEAR ENDED DECEMBER 31, 2004
	(IN MILLIONS)		
BALANCE, END OF PREVIOUS PERIOD	$ 81	$50	$--
Effect of purchase accounting push down (See Note 1)	(81)	--	--
Balance, beginning of period	--	50	--
Capitalization	23	33	51
Amortization	--	(2)	(1)
BALANCE, END OF PERIOD	$ 23	$81	$50

LIABILITIES FOR UNPAID CLAIMS AND CLAIM EXPENSES

The following table provides an analysis of the activity in the liability for unpaid claims and claim expenses relating to group accident and non-medical health policies and contracts:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
BALANCE, BEGINNING OF PERIOD	$ 511	$489	$434	$368
Less: reinsurance recoverables	(367)	(347)	(294)	(240)
Net balance at beginning of period	144	142	140	128
Effect of purchase accounting pushdown	(7)	--	--	--
Incurred related to:				
Current period	19	17	22	32
Prior period	(3)	(3)	4	5
Total incurred	16	14	26	37
Paid related to:				
Current period	(1)	(1)	(1)	(1)
Prior period	(13)	(11)	(23)	(24)
Total paid	(14)	(12)	(24)	(25)
Net balance at end of period	139	144	142	140
Add: reinsurance recoverables	373	367	347	294
BALANCE, END OF PERIOD	$ 512	$511	$489	$434

Claims and claim adjustment expenses associated with prior periods decreased by $3 million for both the six months ended December 31, 2005 and the six months ended June 30, 2005. Claims and claim adjustment expenses associated with prior periods increased by $4 million and $5 million for the years ended December 31, 2004 and 2003, respectively. In all periods presented, the change was due to differences between actual benefit periods and expected benefit periods for long-term care and disability contracts.

GUARANTEES

The Company issues annuity contracts which may include contractual guarantees to the contractholder for the highest contract value on a specified anniversary date minus any withdrawals following the contract anniversary, or total deposits made to the contract less any partial withdrawals plus a minimum return ("anniversary contract value" or "minimum return"). These guarantees include benefits that are payable in the event of death.

The Company also issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee.

The Company had the following types of guarantees relating to annuity and universal and variable life contracts at:

ANNUITY CONTRACTS

	SUCCESSOR		PREDECESSOR	
	DECEMBER 31, 2005		DECEMBER 31, 2004	
	IN THE EVENT OF DEATH	AT ANNUITIZATION	IN THE EVENT OF DEATH	AT ANNUITIZATION
	(DOLLARS IN MILLIONS)			
ANNIVERSARY CONTRACT VALUE OR MINIMUM RETURN				
Account value (general and separate account)	$ 32,772	N/A	$ 30,833	N/A
Net amount at risk	$ 852(1)	N/A(2)	$ 1,255(1)	N/A(2)
Average attained age of contractholders	60 years	N/A	59 years	N/A

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(1) The net amount at risk for guarantees of amounts in the event of death is defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

(2) The net amount at risk for guarantees of amounts at annuitization is defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance.

UNIVERSAL AND VARIABLE LIFE CONTRACTS

	SUCCESSOR		PREDECESSOR	
	DECEMBER 31, 2005		DECEMBER 31, 2004	
	SECONDARY GUARANTEES	PAID UP GUARANTEES	SECONDARY GUARANTEES	PAID UP GUARANTEES
	(DOLLARS IN MILLIONS)			
Account value (general and separate account)	$ 1,944	N/A	$ 1,239	N/A
Net amount at risk	$ 25,795(1)	N/A(1)	$ 15,182(1)	N/A(1)
Average attained age of policyholders	57 years	N/A	57 years	N/A

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(1) The net amount at risk for guarantees of amounts in the event of death is defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

The net amount at risk is based on the direct amount at risk (excluding reinsurance).

The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.

Liabilities incurred, relating to annuity contracts, for guaranteed death benefits were $3 million for the six months ended December 31, 2005. There were no guaranteed death benefits incurred for the six months ended June 30, 2005 or

the years ended December 31, 2004 and 2003. Liabilities incurred, relating to universal and variable life contracts, for secondary guarantees were $6 million, $5 million and $2 million for the six months ended December 31, 2005 and June 30, 2005, and the years ended December 31, 2004 and 2003, respectively.

Account balances of contracts with insurance guarantees are invested in separate account asset classes as follows:

Mutual Fund Groupings	SUCCESSOR DECEMBER 31, 2005	PREDECESSOR DECEMBER 31, 2004
	(IN MILLIONS)	
Equity	$19,969	$17,611
Bond	2,434	2,183
Balanced	2,899	3,250
Money Market	654	681
Specialty	621	649
TOTAL	$26,577	$24,374

SEPARATE ACCOUNTS

Separate account assets and liabilities include pass-through separate accounts totaling $30,295 million and $28,703 million at December 31, 2005 and 2004, respectively, for which the policyholder assumes all investment risk, and separate accounts with a minimum return or account value for which the Company contractually guarantees either a minimum return or account value to the policyholder which totaled $943 million and $2,039 million at December 31, 2005 and 2004, respectively. The average interest rates credited on these contracts were 4.5% and 4% at December 31, 2005 and 2004, respectively.

Fees charged to the separate accounts by the Company (including mortality charges, policy administration fees and surrender charges) are reflected in the Company's revenues as universal life and investment-type product policy fees and totaled $232 million, $203 million, $375 million and $300 million for the six months ended December 31, 2005 and June 30, 2005 and the years ended December 31, 2004 and 2003, respectively.

The Company did not have any proportional interest in separate accounts for fixed maturities, equity securities, and cash and cash equivalents reported on the consolidated balance sheet at December 31, 2005.

For the six months ended December 31, 2005 and June 30, 2005 and the year ended December 31, 2004, there were no investment gains (losses) on transfers of assets from the general account to the separate accounts.

6. REINSURANCE

Since 1997, the majority of the Company's universal life business has been reinsured under an 80% ceded/20% retained yearly renewable term ("YRT") quota share reinsurance program, and its term life business has been reinsured under a 90%/10% YRT quota share reinsurance program. Beginning June 1, 2002, COLI business has been reinsured under a 90%/10% quota share reinsurance program. Beginning in September 2002, newly issued term life business has been reinsured under a 90%/10% coinsurance quota share reinsurance program. Subsequently, portions of this term coinsurance have reverted to YRT for new business. Effective May 1, 2005, the Company's quota share program for YRT and coinsurance changed to 70%/30%. Within its normal course of business, the Company may retain up to $5 million per life and reinsures 100% of amounts in excess of the Company's retention limits. Generally, the maximum retention on an ordinary life risk is $2.5 million. Maximum retention of $2.5 million is generally reached on policies in excess of $12.5 million for universal life and $25 million for term insurance. Under certain circumstances, the Company may elect to retain up to $25 million per life. For other plans of insurance, it is the policy of the Company to obtain reinsurance for amounts above certain retention limits on individual life policies, which

limits vary with age and underwriting classification. Total in-force business ceded under reinsurance contracts is $78 billion and $74 billion at December 31, 2005 and 2004, respectively. The Company evaluates its reinsurance programs routinely and may increase or decrease its retention at any time. Placement of reinsurance is done primarily on an automatic basis and also on a facultative basis for risks of specific characteristics.

In addition to reinsuring mortality risk, the Company reinsures other risks and specific coverages. The Company routinely reinsures certain classes of risks to limit its exposure to particular travel, avocation and lifestyle hazards. The Company uses excess of loss and quota share reinsurance arrangements to limit its maximum loss, provide greater diversification of risk and minimize exposure to larger risks.

The Company reinsures its business through a diversified group of reinsurers. No single unaffiliated reinsurer has a material obligation to the Company nor is the Company's business substantially dependent upon any reinsurance contracts. The Company is contingently liable with respect to ceded reinsurance should any reinsurer be unable to meet its obligations under these agreements.

Prior to April 1, 2001, the Company reinsured the GMDB rider exposure on its variable annuity products. Total variable annuity account balances with GMDB riders were $32.8 billion, of which $12.0 billion, or 36%, was reinsured, and $26.7 billion, of which $12.0 billion, or 45%, was reinsured at December 31, 2005 and 2004, respectively. GMDBs are payable upon the death of the contractholder. When the benefits payable are greater than the account value of the variable annuity, the difference is called the net amount at risk ("NAR"). NAR totaled $0.9 billion, of which $0.8 billion, or 89%, is reinsured and $1.3 billion, of which $1.1 billion, or 85%, is reinsured at December 31, 2005 and 2004, respectively.

TIC's workers' compensation business is reinsured through a 100% quota-share agreement with The Travelers Indemnity Company, an insurance subsidiary of St. Paul Travelers.

Effective July 1, 2000, the Company reinsured 90% of its individual long-term care insurance business with General Electric Capital Assurance Company ("GECAC") and its subsidiary in the form of indemnity reinsurance agreements. Written premiums ceded per these agreements were $122 million and $111 million for the six months ended December 31, 2005 and June 30, 2005, respectively. Earned premiums ceded were $119 million and $112 million for the six months ended December 31, and June 30, 2005, respectively. Total written premiums ceded were $224 million and $227 million for the years ending December 31, 2004 and 2003, respectively.

In accordance with the terms of the reinsurance agreement, GECAC will effect assumption and novation of the reinsured contracts, to the extent permitted by law, no later than July 1, 2008. Effective June 30, 2005, TIC entered into an agreement with CIHC to effectively transfer the remaining results from the long-term care block of business from TIC to CIHC. Under the terms of this agreement, any gains or losses remaining after the terms of the indemnity reinsurance agreement are satisfied, are reimbursable from CIHC for losses, or payable to CIHC for gains. TIC does however retain limited investment exposure related to the reinsured contracts. Citigroup unconditionally guarantees the performance of its subsidiary, CIHC.

In 2004, The Travelers Life and Annuity Reinsurance Company ("TLARC") was formed by TIC as a pure captive insurer in order to permit TIC and TLAC to cede 100% of its risk associated with the secondary death benefit guarantee rider on certain universal life contracts. TIC dividended TLARC's stock to CIHC in late 2004. As part of the Acquisition, TLARC became a direct subsidiary of MetLife. See Notes 11 and 16.

The amounts in the consolidated statements of income are presented net of reinsurance ceded. The effects of reinsurance were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Direct premiums earned	$ 381	$ 466	$1,191	$1,376
Reinsurance ceded	(159)	(141)	(280)	(294)
Net premiums earned	$ 222	$ 325	$ 911	$1,082
Reinsurance recoverables netted against policyholder benefits	$ 521	$ 264	$ 475	$ 416

Written premiums are not materially different than earned premiums presented in the preceding table.

Reinsurance recoverables, included in premiums and other receivables, were $4,283 million and $3,884 million at December 31, 2005 and 2004, respectively, including $2,772 million and $1,904 million at December 31, 2005 and 2004, respectively, relating to runoff of long-term care business and $1,356 million and $1,489 million at December 31, 2005 and 2004, respectively, relating to reinsurance on the runoff of workers compensation business. Reinsurance premiums and ceded commissions payable included in other liabilities were $49 million and $48 million at December 31, 2005 and 2004, respectively.

7. INCOME TAXES

The provision for income taxes for continuing operations was as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Current:				
Federal	$58	$197	$368	$179
Foreign	--	1	1	3
	58	198	369	182
Deferred:				
Federal	40	7	(8)	58
Provision for income taxes	$98	$205	$361	$240

Reconciliations of the income tax provision at the U.S. statutory rate to the provision for income taxes as reported for continuing operations were as follows:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Tax provision at U.S. statutory rate...	$119	$259	$473	$405
Tax effect of:				
Tax exempt investment income.........	(20)	(46)	(86)	(84)
Tax reserve release..................	--	--	(23)	(79)
Other, net...........................	(1)	(8)	(3)	(2)
Provision for income taxes.............	$ 98	$205	$361	$240

Deferred income taxes represent the tax effect of the differences between the book and tax bases of assets and liabilities. Net deferred income tax assets and liabilities consisted of the following:

	SUCCESSOR	PREDECESSOR
	DECEMBER 31, 2005	DECEMBER 31, 2004
	(IN MILLIONS)	
Deferred income tax assets:		
Benefit, reinsurance and other policyholder liabilities..................................	$2,141	$ 756
Operating lease reserves.........................	13	47
Employee benefits................................	3	169
Net unrealized investment losses.................	200	--
Capital loss carryforwards.......................	92	--
Other..	20	114
Total..	2,469	1,086
Deferred income tax liabilities:		
DAC and VOBA.....................................	(1,174)	(785)
Net unrealized investment gains..................	--	(763)
Investments, net.................................	(12)	(832)
Other..	--	(77)
Total..	(1,186)	(2,457)
Net deferred income tax asset (liability)...........	$1,283	$(1,371)

At December 31, 2005, the Company has a net deferred tax asset. If the Company determines that any of its deferred tax assets will not result in future tax benefits, a valuation allowance must be established for the portion of these assets that are not expected to be realized. Based predominantly upon a review of the Company's anticipated future taxable income, but also including all other available evidence, both positive and negative, the Company's management concluded that it is "more likely than not" that the net deferred tax asset will be realized.

Capital loss carryforwards amount to $263 million at December 31, 2005 and will expire in 2010.

Subsequent to the Acquisition, the Company will file a consolidated tax return with its subsidiary, TLAC. The companies will execute a Tax Sharing Agreement (the "Tax Agreement") prior to the filing of the 2005 consolidated tax return. Under the Tax Agreement, the federal income taxes will be allocated between the companies on a separate return basis and adjusted for credits and other amounts required by the Tax Agreement.

For the periods prior to the Acquisition, the Company and its subsidiaries filed a consolidated federal income tax return with Citigroup and were part of a Tax Sharing Agreement with Citigroup (the "Citigroup Tax Agreement"). Under the Citigroup Tax Agreement, the federal income taxes are allocated to each member of the consolidated group on a separate return basis adjusted for credits and other amounts required by the Citigroup Tax Agreement. TIC had $305 million payable to Citigroup at December 31, 2004 related to the Citigroup Tax Agreement.

Under the Life Insurance Company Tax Act of 1959, stock life insurance companies were required to maintain a policyholders' surplus account containing the accumulated portion of current income which had not been subject to income tax in the year earned. The Deficit Reduction Act of 1984 required that no future amounts be added after 1983 to the policyholders' surplus account and that any future distributions to shareholders from the account would become subject to income at the general corporate income tax rate then in effect. During 2004, the American Jobs Creation Act of 2004 ("AJCA") was enacted. The AJCA provides, in part, that distributions from policyholders' surplus accounts during 2005 and 2006 will not be taxed. The amount of policyholders' surplus account at December 31, 2004 was approximately $932 million. If the entire policyholders' surplus account were deemed to be distributed in 2004, there would have been a tax liability of approximately $326 million. No current or deferred taxes have been provided on these amounts in the past because management considered the conditions under which these taxes would be paid remote. For federal income tax purposes, an election under Internal Revenue Code Section 338 was made by MetLife upon Acquisition. The Section 338 election results in a deemed distribution of the Company's policyholders' surplus account in 2005. However, due to the provision of the AJCA, no tax liability will be incurred as a result of this deemed distribution of policyholders' surplus in 2005.

8. CONTINGENCIES, COMMITMENTS AND GUARANTEES

CONTINGENCIES

LITIGATION

The Company is a defendant in a number of litigation matters. In some of the matters, indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the United States permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrate to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value. Thus, unless stated below, the specific monetary relief sought is not noted.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be inherently impossible to ascertain with any degree of certainty. Inherent uncertainties can include how fact finders will view individually and in their totality documentary evidence, the credibility and effectiveness of witnesses' testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or

at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

The Company is a party to a number of legal actions and regulatory investigations. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on the Company's consolidated financial position. On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in the Company's consolidated financial statements. The review includes senior legal and financial personnel. Unless stated below, estimates of possible additional losses or ranges of loss for particular matters cannot in the ordinary course be made with a reasonable degree of certainty. The limitations of available data and uncertainty regarding numerous variables make it difficult to estimate liabilities. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated as of December 31, 2005. Furthermore, it is possible that an adverse outcome in certain of the Company's litigation and regulatory investigations, or the use of different assumptions in the determination of amounts recorded, could have a material effect upon the Company's consolidated net income or cash flows in particular quarterly or annual periods.

In August 1999, an amended putative class action complaint was filed in Connecticut state court against TLAC, Travelers Equity Sales, Inc. and certain former affiliates. The amended complaint alleges Travelers Property Casualty Corporation, a former TLAC affiliate, purchased structured settlement annuities from TLAC and spent less on the purchase of those structured settlement annuities than agreed with claimants, and that commissions paid to brokers for the structured settlement annuities, including an affiliate of TLAC, were paid in part to Travelers Property Casualty Corporation. On May 26, 2004, the Connecticut Superior Court certified a nationwide class action involving the following claims against TLAC: (i) violation of the Connecticut Unfair Trade Practice Statute; (ii) unjust enrichment; and (iii) civil conspiracy. On June 15, 2004, the defendants appealed the class certification order. The Company has recently learned that the Connecticut Supreme Court has reversed the trial court's certification of a class. Plaintiff may file a motion with respect to the order and may seek upon remand to the trial court to file another motion for class certification. TLAC and Travelers Equity Sales, Inc. intend to continue to vigorously defend the matter.

A former registered representative of Tower Square Securities, Inc. ("Tower Square"), a broker-dealer subsidiary of TIC, is alleged to have defrauded individuals by diverting funds for his personal use. In June 2005, the SEC issued a formal order of investigation with respect to Tower Square and served Tower Square with a subpoena. The Securities and Business Investments Division of the Connecticut Department of Banking and the NASD are also reviewing this matter. Tower Square intends to fully cooperate with the SEC, the NASD and the Connecticut Department of Banking. In the context of the above, two arbitration matters were commenced in 2005 against Tower Square. In one of the matters, defendants include other unaffiliated broker-dealers with whom the registered representative was formerly registered. It is reasonably possible that other actions will be brought regarding this matter. Tower Square intends to defend itself vigorously in all such cases.

Regulatory bodies have contacted the Company and have requested information relating to market timing and late trading of mutual funds and variable insurance products and, generally, the marketing of such products. The Company believes that many of these inquiries are similar to those made to many financial services companies as part of industry-wide investigations by various regulatory agencies. In addition, like many insurance companies and agencies, in 2004 and 2005, the Company received inquiries from certain state Departments of Insurance regarding producer compensation and bidding practices. The Company is fully cooperating with regard to these information requests and investigations. The Company at the present time is

not aware of any systemic problems with respect to such matters that may have a material adverse effect on the Company's consolidated financial position.

In addition, the Company is a defendant or co-defendant in various other litigation matters in the normal course of business. These may include civil actions, arbitration proceedings and other matters arising in the normal course of business out of activities as an insurance company, a broker and dealer in securities or otherwise. Further, state insurance regulatory authorities and other federal and state authorities may make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

In the opinion of the Company's management, the ultimate resolution of these legal and regulatory proceedings would not be likely to have a material adverse effect on the Company's consolidated financial condition or liquidity, but, if involving monetary liability, may be material to the Company's operating results for any particular period.

INSOLVENCY ASSESSMENTS

Most of the jurisdictions in which the Company is admitted to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed life insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets. Assessments levied against the Company from January 1, 2003 through December 31, 2005 aggregated less than $1 million. The Company maintained a liability of $16 million, and a related asset for premium tax offsets of $9 million, at December 31, 2005, for future assessments in respect of currently impaired, insolvent or failed insurers.

In the past five years, none of the aggregate assessments levied against the Company have been material. The Company has established liabilities for guaranty fund assessments that it considers adequate for assessments with respect to insurers that are currently subject to insolvency proceedings.

COMMITMENTS

LEASES

The Company, as lessee, has entered into various lease and sublease agreements for office space. Future sublease income is projected to be insignificant. Future minimum gross rental payments are as follows:

	GROSS RENTAL PAYMENTS (IN MILLIONS)
2006	$17
2007	$17
2008	$16
2009	$10
2010	$ 8
Thereafter	$ 8

COMMITMENTS TO FUND PARTNERSHIP INVESTMENTS

The Company makes commitments to fund partnership investments in the normal course of business. The amounts of these unfunded commitments were $715 million and $389 million at December 31, 2005 and 2004, respectively. The Company anticipates that these amounts will be invested in partnerships over the next five years. There are no other obligations or liabilities arising from such arrangements that are reasonably likely to become material.

MORTGAGE LOAN COMMITMENTS

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $339 million and $213 million at December 31, 2005 and 2004, respectively. There are no other obligations or liabilities arising from such arrangements that are reasonably likely to become material.

OTHER COMMITMENTS

TIC is a member of the Federal Home Loan Bank of Boston (the "FHLB of Boston") and holds $70 million of common stock of the FHLB of Boston, which is included in equity securities on the Company's balance sheets. TIC has also entered into several funding agreements with the FHLB of Boston whereby TIC has issued such funding agreements in exchange for cash and for which the FHLB of Boston has been granted a blanket lien on TIC's residential mortgages and mortgage-backed securities to collateralize TIC's obligations under the funding agreements. TIC maintains control over these pledged assets, and may use, commingle, encumber or dispose of any portion of the collateral as long as there is no event of default and the remaining qualified collateral is sufficient to satisfy the collateral maintenance level. The funding agreements and the related security agreement represented by this blanket lien, provide that upon any event of default by TIC, the FHLB of Boston's recovery is limited to the amount of TIC's liability under the outstanding funding agreements. The amount of the Company's liability for funding agreements with the FHLB of Boston as of December 31, 2005 is $1.1 billion, which is included in policyholder account balances.

GUARANTEES

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties pursuant to which it may be required to make payments now or in the future. In the context of acquisition, disposition, investment and other transactions, the Company has provided indemnities and guarantees, including those related to tax, environmental and other specific liabilities, and other indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. In addition, in the normal course of business, the Company provides indemnifications to counterparties in contracts with triggers similar to the foregoing, as well as for certain other liabilities, such as third party lawsuits. These obligations are often subject to time limitations that vary in duration, including contractual limitations and those that arise by operation of law, such as applicable statutes of limitation. In some cases, the maximum potential obligation under the indemnities and guarantees is subject to a contractual limitation, such as in the case of MetLife International Insurance Company, Ltd. ("MLII") (formerly Citicorp International Life Insurance Company, Ltd.), an affiliate, discussed below, while in other cases such limitations are not specified or applicable. Since certain of these obligations are not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount due under these guarantees in the future.

The Company has provided a guarantee on behalf of MLII. This guarantee is triggered if MLII cannot pay claims because of insolvency, liquidation or rehabilitation. The agreement was terminated as of December 31, 2004, but termination does not affect policies previously guaranteed. Life insurance coverage

in-force under this guarantee at December 31, 2005 is $447 million. The Company does not hold any collateral related to this guarantee.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Also, the Company indemnifies other of its agents for liabilities incurred as a result of their representation of the Company's interests. Since these indemnities are generally not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount due under these indemnities in the future.

In connection with RSATs, the Company writes credit default swap obligations requiring payment of principal due in exchange for the reference credit obligation, depending on the nature or occurrence of specified credit events for the referenced entities. In the event of a specified credit event, the Company's maximum amount at risk, assuming the value of the referenced credits becomes worthless, is $149 million at December 31, 2005. The credit default swaps expire at various times during the next three years.

9. EMPLOYEE BENEFIT PLANS

PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Subsequent to the Acquisition, the Company became a participating employer in qualified and non-qualified, noncontributory defined benefit pension plans sponsored by MetLife. Employees were credited with prior service recognized by Citigroup, solely for the purpose of determining eligibility and vesting under the Metropolitan Life Retirement Plan for United States Employees (the "Plan"), a noncontributory qualified defined benefit pension plan, with respect to benefits earned under the Plan subsequent to the closing date of the Acquisition. Net periodic expense related to these plans is based on the employee population as of the valuation date at the beginning of the year; accordingly, no expense related to the MetLife plans was allocated to the Company for the six months ended December 31, 2005.

Prior to the Acquisition, the Company participated in qualified and non-qualified, noncontributory defined benefit pension plans and certain other postretirement plans sponsored by Citigroup. The Company's share of expense for these plans was $14 million, $28 million and $28 million for the six months ended June 30, 2005 and the years ended December 31, 2004 and 2003, respectively. The obligation for benefits earned under these plans was retained by Citigroup.

10. RESTRUCTURING TRANSACTIONS

As described in Note 1, on July 1, 2005, MetLife acquired the Company from Citigroup. Prior to the Acquisition, certain restructuring transactions were required pursuant to the Acquisition Agreement. All restructuring transactions have been recorded at their historical basis. The following transfers to CIHC occurred on June 30, 2005:

1. All TIC's membership in Keeper Holdings LLC, which holds an interest in CitiStreet LLC;

2. All TIC's shares of Citigroup Series YYY and YY preferred stock, and all dividends with respect thereto;

3. All TIC's shares of American Financial Life Insurance Company stock;

4. All TIC's shares of Primerica stock (See Note 14);

5. All TIC's obligations in the amount of $105 million, the related deferred income tax assets of $37 million and cash in the amount of $68 million associated with the Connecticut River Plaza lease;

6. All owned intellectual property and all trademarks used in connection with products offered only by or through the Company. This includes, but is not limited to, the "umbrella" trademark and umbrella design trademark, and any trademarks which include the terms "citi," "Citi," the arc design and the blue wave design;

7. All TIC's net obligations in the amount of $443 million related to non-qualified employee benefit plans (including retiree welfare, pension, long-term disability, workers compensation and deferred compensation obligations) and associated assets consisting of $191 million in cash, and other assets, including a deferred income tax asset, totaling $252 million;

8. All TIC's obligations and rights related to future gains and losses under all policies providing long-term care benefits;

9. All tax liabilities for potential audit liabilities for federal and state income taxes and other taxes of approximately $78 million with respect to pre-Acquisition tax periods as the Acquisition Agreement provides for an indemnification by Citigroup to MetLife for specified tax liabilities incurred prior to the closing date.

The Connecticut Insurance Department (the "Department") approved the special dividend of all TIC's ownership interests and obligations as included in items 1 through 6, 8 and 9 as set forth above. Restructuring transaction item 7, as set forth above, was accounted for as an asset/liability transfer, and did not require approval from the Department. The consolidated financial statements of the Company include the results of operations related to the aforementioned restructuring transactions through the date of distribution, other than Primerica which has been reported as discontinued operations.

11. EQUITY

DIVIDEND RESTRICTIONS

Under Connecticut State Insurance Law, TIC and TLAC are each permitted, without prior insurance regulatory clearance, to pay shareholder dividends to its parent as long as the amount of such dividend, when aggregated with all other dividends in the preceding twelve months, does not exceed the greater of (i) 10% of its surplus to policyholders as of the immediately preceding calendar year; or (ii) its statutory net gain from operations for the immediately preceding calendar year. TIC and TLAC will each be permitted to pay a cash dividend in excess of the greater of such two amounts only if it files notice of its declaration of such a dividend and the amount thereof with the Connecticut Commissioner of Insurance ("Commissioner") and the Commissioner does not disapprove the payment within 30 days after notice or until the Commissioner has approved the dividend, whichever is sooner. In addition, any dividend that exceeds earned surplus (unassigned funds, reduced by 25% of unrealized appreciation in value or revaluation of assets or unrealized profits on investments) as of the last filed annual statutory statement requires insurance regulatory approval. Under Connecticut State Insurance Law, the Commissioner has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its shareholders. TIC paid cash dividends to its former parent, CIHC, of $675 million in 2005, $773 million in 2004 and $545 million in 2003. A portion of the cash dividend paid in 2005 was considered an extraordinary dividend and was approved by the Department. The Connecticut State Insurance Law requires prior approval for any dividends for a period of two years following a change in control. As a result of the Acquisition, under Connecticut State Insurance Law all dividend payments by TIC and TLAC through June 30, 2007 require prior approval of the Commissioner. TIC and TLAC have not paid any dividends since the Acquisition Date.

On December 15, 2004, the Company dividended all of the issued and outstanding shares of TLARC to CIHC. TLARC was valued at $250,000 and was considered to be an ordinary dividend. At Acquisition, TLARC was sold by Citigroup to MetLife.

As discussed in Note 1, in connection with the Acquisition Agreement, several restructuring transactions requiring regulatory approval were completed prior to the sale. TIC received regulatory approval from the Commissioner to complete the restructuring transactions via dividend, and to pay its dividends.

In connection with the restructuring transactions as discussed in Note 10, the Company's additional paid-in capital ("APIC"), retained earnings and accumulated other comprehensive income were impacted as follows:

PREDECESSOR	JUNE 30, 2005		
	APIC	RETAINED EARNINGS	AOCI
	(IN MILLIONS)		
RESTRUCTURING TRANSACTIONS			
Keeper Holdings LLC	$ (8)	$ (26)	$ --
Citigroup Series YYY preferred stock	(2,225)	--	--
Citigroup Series YY preferred stock	(596)	--	--
Stock of American Financial Life Insurance Company	(218)	210	--
Stock of Primerica Life Insurance Company	(1,100)	(3,150)	(166)
Deferred tax liabilities YYY and YY preferred stock	974	--	--
Tax Liabilities	78	--	--
Total impact	$(3,095)	$(2,966)	$(166)

STATUTORY EQUITY AND INCOME

The Department imposes minimum risk-based capital ("RBC") requirements that were developed by the National Association of Insurance Commissioners ("NAIC"). The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital, as defined by the NAIC, to authorized control level RBC, as defined by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. TIC and TLAC exceeded the minimum RBC requirements for all periods presented herein.

The NAIC adopted the Codification of Statutory Accounting Principles ("Codification") in 2001. Codification was intended to standardize regulatory accounting and reporting to state insurance departments. However, statutory accounting principles ("SAP") continue to be established by individual state laws and permitted practices. The Department has adopted Codification, with certain modifications, for the preparation of statutory financial statements of insurance companies domiciled in Connecticut. Modifications by the Department may impact the effect of Codification on the statutory capital and surplus of TIC and TLAC.

SAP differs from GAAP primarily by: (i) charging policy acquisition costs to expense as incurred; (ii) establishing future policy benefit liabilities using different actuarial assumptions; (iii) valuing securities on a different basis; and (iv) maintaining additional reserves associated with credit default and interest related investment gains and losses.

In addition, certain assets are not admitted under SAP and are charged directly to surplus. The most significant assets not admitted by TIC and TLAC are net deferred tax assets resulting from temporary differences between SAP basis and tax basis not expected to reverse and become recoverable within a year.

Statutory net income of TIC, a Connecticut domiciled insurer, was $1,080 million, $975 million and $935 million for the years ended December 31, 2005, 2004 and 2003, respectively. Statutory capital and surplus, as filed with the Department, was $4,081 million and $7,886 million at December 31, 2005 and 2004, respectively.

Statutory net income (loss) of TLAC, a Connecticut domiciled insurer, was ($80) million, ($211) million and $37 million for the years ended December 31, 2005, 2004 and 2003, respectively. Statutory capital and surplus, as filed with the Department, was $782 million and $942 million at December 31, 2005 and 2004, respectively.

OTHER COMPREHENSIVE INCOME

The following table sets forth the reclassification adjustments required for the six months ended December 31, 2005 and June 30, 2005, and the years ended December 31, 2004 and 2003, in other comprehensive income (loss) that are included as part of net income for the current year that have been reported as a part of other comprehensive income (loss) in the current or prior period:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Holding (losses) gains on investments arising during the period	$ (517)	$ 125	$ 418	$1,412
Income tax effect of holding gains (losses)	181	(47)	(149)	(482)
Reclassification adjustments:				
Recognized holding (gains) losses included in current period income	(270)	(53)	(2)	18
Amortization of premiums and accretion of discounts associated with investments	81	(29)	(49)	(62)
Income tax effect of reclassification adjustments	66	29	18	16
Total reclassification adjustments	(123)	(53)	(33)	(28)
Allocation of holding losses on investments relating to other policyholder amounts	135	--	--	--
Income tax effect of allocation of holding loss	(47)	--	--	--
Unrealized investment gains (losses) of subsidiary at date of restructuring	--	(166)	--	--
Net unrealized investment gains (losses)	(371)	(141)	236	902
Foreign currency translation adjustments arising during the period	2	--	1	4
Effect of transfer of Primerica	--	166	--	--
Other comprehensive income (losses)	$ (369)	$ 25	$ 237	$ 906

12. OTHER EXPENSES

Other expenses were comprised of the following:

	SUCCESSOR	PREDECESSOR		
	SIX MONTHS ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,	
	2005	2005	2004	2003
	(IN MILLIONS)			
Compensation	$ 86	$ 72	$ 143	$ 121
Commissions	236	309	606	465
Amortization of DAC and VOBA	186	236	410	280
Capitalization of DAC	(262)	(426)	(810)	(583)
Rent, net of sublease income	7	3	12	11
Minority interest	1	--	--	--
Other	129	246	401	263
Total other expenses	$ 383	$ 440	$ 762	$ 557

13. BUSINESS SEGMENT INFORMATION

Historically, the Company was organized into two operating segments, Travelers Life and Annuity ("TL&A") and Primerica. On June 30, 2005, in anticipation of the Acquisition, all of the Company's interests in Primerica were distributed via dividend to CIHC. See Notes 10 and 14. As a result, at June 30, 2005, the operations of Primerica were reclassified into discontinued operations and the segment was eliminated, leaving a single operating segment, TL&A.

On the Acquisition Date, MetLife reorganized the Company's operations into two operating segments, Institutional and Individual, as well as Corporate & Other, so as to more closely align the acquired business with the manner in which MetLife manages its existing businesses. The Institutional segment includes group life insurance and retirement & savings products and services. The Individual segment includes a wide variety of protection and asset accumulation products, including life insurance, annuities and mutual funds. These segments are managed separately because they either provide different products and services, require different strategies or have different technology requirements. Corporate & Other contains the excess capital not allocated to the business segments and run-off businesses, as well as expenses associated with certain legal proceedings. Corporate & Other also includes the elimination of intersegment transactions.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in the Company's businesses. As part of the economic capital process, a portion of net investment income is credited to the segments based on the level of allocated equity.

The accounting policies of the segments are the same as those of the Company, except for the method of capital allocation and the accounting for gains (losses) from intercompany sales, which are eliminated in consolidation. Subsequent to the Acquisition Date, the Company allocates capital to each segment based upon an internal capital allocation system used by MetLife that allows MetLife and the Company to effectively manage its capital. The Company evaluates the performance of each operating segment based upon net income excluding certain net investment gains (losses), net of income taxes, and adjustments related to net investment gains (losses), net of income taxes.

Set forth in the tables below is certain financial information with respect to the Company's segments, as well as Corporate & Other, for the six months ended December 31, 2005 and June 30, 2005 and the years ended December 31, 2004 and 2003. Segment results for periods prior to the Acquisition Date have been restated to reflect segment results in conformity with MetLife's segment presentation. The revised presentation conforms to the manner in which the Company manages and assesses its business. While the prior period presentations have been prepared using the classification of products in conformity with MetLife's segment presentation, they do not reflect the segment results using MetLife's method of capital allocation which allocates capital to each segment based upon an internal capital allocation system as described in the preceding paragraph. In periods prior to the Acquisition Date, earnings on capital were allocated to segments based upon a statutory risk based capital allocation method which resulted in less capital being allocated to the segments and more being retained at Corporate & Other. As it was impracticable to retroactively reflect the impact of applying MetLife's economic capital model on periods prior to the Acquisition Date, they were not restated for this change.

SUCCESSOR	AS OF OR FOR THE SIX MONTHS ENDED DECEMBER 31, 2005			
	INSTITUTIONAL	INDIVIDUAL	CORPORATE & OTHER	TOTAL
	(IN MILLIONS)			
Premiums	$ 116	$ 93	$ 13	$ 222
Universal life and investment-type product policy fees	17	425	--	442
Net investment income	711	381	124	1,216
Other revenues	10	45	2	57
Net investment gains (losses)	(87)	(99)	(2)	(188)
Policyholder benefits and claims	324	177	22	523
Interest credited to policyholder account balances	303	201	--	504
Other expenses	30	367	(14)	383
Income from continuing operations before provision for income taxes	111	99	129	339
Net income	73	86	82	241
Total assets	36,751	52,048	10,672	99,471
DAC and VOBA	161	3,540	--	3,701
Goodwill	305	159	392	856
Separate account assets	3,177	28,061	--	31,238
Policyholder liabilities	28,340	18,705	4,305	51,350
Separate account liabilities	3,177	28,061	--	31,238

PREDECESSOR				
FOR THE SIX MONTHS ENDED JUNE 30, 2005	INSTITUTIONAL	INDIVIDUAL	CORPORATE & OTHER	TOTAL
	(IN MILLIONS)			
Premiums	$ 206	$ 102	$ 17	$ 325
Universal life and investment-type product policy fees	33	373	--	406
Net investment income	778	547	283	1,608
Other revenues	(1)	66	48	113
Net investment gains (losses)	(10)	(3)	39	26
Policyholder benefits and claims	448	131	20	599
Interest credited to policyholder account balances	380	318	--	698
Other expenses	20	392	28	440
Income from continuing operations before provision for income taxes	158	244	339	741
Income from discontinued operations, net of income taxes	--	--	240	240
Net income	103	173	500	776

PREDECESSOR				
AS OF OR FOR THE YEAR ENDED DECEMBER 31, 2004	INSTITUTIONAL	INDIVIDUAL	CORPORATE & OTHER	TOTAL
	(IN MILLIONS)			
Premiums	$ 719	$ 158	$ 34	$ 911
Universal life and investment-type product policy fees	73	617	--	690
Net investment income	1,443	1,027	542	3,012
Other revenues	5	118	84	207
Net investment gains (losses)	(19)	24	4	9
Policyholder benefits and claims	1,190	182	39	1,411
Interest credited to policyholder account balances	688	617	--	1,305
Other expenses	40	656	66	762
Income from continuing operations before provision for income taxes	303	489	559	1,351
Income from discontinued operations, net of income taxes	--	--	491	491
Net income	197	370	914	1,481
Total assets	32,837	48,343	24,663	105,843
DAC and VOBA	222	2,627	13	2,862
Goodwill	--	101	95	196
Separate account assets	3,509	27,233	--	30,742
Policyholder liabilities	26,809	16,506	3,718	47,033
Separate account liabilities	3,509	27,233	--	30,742

PREDECESSOR FOR THE YEAR ENDED DECEMBER 31, 2003	INSTITUTIONAL	INDIVIDUAL	CORPORATE & OTHER	TOTAL
	(IN MILLIONS)			
Premiums	$ 921	$126	$ 35	$1,082
Universal life and investment-type product policy fees	69	462	--	531
Net investment income	1,268	950	525	2,743
Other revenues	--	74	69	143
Net investment gains (losses)	(6)	(34)	72	32
Policyholder benefits and claims	1,368	153	47	1,568
Interest credited to policyholder account balances	650	598	--	1,248
Other expenses	41	456	60	557
Income from continuing operations before provision for income taxes	193	371	594	1,158
Income from discontinued operations, net of income taxes	--	--	440	440
Net income	126	306	926	1,358

Net investment income and net investment gains (losses) are based upon the actual results of each segment's specifically identifiable asset portfolio adjusted for allocated capital. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

Revenues derived from any customer did not exceed 10% of consolidated revenues. Substantially all of the Company's revenues originated in the United States.

14. DISCONTINUED OPERATIONS

As described in Note 1, and in accordance with the Acquisition Agreement, Primerica, a former operating segment of the Company, was distributed in the form of a dividend to CIHC on June 30, 2005.

In accordance with SFAS No. 144 the distribution of Primerica by dividend to CIHC qualifies as a disposal by means other than a sale. As such, Primerica was treated as continuing operations until the date of disposal and, upon the date of disposal, the results from the operations were reclassified as discontinued operations for all periods presented.

The following summarizes Primerica's financial information:

	PREDECESSOR		
	SIX MONTHS ENDED JUNE 30, 2005	YEARS ENDED DECEMBER 31, 2004	2003
	(IN MILLIONS)		
Revenues from discontinued operations	$900	$1,770	$1,660
Expenses from discontinued operations	539	1,038	989
Income from discontinued operations before provision for income taxes	361	732	671
Provision for income taxes	121	241	231
Income from discontinued operations, net of income taxes	$240	$ 491	$ 440

The following is a summary of Primerica's assets and liabilities at:

	PREDECESSOR
	DECEMBER 31, 2004
	(IN MILLIONS)
ASSETS	
Investments	$ 5,891
Cash and cash equivalents	31
Premiums and other receivables	844
Deferred policy acquisition costs	2,177
Other assets	492
Separate account assets	584
Total assets held-for-sale	$10,019
LIABILITIES	
Future policy benefits	$ 3,545
Deferred income taxes payable	849
Other liabilities	767
Separate account liabilities	584
Total liabilities held-for-sale	$ 5,745

Primerica Financial Services, Inc. ("PFS"), a former affiliate, was a distributor of products for the Company. PFS or its affiliates sold $473 million, $983 million and $714 million of individual annuities for the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, respectively. Commissions and fees paid to PFS were $19 million, $75 million and $58 million for the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, respectively.

Included in investments above is a $391 million investment in Citigroup Preferred Stock for the year ended December 31, 2004 carried at cost.

15. FAIR VALUE INFORMATION

The estimated fair values of financial instruments have been determined by using available market information and the valuation methodologies described below. Considerable judgment is often required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein may not necessarily be indicative of amounts that could be realized in a current market exchange. The use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

Amounts related to the Company's financial instruments were as follows:

SUCCESSOR DECEMBER 31, 2005	NOTIONAL AMOUNT	CARRYING VALUE	ESTIMATED FAIR VALUE
	(IN MILLIONS)		
Assets:			
Fixed maturities		$48,162	$ 48,162
Trading securities		$ 452	$ 452
Equity securities		$ 421	$ 421
Mortgage and consumer loans		$ 2,094	$ 2,087
Policy loans		$ 881	$ 881
Short-term investments		$ 1,486	$ 1,486
Cash and cash equivalents		$ 521	$ 521
Mortgage loan commitments	$339	$ --	$ (2)
Commitments to fund partnership investments	$715	$ --	$ --
Liabilities:			
Policyholder account balances		$28,851	$ 27,795
Payables for collateral under securities loaned and other transactions		$ 8,750	$ 8,750

PREDECESSOR DECEMBER 31, 2004	NOTIONAL AMOUNT	CARRYING VALUE	ESTIMATED FAIR VALUE
	(IN MILLIONS)		
Assets:			
Fixed maturities		$ 42,621	$ 42,621
Trading securities		$ 1,346	$ 1,346
Equity securities		$ 374	$ 374
Mortgage and consumer loans		$ 2,124	$ 2,197
Policy loans		$ 1,084	$ 1,084
Short-term investments		$ 3,502	$ 3,502
Cash and cash equivalents		$ 215	$ 215
Mortgage loan commitments	$213	$ --	$ --
Commitments to fund partnership investments	$389	$ --	$ --
Liabilities:			
Policyholder account balances		$ 29,601	$ 29,769
Payables for collateral under securities loaned and other transactions		$ 2,215	$ 2,215

The methods and assumptions used to estimate the fair values of financial instruments are summarized as follows:

FIXED MATURITIES, TRADING SECURITIES AND EQUITY SECURITIES

The fair value of fixed maturities, trading securities and equity securities are based upon quotations published by applicable stock exchanges or received from other reliable sources. For securities for which the market values were not readily available, fair values were estimated using quoted market prices of comparable investments.

MORTGAGE AND CONSUMER LOANS, MORTGAGE LOAN COMMITMENTS AND COMMITMENTS TO FUND PARTNERSHIP INVESTMENTS

Fair values for mortgage and consumer loans are estimated by discounting expected future cash flows, using current interest rates for similar loans with similar credit risk. For mortgage loan commitments, the estimated fair value is the net premium or discount of the commitments. Commitments to fund partnership investments have no stated interest rate and are assumed to have a fair value of zero.

POLICY LOANS

The carrying values for policy loans approximate fair value.

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The carrying values for cash and cash equivalents and short-term investments approximated fair values due to the short-term maturities of these instruments.

POLICYHOLDER ACCOUNT BALANCES

The fair value of policyholder account balances which have final contractual maturities are estimated by discounting expected future cash flows based upon interest rates currently being offered for similar contracts with maturities consistent with those remaining for the agreements being valued. The fair value of policyholder account balances without final contractual maturities are assumed to equal their current net surrender value.

PAYABLES FOR COLLATERAL UNDER SECURITIES LOANED AND OTHER TRANSACTIONS

The carrying values for payables for collateral under securities loaned and other transactions approximate fair value.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative instruments, including financial futures, interest rate, credit default and foreign currency swaps, foreign currency forwards, caps, and options are based upon quotations obtained from dealers or other reliable sources. See Note 4 for derivative fair value disclosures.

16. RELATED PARTY TRANSACTIONS

During 1995, Metropolitan Life Insurance Company ("Metropolitan Life"), a wholly-owned subsidiary of MetLife, acquired 100% of the group life business of TIC. The Company's consolidated balance sheet includes a reinsurance receivable related to this business of $387 million at December 31, 2005 and $409 million at December 31, 2004. Ceded premiums related to this business were $1 million for both the six

months ended December 31, 2005 and June 30, 2005. Ceded benefits related to this business were $11 million and $13 million, for the six months ended December 31, 2005 and June 30, 2005, respectively.

In December 2004, TIC and TLAC entered into a reinsurance agreement with TLARC related to guarantee features included in certain of their universal life and variable universal life products. This reinsurance agreement is treated as a deposit-type contract and at December 31, 2005, the Company had a recoverable from TLARC of $48 million. Fees associated with this contract, included within other expenses, were $1 million and $40 million for the six months ended December 31, 2005 and June 30, 2005, respectively.

In addition, TIC's and TLAC's individual insurance mortality risk is reinsured, in part, to Reinsurance Group of America, Incorporated ("RGA"), an affiliate. Reinsurance recoverables, under these agreements with RGA, were $47 million and $30 million at December 31, 2005 and 2004, respectively. Ceded premiums earned, universal life fees and benefits incurred were $4 million, $34 million and $54 million, respectively, for the six months ended December 31, 2005 and $5 million, $18 million and $28 million, respectively, for the six months ended June 30, 2005.

At June 30, 2005 and December 31, 2004, the Company had investments in Tribeca Citigroup Investments Ltd. ("Tribeca"), an affiliate of the Company, in the amounts of $10 million and $14 million, respectively. Income (loss) of ($1) million, $1 million and $7 million was recognized on these investments in the six months ended June 30, 2005 and the years ended December 31, 2004 and 2003, respectively. In July 2005, the Company sold its investment in Tribeca.

Prior to the Acquisition, the Company had related party transactions with its former parent and/or affiliates. These transactions are described as follows:

Citigroup and certain of its subsidiaries provided investment management and accounting services, payroll, internal auditing, benefit management and administration, property management and investment technology services to the Company. The Company paid Citigroup and its subsidiaries $22 million, $41 million and $55 million for the six months ended June 30, 2005 and the years ended December 31, 2004 and 2003, respectively, for these services.

The Company has received reimbursements from Citigroup and its former affiliates related to the Company's increased benefit and lease expenses after the spin-off of Travelers Property and Casualty, a former affiliate of the Company and Citigroup. These reimbursements totaled $8 million, $27 million and $34 million for the six months ended June 30, 2005 and the years ended December 31, 2004 and 2003, respectively.

At December 31, 2004, the Company maintained a short-term investment pool in which its insurance affiliates participated. The position of each company participating in the pool is calculated and adjusted daily. The Company's pool amounted to $3.3 billion at December 31, 2004.

The Company had outstanding loaned securities to a former affiliate, Citigroup Global Markets, Inc., of $342 million for the year ended December 31, 2004.

Included in other invested assets was a $2.8 billion investment in Citigroup Preferred Stock for the year ended December 31, 2004 carried at cost. Dividends received on these investments were $84 million and $203 million for the six months ended June 30, 2005 and the year ended December 31, 2004, respectively. The dividends received in 2005 were subsequently distributed back to Citigroup as part of the restructuring transactions prior to the Acquisition. See Note 10.

The Company had investments in an affiliated joint venture, Tishman Speyer, of $93 million at December 31, 2004. Income of $99 million, $54 million and $19 million was earned on these investments for the six months ended June 30, 2005, and the years ended December 31, 2004 and 2003, respectively.

In the ordinary course of business, the Company purchased and sold securities through affiliated broker-dealers, including Smith Barney. These transactions were conducted on an arm's-length basis. Amounts due to Smith Barney were $364 million at December 31, 2004. The Company marketed deferred annuity products and life insurance through its affiliate, Smith Barney. Annuity products related to these products were $345 million, $877 million $835 million in the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, respectively. Life premiums were $55 million, $138 million and $115 million in the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, respectively. Commissions and fees paid to Smith Barney were $33 million, $72 million and $70 million in the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, respectively. The Company also marketed individual annuity and life insurance through its affiliated broker-dealers. Deposits received from affiliated broker-dealers were $1.1 billion, $2.0 billion and $1.8 billion in the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, respectively. Commissions and fees paid to affiliated broker-dealers were $45 million, $90 million and $83 million in the six months ended June 30, 2005 and in 2004 and 2003, respectively.

17. SUBSEQUENT EVENTS

On February 14, 2006, TIC filed, with the State of Connecticut Office of the Secretary of the State, a Certificate of Amendment to the Charter as Amended and Restated of The Travelers Insurance Company (the "Charter Amendment"). The Charter Amendment changes the name of TIC to "MetLife Insurance Company of Connecticut" and is effective on May 1, 2006.

On September 15, 2006, the Company's Board of Directors declared a cash dividend of up to $917 million. A cash dividend of $917 million was paid to the parent on September 18, 2006. As required for all dividends paid within two years of the Company's acquisition, the Company obtained the approval of the Department prior to the dividend declaration.

A portion of the $917 million dividend exceeds the cumulative retained earnings of the Company. The retained earnings of the Company at the dividend date represents the cumulative earnings since the Acquisition on July 1, 2005. That portion of the dividend which exceeds the cumulative earnings of the Company is a return of capital.

THE TRAVELERS INSURANCE COMPANY
(A WHOLLY-OWNED SUBSIDIARY OF METLIFE, INC.)

SCHEDULE I

CONSOLIDATED SUMMARY OF INVESTMENTS --
OTHER THAN INVESTMENTS IN AFFILIATES
DECEMBER 31, 2005

(IN MILLIONS)

	SUCCESSOR		
TYPE OF INVESTMENT	COST OR AMORTIZED COST(1)	ESTIMATED FAIR VALUE	AMOUNT AT WHICH SHOWN ON BALANCE SHEET
Fixed Maturities:			
Bonds:			
U.S. Treasury/agency securities	$ 6,153	$ 6,112	$ 6,112
State and political subdivision securities	632	607	607
Foreign government securities	472	487	487
Public utilities	2,590	2,546	2,546
Convertibles and bonds with warrants attached	1	1	1
All other corporate bonds	19,520	19,107	19,107
Residential and commercial mortgage-backed, and other asset-backed securities	19,443	19,266	19,266
Redeemable and preferred stock	37	36	36
Total fixed maturities	48,848	$48,162	48,162
Trading Securities	457	$ 452	452
Equity Securities:			
Common stocks:			
Banks, trust and insurance companies	1	1	1
Industrial, miscellaneous and all other	96	97	97
Non-redeemable preferred stocks	327	323	323
Total equity securities	424	$ 421	421
Mortgage and consumer loans	2,094		2,094
Policy loans	881		881
Real estate and real estate joint ventures	96		96
Other limited partnership interests	1,248		1,248
Short-term investments	1,486		1,486
Other invested assets	1,029		1,029
Total investments	$56,563		$55,869

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(1) The Company's trading securities portfolio is mainly comprised of fixed maturities. Cost for fixed maturities and mortgage and consumer loans represents original cost reduced by repayments, net valuation allowances and writedowns from other-than-temporary declines in value and adjusted for amortization of premiums or accretion of discount; for equity securities, cost represents original cost reduced by writedowns from other-than-temporary declines in value; for real estate, cost represents original cost reduced by writedowns and adjusted for valuation allowances and depreciation; cost for real estate joint ventures and limited partnership interests represents original cost reduced for other-than-temporary impairments or original cost adjusted for equity in earnings and distributions.

THE TRAVELERS INSURANCE COMPANY
(A WHOLLY-OWNED SUBSIDIARY OF METLIFE, INC.)

SCHEDULE III

CONSOLIDATED SUPPLEMENTARY INSURANCE INFORMATION
AS OF DECEMBER 31, 2005 (SUCCESSOR) AND DECEMBER 31, 2004 (PREDECESSOR)

(IN MILLIONS)

SEGMENT	DAC AND VOBA	FUTURE POLICY BENEFITS AND OTHER POLICYHOLDER FUNDS	POLICYHOLDER ACCOUNT BALANCES	UNEARNED REVENUE (1)
AS OF DECEMBER 31, 2005 (SUCCESSOR)				
Institutional	$ 161	$11,880	$16,460	$ 1
Individual	3,540	2,179	16,526	21
Corporate & Other	--	4,305	--	--
	$3,701	$18,364	$32,986	$ 22
AS OF DECEMBER 31, 2004 (PREDECESSOR)				
Institutional	$ 222	$ 8,011	$18,798	$ 17
Individual	2,627	1,549	14,957	206
Corporate & Other	13	3,718	--	--
	$2,862	$13,278	$33,755	$223

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(1) Amounts are included in other policyholder funds column for successor and in other liabilities for predecessor.

THE TRAVELERS INSURANCE COMPANY
(A WHOLLY-OWNED SUBSIDIARY OF METLIFE, INC.)

SCHEDULE III

CONSOLIDATED SUPPLEMENTARY INSURANCE INFORMATION
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005 (SUCCESSOR)
AND JUNE 30, 2005 (PREDECESSOR)
AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (PREDECESSOR)

(IN MILLIONS)

PREMIUM POLICYHOLDER
AMORTIZATION OF REVENUES
NET BENEFITS AND DAC AND
VOBA OTHER PREMIUMS AND
POLICY INVESTMENT
INTEREST CHARGED TO
OPERATING WRITTEN
SEGMENT FEES INCOME
CREDITED OTHER EXPENSES
EXPENSES (EXCLUDING
LIFE) - ------- --------
-- ---------- ----------
-- -------------- -----
---- ----------------
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2005
(SUCCESSOR)
Institutional............
$ 133 $ 711 $ 627 $ 1 $
29 $ --
Individual...............
518 381 378 185 182 --
Corporate &
Other........ 13 124 22
-- (14) -- ------ ------
------ ---- ---- ---- $
664 $1,216 $1,027 $186
$197 $ -- ====== ======
====== ==== ==== ====
FOR THE SIX MONTHS ENDED
JUNE 30, 2005
(PREDECESSOR)
Institutional............
$ 239 $ 778 $ 828 $ 4 $
16 $206
Individual...............
475 547 449 231 162 62
Corporate &
Other........ 17 283 20
1 27 17 ------ ------ --
---- ---- ---- ---- $
731 $1,608 $1,297 $236
$205 $285 ====== ======
====== ==== ==== ====
FOR THE YEAR ENDED
DECEMBER 31, 2004
(PREDECESSOR)
Institutional............
$ 792 $1,443 $1,878 $ 7
$ 33 $719
Individual...............
775 1,027 799 401 255 72
Corporate &
Other........ 34 542 39
2 64 34 ------ ------ --
---- ---- ---- ----
$1,601 $3,012 $2,716
$410 $352 $825 ======
====== ====== ==== ====
==== FOR THE YEAR ENDED
DECEMBER 31, 2003
(PREDECESSOR)
Institutional............
$ 990 $1,268 $2,018 $ 12
$ 29 $921
Individual...............

588 950 751 266 190 25
Corporate &
Other........ 35 525 47
2 58 35 ------ ------ --
---- ---- ---- ----
$1,613 $2,743 $2,816
$280 $277 $981 ======
====== ====== ==== ====
====

THE TRAVELERS INSURANCE COMPANY
(A WHOLLY-OWNED SUBSIDIARY OF METLIFE, INC.)

SCHEDULE IV

CONSOLIDATED REINSURANCE
AS OF DECEMBER 31, 2005 AND 2004 AND FOR THE SIX MONTHS ENDED
DECEMBER 31, 2005 AND JUNE 30, 2005
AND THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(IN MILLIONS)

	GROSS AMOUNT	CEDED	ASSUMED	NET AMOUNT	% AMOUNT ASSUMED TO NET
AS OF AND FOR THE SIX MONTHS ENDED DECEMBER 31, 2005 (SUCCESSOR)					
Life insurance in-force	$109,333	$78,438	$ --	$30,895	--%
Insurance Premium:					
Life insurance	$ 237	$ 34	$ --	$ 203	--%
Accident and health	144	125	--	19	--%
Total insurance premium	$ 381	$ 159	$ --	$ 222	--%
FOR THE SIX MONTHS ENDED JUNE 30, 2005 (PREDECESSOR)					
Insurance Premium:					
Life insurance	$ 335	$ 27	$ --	$ 308	--%
Accident and health	129	112	--	17	--%
Property and casualty insurance	2	2	--	--	--%
Total insurance premium	$ 466	$ 141	$ --	$ 325	--%
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004 (PREDECESSOR)					
Life insurance in-force	$100,794	$73,575	$3,313	$30,532	10.9%
Insurance Premium:					
Life insurance	$ 927	$ 51	$ --	$ 876	--%
Accident and health	263	228	--	35	--%
Property and casualty insurance	1	1	--	--	--%
Total insurance premium	$ 1,191	$ 280	$ --	$ 911	--%
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003 (PREDECESSOR)					
Life insurance in-force	$ 89,443	$62,957	$3,362	$29,848	11.3%
Insurance Premium:					
Life insurance	$ 1,086	$ 40	$ --	$ 1,046	--%
Accident and health	269	233	--	36	--%
Property and casualty insurance	21	21	--	--	--%
Total insurance premium	$ 1,376	$ 294	$ --	$ 1,082	--%