MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATUTORY FINANCIAL STATEMENTS

As of March 31, 2011 and December 31, 2010 and for the three months ended
March 31, 2011 and 2010 and for the year ended December 31, 2010

Index to Condensed Consolidated Statutory Financial Statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	March 31, 2011	December 31, 2010	$ Change	% Change
	($ In Millions)			
Assets:				
Bonds	$ 54,765	$ 54,740	$ 25	- %
Preferred stocks	331	322	9	3 %
Common stocks - subsidiaries and affiliates	2,986	2,903	83	3 %
Common stocks - unaffiliated	303	244	59	24 %
Mortgage loans	12,448	12,166	282	2 %
Policy loans	9,383	9,246	137	1 %
Real estate	1,145	1,149	(4)	- %
Partnerships and limited liability companies	5,792	5,606	186	3 %
Derivatives and other invested assets	2,558	2,821	(263)	(9)%
Cash, cash equivalents and short-term investments	1,993	1,590	403	25 %
Total invested assets	91,704	90,787	917	1 %
Investment income due and accrued	519	579	(60)	(10)%
Deferred income taxes	1,429	1,546	(117)	(8)%
Other than invested assets	777	905	(128)	(14)%
Total assets excluding separate accounts	94,429	93,817	612	1 %
Separate account assets	49,156	47,285	1,871	4 %
Total assets	$ 143,585	$ 141,102	$ 2,483	2 %
Liabilities and Surplus:				
Policyholders' reserves	$ 69,860	$ 69,492	$ 368	1 %
Liabilities for deposit-type contracts	3,619	3,606	13	- %
Contract claims and other benefits	324	312	12	4 %
Policyholders' dividends	1,235	1,230	5	- %
General expenses due or accrued	542	652	(110)	(17)%
Federal income taxes	114	157	(43)	(27)%
Asset valuation reserve	1,515	1,459	56	4 %
Securities sold under agreements to repurchase	4,033	4,163	(130)	(3)%
Commercial paper	250	250	-	- %
Derivative collateral	1,181	1,433	(252)	(18)%
Other liabilities	1,196	724	472	65 %
Total liabilities excluding separate accounts	83,869	83,478	391	- %
Separate account liabilities	49,143	47,272	1,871	4 %
Total liabilities	133,012	130,750	2,262	2 %
Surplus	10,573	10,352	221	2 %
Total liabilities and surplus	$ 143,585	$ 141,102	$ 2,483	2 %

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF INCOME (LOSS)
(UNAUDITED)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	$ Change	% Change
	($ In Millions)			
Revenue:				
Premium income	$ 3,106	$ 2,808	$ 298	11%
Net investment income	1,162	1,034	128	12%
Fees and other income	166	158	8	5%
Total revenue	4,434	4,000	434	11%
Benefits and expenses:				
Policyholders' benefits	2,847	2,854	(7)	- %
Change in policyholders' reserves	575	248	327	132 %
General insurance expenses	310	322	(12)	(4)%
Commissions	130	126	4	3 %
State taxes, licenses and fees	45	38	7	18 %
Total benefits and expenses	3,907	3,588	319	9 %
Net gain (loss) from operations before dividends and federal income taxes	527	412	115	28 %
Dividends to policyholders	282	283	(1)	- %
Net gain (loss) from operations before federal income taxes	245	129	116	90 %
Federal income tax expense (benefit)	17	(7)	24	343 %
Net gain (loss) from operations	228	136	92	68 %
Net realized capital gains (losses) after tax and transfers to interest maintenance reserve	(46)	(91)	45	49 %
Net income (loss)	$ 182	$ 45	$ 137	304 %

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF CHANGES IN SURPLUS
(UNAUDITED)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	$ Change	% Change
	($ In Millions)			
Surplus, beginning of year	$ 10,352	$ 9,259	$ 1,093	12 %
Increase (decrease) due to:				
Net income (loss)	182	45	137	304 %
Change in net unrealized capital gains (losses), net of tax	118	80	38	48 %
Change in net unrealized foreign exchange capital gains (losses), net of tax	38	(13)	51	392 %
Change in net deferred income taxes	(76)	(81)	5	6 %
Change in nonadmitted assets	39	315	(276)	(88)%
Change in asset valuation reserve	(56)	(92)	36	39 %
Prior period adjustments	(11)	23	(34)	(148)%
Aggregate write-ins for deferred income taxes	(14)	55	(69)	(125)%
Other	1	1	-	- %
Net increase (decrease)	221	333	(112)	(34)%
Surplus, end of period	$ 10,573	$ 9,592	$ 981	10 %

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 2011	Year Ended December 31, 2010
	(In Millions)	
Cash from operations:		
Premium and other income collected	$ 3,317	$ 12,304
Net investment income	1,148	4,598
Benefit payments	(2,818)	(10,914)
Net transfers from (to) separate accounts	(212)	347
Commissions and other expenses	(604)	(2,105)
Dividends paid to policyholders	(276)	(1,217)
Federal and foreign income taxes recovered (paid)	-	299
Net cash from operations	555	3,312
Cash from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds	5,267	18,001
Common stocks - unaffiliated	10	85
Mortgage loans	509	2,056
Real estate	33	135
Partnerships	150	800
Preferred and affiliated common stocks	108	759
Other	64	(190)
Total investment proceeds	6,141	21,646
Cost of investments acquired:		
Bonds	(5,068)	(21,551)
Common stocks - unaffiliated	(57)	(55)
Mortgage loans	(777)	(2,013)
Real estate	(53)	(202)
Partnerships	(207)	(1,435)
Preferred and affiliated common stocks	(115)	(500)
Other	215	(16)
Total investments acquired	(6,062)	(25,772)
Net (increase) decrease in policy loans	(137)	(475)
Net cash from investments	(58)	(4,601)
Cash from financing and other sources:		
Net deposits (withdrawals) on deposit-type contracts	(30)	711
Net securities sold (bought) under agreements to repurchase	(130)	424
Change in derivative collateral	(251)	(505)
Other cash provided (applied)	317	(458)
Net cash from financing and other sources	(94)	172
Net change in cash, cash equivalents and short-term investments	403	(1,117)
Cash, cash equivalents and short-term investments, beginning of year	1,590	2,707
Cash, cash equivalents and short-term investments, end of period	$ 1,993	$ 1,590

See notes to condensed consolidated statutory financial statements

1. Nature of operations

MassMutual Financial Group (MMFG) is comprised of Massachusetts Mutual Life Insurance Company (MassMutual) and its subsidiaries. MMFG is a global, diversified financial services organization providing life insurance, disability income insurance, long-term care insurance, annuities, retirement and income products, investment management, mutual funds and trust services to individual and institutional customers. MassMutual is organized as a mutual life insurance company.

2. Summary of significant accounting policies

a. Basis of presentation

The condensed consolidated statutory financial statements include the accounts of MassMutual and its wholly owned United States of America (U.S.) domiciled life insurance subsidiary (collectively, the Company): C.M. Life Insurance Company (C.M. Life), as well as its indirect subsidiary, MML Bay State Life Insurance Company (MML Bay State), which is wholly owned by C.M. Life. All intercompany transactions and balances for these consolidated entities have been eliminated. Other entities comprising MMFG are accounted for under the equity method in accordance with statutory accounting principles. Statutory financial statements filed with regulatory authorities are not presented on a consolidated basis.

The condensed consolidated statutory financial statements and notes as of March 31, 2011, and for the three months ended March 31, 2011 and 2010 are unaudited. These condensed consolidated statutory financial statements reflect adjustments, consisting only of normal accruals, which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods. These condensed consolidated statutory financial statements and notes should be read in conjunction with the consolidated statutory financial statements and notes thereto included in the Company's 2010 audited year end financial statements as these condensed consolidated statutory financial statements disclose only significant changes from year end 2010. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year. The Condensed Consolidated Statutory Statements of Financial Position as of December 31, 2010 and the Condensed Consolidated Statutory Statements of Cash Flows for the year ended December 31, 2010 have been derived from the audited consolidated financial statements at that date, but do not include all of the information and footnotes required by statutory accounting practices for complete financial statements.

The condensed consolidated statutory financial statements have been prepared in conformity with the statutory accounting practices of the National Association of Insurance Commissioners (NAIC) and the accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance (the Division); and for the wholly owned U.S. domiciled life insurance subsidiaries, the State of Connecticut Insurance Department.

Statutory accounting practices are different in some respects from financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). The more significant differences between statutory accounting principles and U.S. GAAP are as follows: (a) certain acquisition costs, such as commissions and other variable costs, that are directly related to acquiring new business are charged to current operations as incurred, whereas U.S. GAAP generally capitalizes these expenses and amortizes them based on profit emergence over the expected life of the policies or over the premium payment period; (b) statutory policy reserves are based upon prescribed methodologies, such as the Commissioners' Reserve Valuation Method, Commissioners' Annuity Reserve Valuation Method or net level premium method, and prescribed statutory mortality, morbidity and interest assumptions, whereas U.S. GAAP reserves would generally be based upon the net level premium method or the estimated gross margin method, with estimates of future mortality, morbidity, persistency and interest assumptions; (c) bonds are generally carried at amortized cost, whereas U.S. GAAP generally reports bonds at fair value; (d) changes in the balances of deferred income taxes, which provide for book versus tax temporary differences, are subject to limitation and are charged to surplus, whereas U.S. GAAP would generally include the change in deferred taxes in net income; (e) payments received for universal and variable life insurance products, certain variable and fixed deferred annuities and group annuity contracts are reported as premium income and change in reserves, whereas U.S. GAAP would treat these payments as deposits to policyholders' account balances; (f) majority-owned noninsurance subsidiaries and variable interest entities where the Company is the primary beneficiary and certain other controlled entities are accounted for using the equity method, whereas U.S. GAAP would consolidate these entities; (g) surplus notes are reported in surplus, whereas U.S. GAAP would report these notes as liabilities; (h) assets are reported at admitted asset value and nonadmitted assets are excluded through a charge against surplus, whereas U.S. GAAP records these assets net of any valuation allowance; (i) changes to the mortgage loan valuation allowance are recognized in net unrealized capital gains (losses) in surplus, whereas U.S. GAAP reports these changes in net realized capital gains (losses); (j) reinsurance reserve credits, unearned ceded premium and unpaid ceded claims are reported as a reduction of policyholders' reserves or liabilities for deposit-type contracts whereas U.S. GAAP would report these balances as an asset; (k) an asset valuation reserve (AVR) is reported as a contingency reserve to stabilize surplus against fluctuations in the statement value of common stocks, real estate investments, partnerships and limited liability company(ies) (LLC) as well as credit-related declines in the value of bonds, mortgage loans and certain derivatives to the extent AVR is greater than zero for the appropriate asset category, whereas U.S. GAAP does not record this reserve; (l) after-tax realized capital gains and losses which result from changes in the overall level of interest rates for all types of fixed-income investments and interest-related hedging activities are deferred into the interest maintenance reserve(s) (IMR) and amortized into revenue, whereas U.S. GAAP reports these gains and losses as revenue; (m) changes in the fair value of derivative financial instruments are recorded as changes in surplus, whereas U.S. GAAP generally reports these changes as revenue unless deemed an effective hedge; (n) comprehensive income is not presented, whereas U.S. GAAP presents changes in unrealized capital gains and losses and foreign currency translations as other comprehensive income; (o) a prepaid asset and/or a liability is recorded for the difference between the fair value of the pension and other postretirement plan assets and the accumulated benefit obligation (which excludes nonvested employees) with the change recorded in surplus, whereas for U.S. GAAP purposes, the over/underfunded status of a plan, which is the difference between the fair value of the plan assets and the projected benefit obligation, is recorded as an asset or liability on the Condensed Consolidated Statutory Statements of Financial Position with the change recorded through accumulated other comprehensive income; (p) embedded derivatives are recorded as part of the underlying contract, whereas U.S. GAAP would identify and bifurcate certain embedded derivatives from the underlying contract or security and account for them separately at fair value; and (q) certain group annuity and variable universal life contracts, which do not pass-through all investment gains to contract holders, are maintained in the separate accounts and are presented on a single line in the statutory financial statements, whereas U.S. GAAP reports these contracts in the general investments of the company.

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of assets and liabilities as of the date of the condensed consolidated statutory financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates include those used in determining the carrying values of investments including the amount of mortgage loan investment valuation reserves, other-than-temporary impairment(s) (OTTI), the value of the investment in MassMutual Holding LLC (MMHLLC), the liabilities for future policyholders' reserves, the determination of deferred tax asset(s) (DTA), the liability for taxes and litigation contingencies. Future events including, but not limited to, changes in the level of mortality, morbidity, interest rates, persistency, asset valuations and defaults could cause actual results to differ from the estimates used in the condensed consolidated statutory financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate.

For the full description of accounting policies, see *Note 2 "Summary of significant accounting policies"* of Notes to Consolidated Statutory Financial Statements included in MassMutual's 2010 audited consolidated year end financial statements.

b. Corrections of errors and reclassifications

Under statutory accounting principles, corrections of prior year errors are recorded in current year surplus on a pretax basis with the associated tax impact reported separately through earnings. The following summarizes corrections of prior year errors for the three month period ended March 31, 2011:

	Correction of Prior Years' Income Increase (Decrease)	Impact on Surplus of Error Correction Increase (Decrease)	Correction of Asset or Liability Balances
	(In Millions)		
Partnerships and LLCs	$ (5)	$ (5)	$ 5
Policyholders' reserves	(4)	(4)	4
Other	(2)	(2)	2
Total	$ (11)	$ (11)	$ 11

As a result of the net activity above, the Company recorded, in the Condensed Consolidated Statutory Statements of Changes in Surplus for the three month period ended March 31, 2011, a net decrease of $11 million through prior period adjustments and an associated tax benefit of $4 million reported in the Condensed Consolidated Statutory Statements of Income (Loss).

The following summarizes corrections of prior year errors for the three month period ended March 31, 2010:

	Correction of Prior Years' Income Increase (Decrease)	Impact on Surplus of Error Correction Increase (Decrease)	Correction of Asset or Liability Balances
	(In Millions)		
Policyholders' reserves	$ 25	$ 25	$ (25)
Commissions	1	1	(1)
Reinsurance	(3)	(3)	3
Total	$ 23	$ 23	$ (23)

As a result of the net activity above, the Company recorded, in the Condensed Consolidated Statutory Statements of Changes in Surplus for the three month period ended March 31, 2010, a net increase of $23 million through prior period adjustments and an associated tax expense of $8 million reported in the Condensed Consolidated Statutory Statements of Income (Loss).

Certain 2010 balances within these financial statements have been reclassified to conform to the current year presentation.

3. New accounting standards

a. Adoption of new accounting standards

In June 2010, the NAIC clarified its intent on bifurcation of all realized gains and losses on sales of loan-backed and structured securities. This new guidance requires a cash flow analysis at the date of sale to bifurcate the realized gain or loss between credit and noncredit. The credit portion is recognized in the AVR and the noncredit portion is deferred to the IMR. This guidance was issued as a revision to Statement of Statutory Accounting Principles (SSAP) No. 43R, "Loan-backed and Structured Securities," and was effective January 1, 2011. The adoption of this guidance did not have a significant impact on the Company's financial statements.

In October 2010, the NAIC modified the definitions of loan-backed and structured securities included in SSAP No. 43R. The revised definition expands the requirement to include any securitized asset where the underlying cash flows are from all types of asset pools and not just those emanating from either mortgages or securities. Regardless of the underlying collateral, each security structured through a special purpose entity, trust or LLC is expected to be reported as a SSAP No. 43R security, not as an issuer obligation under SSAP No. 26, "Bonds, excluding Loan-backed and Structured Securities." This guidance was effective January 1, 2011. The adoption of this guidance did not have a significant impact on the Company's financial statements.

In October 2010, the NAIC revised guidance pertaining to disclosure of withdrawal characteristics. These revisions expand the disclosure requirements for annuity actuarial reserves and deposit liabilities by withdrawal characteristics in accordance with the following categories: general account, separate account with guarantees, separate account nonguaranteed and the total. This guidance was issued as SSAP No. 51, "Life Contracts," SSAP No. 52, "Deposit-Type Contracts" and SSAP No. 61, "Life, Deposit-Type and Accident and Health Reinsurance" and was effective January 1, 2011. The impact of this new guidance expands year end annuity disclosures and the Company plans to implement these additional disclosures as of December 31, 2011.

In October 2010, the NAIC revised existing guidance pertaining to liabilities, contingencies and impairments of assets. Such revisions require reporting entities to recognize, at the inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, even if the likelihood of having to make payments under the guarantee is remote. This includes related party guarantees, except when the transaction is considered an "unlimited guarantee," such as a rating agency requirement to provide a commitment to support a subsidiary, or a guarantee made on behalf of a wholly owned subsidiary. New disclosures require a listing of all guarantees, the carrying amount of the liability, maximum exposure and any recourse provisions. This guidance was issued as SSAP No. 5R, "Liabilities, Contingencies and Impairments of Assets," and applies to all guarantees issued and outstanding as of December 31, 2011. The Company is in the process of assessing the impact of this new guidance.

b. Future adoption of new accounting standards

In March 2011, the NAIC adopted revisions to SSAP No. 100, "Fair Value Measurements," which requires additional fair value disclosures. These additional disclosures include a disclosure of the fair value hierarchy of items that are disclosed with a fair value measurement but are not valued at fair value in the balance sheet. Also, companies will be required to disclose purchases, sales, issuances and settlements on a gross basis in the Level 3 rollforward disclosure. These new requirements are effective January 1, 2012. The Company currently discloses a gross presentation within the Level 3 rollforward disclosure. The adoption of the other requirements of this guidance is not expected to have a significant impact on the Company.

4. Investments

The Company maintains a diversified investment portfolio. Investment policies limit concentration in any asset class, geographic region, industry group, economic characteristic, investment quality or individual investment.

a. Bonds

The carrying value and fair value of bonds were as follows:

	March 31, 2011			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Millions)			
U. S. government and agencies	$ 9,124	$ 455	$ 543	$ 9,036
All other governments	117	24	-	141
States, territories and possessions	1,510	42	48	1,504
Special revenue	1,981	162	6	2,137
Industrial and miscellaneous	36,405	2,145	852	37,698
Credit tenant loans	94	13	-	107
Parent, subsidiaries and affiliates	5,534	377	190	5,721
Total	$ 54,765	$ 3,218	$ 1,639	$ 56,344

Note: The unrealized loss column does not include $57 million in unrealized losses which are embedded in the carrying value column. These unrealized losses embedded in the carrying value column include $46 million from NAIC Category 6 bonds and $11 million reclassified from NAIC Category 6 for RMBS and CMBS with ratings obtained from outside modelers.

	December 31, 2010			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Millions)			
U. S. government and agencies	$ 9,269	$ 592	$ 496	$ 9,365
All other governments	116	27	-	143
States, territories and possessions	1,474	41	57	1,458
Special revenue	2,046	173	8	2,211
Industrial and miscellaneous	36,428	2,234	968	37,694
Credit tenant loans	96	13	-	109
Parent, subsidiaries and affiliates	5,311	234	284	5,261
Total	$ 54,740	$ 3,314	$ 1,813	$ 56,241

Note: The unrealized loss column does not include $66 million in unrealized losses which are embedded in the carrying value column. These unrealized losses embedded in the carrying value column include $58 million from NAIC Category 6 bonds and $8 million reclassified from NAIC Category 6 for RMBS and CMBS with ratings obtained from outside modelers.

The following is an analysis of the fair values and gross unrealized losses aggregated by bond category and length of time that the securities were in a continuous unrealized loss position as of March 31, 2011 and December 31, 2010:

	March 31, 2011					
	Less Than 12 Months			12 Months or Longer		
	Fair Value	Unrealized Losses	Number of Issuers	Fair Value	Unrealized Losses	Number of Issuers
	($ In Millions)					
U. S. government and agencies	$ 18	$ 1	5	$ 1,880	$ 543	4
States, territories and possessions	723	42	25	32	7	2
Special revenue	191	6	23	-	-	-
Industrial and miscellaneous	6,175	206	499	3,775	665	561
Parent, subsidiaries and affiliates	453	52	10	800	174	27
Total	$ 7,560	$ 307	562	$ 6,487	$ 1,389	594

Note: The unrealized losses in this table include $57 million of losses embedded in the carrying value. These unrealized losses include $46 million from NAIC Category 6 bonds and $11 million reclassified from NAIC Category 6 for RMBS and CMBS with ratings obtained from outside modelers.

	December 31, 2010					
	Less Than 12 Months			12 Months or Longer		
	Fair Value	Unrealized Losses	Number of Issuers	Fair Value	Unrealized Losses	Number of Issuers
	($ In Millions)					
U. S. government and agencies	$ 53	$ 1	4	$ 1,930	$ 495	1
States, territories and possessions	763	47	26	29	10	1
Special revenue	165	8	24	-	-	-
Industrial and miscellaneous	5,583	256	451	3,966	733	532
Parent, subsidiaries and affiliates	2,284	125	13	516	204	24
Total	$ 8,848	$ 437	518	$ 6,441	$ 1,442	558

Note: The unrealized losses in this table include $66 million of losses embedded in the carrying value. These unrealized losses include $58 million from NAIC Category 6 bonds and $8 million reclassified from NAIC Category 6 for RMBS and CMBS with ratings obtained from outside modelers.

For industrial and miscellaneous, the decrease in unrealized losses for the 12 months or longer category is due to market recovery, reduction due to OTTI and sales. The majority of the unrealized losses are due to the decline in the credit markets, liquidity and other uncertainties that are reflected in current market values. These factors continue to impact the value of residential mortgage-backed securities (RMBS), leveraged loans and commercial mortgage-backed securities (CMBS). Deterioration of underlying collateral, downgrades of credit ratings or other factors may lead to further declines in value.

As of March 31, 2011, investments in structured and loan-backed securities for which OTTI had not been recognized in earnings and which were in an unrealized loss position had a fair value of $4,051 million. Structured and loan-backed securities in an unrealized loss position for less than 12 months had a fair value of $1,688 million and unrealized losses of $76 million. Structured and loan-backed securities in an unrealized loss position greater than 12 months had a fair value of $2,363 million and unrealized losses of $441 million. These structured and loan-backed securities were primarily categorized as industrial and miscellaneous and U.S. government and agency securities.

Based on the Company's policies, as of March 31, 2011 and December 31, 2010, the Company has not deemed these investments to be other-than-temporarily impaired because the carrying value of the investments is expected to be realized based on our analysis of fair value or, for loan-backed and structured securities, based on present value of cash flows, and the Company has the ability and intent not to sell these investments until recovery, which may be maturity.

In the course of the Company's asset management, securities may be sold and repurchased within 30 days of the sale date to enhance the Company's yield on its investment portfolio. The Company did not sell any securities at a loss or in a loss position with the NAIC's Designation 3 or below for the period ended March 31, 2011 or the year ended December 31, 2010 that were reacquired within 30 days of the sale date.

Residential mortgage-backed exposure

RMBS are included in the U.S. government, special revenue and industrial and miscellaneous bond categories. The Alt-A category includes option adjustable rate mortgages, and the subprime category includes "scratch and dent" or reperforming pools, high loan-to-value pools, and pools where the borrowers have very impaired credit but the average loan-to-value is low, typically 70% or below. In identifying Alt-A and subprime exposure, management used a combination of qualitative and quantitative factors, including FICO scores and loan-to-value ratios.

For the past few years, market conditions for Alt-A and subprime investments have been unusually weak due to higher delinquencies, reduced home prices, and reduced refinancing opportunities. This market turbulence has spread to other credit markets. It is unclear how long it will take for a return to conditions in effect prior to that time.

b. Common stocks - subsidiaries and affiliates

On March 25, 2010, MassMutual and MMHLLC completed an equity for debt swap. MMHLLC swapped $500 million of MassMutual's contributed capital for $500 million of additional notes payable to MassMutual. No cash was distributed by MMHLLC.

Legal matters at the Company's subsidiaries, to the extent they develop adversely, may have a negative impact on the Company's investment in MMHLLC.

OppenheimerFunds, Inc. (OFI), an indirect subsidiary of MMHLLC, has concluded settlements with six states - Illinois, Oregon, Texas, Nebraska, Maine and New Mexico, regarding investigations of the management of those states' Section 529 college savings plans. However, with respect to New Mexico, two lawsuits have been filed in the Circuit Court for Santa Fe County, New Mexico seeking to challenge the settlement. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In April 2010, a lawsuit was filed in New York state court against OFI, its subsidiary HarbourView Asset Management Corporation (HVAMC) and AAArdvark IV Funding Limited in connection with the investment made by TSL (USA) Inc., an affiliate of National Australia Bank Limited in AAArdvark IV. The complaint alleges breach of contract, breach of the covenant of good faith and fair dealing, gross negligence, unjust enrichment and conversion. The complaint seeks compensatory and punitive damages, along with attorney fees. The Court has dismissed certain equitable claims against OFI and HVAMC, leaving only the claims for breach of contract. Plaintiffs have filed an amended complaint with additional contractual claims. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

Two derivative actions on behalf of two Oppenheimer Acquisition Corp. (OAC) funds were filed in the federal district court in Colorado in March 2010 alleging that as a matter of law, asset-based payments made under each Fund's Rule 12b-1 Distribution and Service Plan or by OppenheimerFunds Distributor, Inc. (OFDI) to broker dealers that are not registered as investment advisers are impermissible under the Investment Advisers Act of 1940 and that such payments violate the provisions of the Investment Company Act of 1940. In September 2010, the court granted defendants' motion to transfer venue to the U.S. District Court for the Southern District of New York. Motions to dismiss both suits have been filed by the defendants. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In 2009, several lawsuits were filed against OFI, and other parties in various federal courts, as putative class actions and derivative claims in connection with the investment performance of Oppenheimer Core Bond Fund (Core Bond Fund) and Oppenheimer Champion Income Fund (Champion Income Fund) distributed and advised by OAC subsidiaries, indirect subsidiaries of MMHLLC. The lawsuits raise claims under federal securities laws alleging that, among other things, the disclosure documents of these funds contained misrepresentations and omissions, that the investment policies of these funds were not followed and that these funds and other defendants violated federal securities laws and regulations and certain state laws. The Core Bond Fund and Champion Income Fund putative class action claims have been consolidated into two groups, one for each of the funds, and are currently pending in federal district court in Colorado. Accruals, representing the amount that management believes are sufficient to cover these matters and an offsetting insurance recovery, were established in the 2010 financial statements of the Company's subsidiary.

Beyond these matters, MMHLLC's subsidiaries are involved in litigation and investigations arising in the ordinary course of the subsidiaries' businesses. While the Company is not aware of any actions or allegations that should reasonably give rise to a material adverse impact to the Company's financial position or liquidity, because of the uncertainties involved with some of these matters, future revisions to the estimates of the potential liability could materially affect the Company's financial position.

c. Mortgage loans

Mortgage loans are comprised of commercial mortgage loans and residential mortgage loan pools. The carrying value of mortgage loans was $12,448 million, net of valuation allowances of $102 million as of March 31, 2011. The carrying value of mortgage loans was $12,166 million, net of valuation allowances of $140 million as of December 31, 2010.

Residential mortgage loan pools are pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration (FHA) and Veterans Administration (VA) guarantees. The Company purchases seasoned loan pools, most of which are FHA insured or VA guaranteed.

The amortized cost, carrying value and fair value of the Company's mortgage loans were as follows:

	March 31, 2011		
	Amortized Cost	Carrying Value	Fair Value
	(In Millions)		
Commercial mortgage loans			
Primary lender	$ 9,917	$ 9,968	$ 10,088
Mezzanine loans	65	33	32
Total commercial mortgage loans	9,982	10,001	10,120
Residential mortgage loans			
FHA and VA guaranteed	2,421	2,421	2,322
Other residential loans	26	26	26
Total residential mortgage loans	2,447	2,447	2,348
Total mortgage loans	$ 12,429	$ 12,448	$ 12,468

	December 31, 2010		
	Amortized Cost	Carrying Value	Fair Value
	(In Millions)		
Commercial mortgage loans			
Primary lender	$ 9,557	$ 9,583	$ 9,723
Mezzanine loans	131	70	69
Total commercial mortgage loans	9,688	9,653	9,792
Residential mortgage loans			
FHA and VA guaranteed	2,485	2,485	2,392
Other residential loans	28	28	28
Total residential mortgage loans	2,513	2,513	2,420
Total mortgage loans	$ 12,201	$ 12,166	$ 12,212

The following table presents an analysis of the Company's commercial mortgage loans on which a valuation allowance was recorded:

	March 31, 2011				
	Carrying Value	Average Carrying Value	Unpaid Principal Balance	Valuation Allowance	Interest Income
	(In Millions)				
Commercial mortgage loans					
Primary lender	$ 571	$ 569	$ 642	$ (71)	$ 11
Mezzanine loans	4	7	37	(31)	-
Total	$ 575	$ 576	$ 679	$ (102)	$ 11

Note: As of March 31, 2011, the Company did not hold any residential mortgage loan pools with a valuation allowance recorded. All mortgage loans included in the table above were individually valued for impairment.

	December 31, 2010				
	Carrying Value	Average Carrying Value	Unpaid Principal Balance	Valuation Allowance	Interest Income
	(In Millions)				
Commercial mortgage loans					
Primary lender	$ 586	$ 591	$ 666	$ (79)	$ 38
Mezzanine loans	26	29	89	(61)	2
Total	$ 612	$ 620	$ 755	$ (140)	$ 40

Note: As of December 31, 2010, the Company did not hold any residential mortgage loan pools with a valuation allowance recorded. All mortgage loans included in the table above were individually valued for impairment.

The Company had $41 million and $19 million of unpaid principal balance in impaired commercial mortgage loans with no related valuation allowance recorded as of March 31, 2011 and December 31, 2010, respectively.

The following table represents the valuation allowance recorded for the Company's mortgage loans:

	March 31, 2011			December 31, 2010		
	Commercial					
	Primary Lender	Mezzanine	Total	Primary Lender	Mezzanine	Total
	(In Millions)					
Beginning balance	$ (79)	$ (61)	$ (140)	$ (133)	$ (58)	$ (191)
Additions	(1)	(8)	(9)	(31)	(9)	(40)
Decreases	8	1	9	33	6	39
Write-downs	1	37	38	52	-	52
Ending balance	$ (71)	$ (31)	$ (102)	$ (79)	$ (61)	$ (140)

The change in the valuation allowance is recorded in change in net unrealized capital gains (losses) in the Condensed Statutory Statements of Changes in Surplus.

d. Net investment income

Net investment income was derived from the following sources:

	Three Months Ended March 31, 2011	2010
	(In Millions)	
Bonds	$ 712	$ 641
Preferred stocks	3	1
Common stocks - subsidiaries and affiliates	2	-
Common stocks - unaffiliated	1	1
Mortgage loans	172	175
Policy loans	166	170
Real estate	38	38
Partnerships and LLCs	97	45
Derivatives	27	31
Cash, cash equivalents and short-term investments	2	2
Other	-	1
Subtotal investment income	1,220	1,105
Amortization of the IMR	31	16
Investment expenses	(89)	(87)
Net investment income	$ 1,162	$ 1,034

e. Net realized capital gains and losses

Net realized capital gains (losses) including OTTI were comprised of the following:

	Three Months Ended March 31, 2011	2010
	(In Millions)	
Bonds	$ 39	$ (78)
Common stocks - subsidiaries and affiliates	1	2
Common stocks - unaffiliated	1	1
Mortgage loans	(40)	(10)
Real estate	1	68
Partnerships and LLCs	(14)	(28)
Derivatives and other	(105)	23
Federal and state taxes	61	(20)
Net realized capital gains (losses) before deferral to the IMR	(56)	(42)
Net (gains) losses deferred to the IMR	(3)	(57)
Taxes	13	8
Net after tax (gains) losses deferred to the IMR	10	(49)
Net realized capital gains (losses)	$ (46)	$ (91)

Portions of realized capital gains and losses, which were determined to be interest related, were deferred into the IMR. The IMR balance was a liability of $35 million and nonadmitted asset of $61 million as of March 31, 2011. The IMR balance was a liability of $76 million and nonadmitted asset of $54 million as of December 31, 2010. Since the IMR is not calculated on a consolidated basis and an IMR asset must be nonadmitted, there is no netting of liabilities and assets between MassMutual and its subsidiaries which contribute to the consolidation.

OTTI which are included in the net realized capital gains (losses) above consisted of the following:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(In Millions)	
Bonds	$ (35)	$ (88)
Common stock	(1)	(2)
Mortgage loans	(41)	-
Partnerships and LLCs	(1)	(28)
Total OTTI	$ (78)	$ (118)

f. Derivative financial instruments

The Company uses derivative financial instruments in the normal course of business to manage risks, primarily to reduce interest rate and duration imbalances determined in asset/liability analyses. The Company also uses a combination of derivatives and fixed income investments to create synthetic investment positions. These combined investments are created opportunistically when they are economically more attractive than the simulated instrument or when the simulated instruments are unavailable. Synthetic assets can be created to either hedge and reduce the Company's exposure or increase the Company's exposure to a particular asset. The Company held synthetic assets which increased the Company's exposure to $2,233 million as of March 31, 2011 and $2,301 million as of December 31, 2010. Of this amount, $294 million as of March 31, 2011 and $362 million as of December 31, 2010, were considered replicated asset transactions as defined under statutory accounting principles as the pairing of a long derivative contract with a cash instrument held. The Company’s derivative strategy employs a variety of derivative financial instruments, including interest rate swaps, currency swaps, equity and credit default swaps, options, interest rate caps and floors, forward contracts and financial futures. Investment risk is assessed on a portfolio basis and individual derivative financial instruments are not designated in hedging relationships; therefore, as allowed by accounting rules, the Company specifically and intentionally made the decision not to apply hedge accounting.

The Company's principal derivative market risk exposures are interest rate risk, which includes the impact of inflation and credit risk. Interest rate risk pertains to the change in fair value of the derivative instruments as market interest rates move. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. In order to minimize credit risk, the Company and its derivative counterparties require collateral to be posted in the amount owed under each transaction, subject to threshold and minimum transfer amounts that are functions of the rating on the counterparty's long-term, unsecured, unsubordinated debt. Additionally, in many instances, the Company enters into agreements with counterparties that allow for contracts in a positive position, where the Company is due amounts, to be offset by contracts in a negative position. This right of offset, combined with collateral obtained from counterparties, reduces the Company's exposure. Collateral pledged by the counterparties was $1,837 million as of March 31, 2011 and $2,182 million as of December 31, 2010. In the event of default the full market value exposure at risk in a net gain position, net of offsets and collateral was $53 million as of March 31, 2011 and $30 million as of December 31, 2010. The amount at risk using NAIC prescribed rules was $412 million as of March 31, 2011 and $314 million as of December 31, 2010. Negative values in the carrying value of a particular derivative category can result from a counterparty's right to offset positions in multiple derivative financial instruments. The Company regularly monitors counterparty credit ratings and exposures, derivative positions and valuations and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of exposure is minimized. The Company monitors this exposure as part of its management of the Company's overall credit exposures.

Credit default swaps involve a transfer of the credit risk of fixed income instruments from one party to another in exchange for periodic premium payments. The buyer of the credit default swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the underlying security. This transfers the risk of default from the buyer of the swap to the seller. If a specified credit event occurs, as defined by the agreement, the seller is obligated to pay the counterparty the contractually agreed upon amount and receives in return the underlying security in an amount equal to the notional value of the credit default swap. A credit event is generally defined as default on contractually obligated interest or principal payments or bankruptcy. The Company does not write credit default swaps as a participant in the credit insurance market but does sell swaps to generate returns consistent with bond returns when the actual bond is not available or the market price is more expensive.

The Company uses credit default swaps to either reduce exposure to particular issuers by buying protection or increase exposure to issuers by selling protection against specified credit events. The Company buys protection as an efficient means to reduce credit exposure to particular issuers or sectors in the Company's investment portfolio. The Company sells protection to enhance the return on its investment portfolio by providing comparable exposure to fixed income securities that might not be available in the primary market or to enter into synthetic transactions by buying a high quality liquid bond to match against the credit default swap.

The following tables summarize the carrying values and notional amounts of the Company's derivative financial instruments:

	March 31, 2011			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	$ 2,124	$ 62,792	$ 151	$ 7,992
Currency swaps	83	1,123	100	602
Options	217	4,873	(47)	1,036
Asset and credit default swaps	24	1,479	-	92
Forward contracts	(36)	3,398	31	580
Financial futures - short positions	-	863	-	-
Financial futures - long positions	-	3,080	-	-
Total	$ 2,412	$ 77,608	$ 235	$ 10,302

	December 31, 2010			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	$ 2,130	$ 57,239	$ 158	$ 6,992
Currency swaps	92	1,059	75	592
Options	274	6,092	(50)	732
Asset and credit default swaps	27	1,636	-	65
Forward contracts	13	1,646	(9)	1,792
Financial futures - short positions	-	462	-	-
Financial futures - long positions	-	2,959	-	-
Total	$ 2,536	$ 71,093	$ 174	$ 10,173

In most cases, the notionals are not a measure of the Company's credit exposure, the exceptions to this rule are mortgage-backed forwards and credit default swaps that sell protection. In the event of default, the Company is fully exposed to the notionals of both of these types of derivatives. Collateral is exchanged for all derivative types except mortgage-backed forwards. For all other contracts, the amounts exchanged are calculated on the basis of the notional amounts and the other terms of the instruments, which relate to interest rates, exchange rates, security prices or financial or other indices.

The following tables summarize the Company's net realized gains (losses) on closed contracts and change in net unrealized gains (losses) on the mark to market of open contracts by derivative type:

	March 31, 2011		March 31, 2010	
	Net Realized Gains (Losses) Closed Contracts	Change In Net Unrealized Gains (Losses) Mark-to-Market Open Contracts	Net Realized Gains (Losses) Closed Contracts	Change In Net Unrealized Gains (Losses) Mark-to-Market Open Contracts
	(In Millions)			
Interest rate swaps	$ (12)	$ 1	$ 2	$ (7)
Currency swaps	(3)	(35)	(3)	7
Options	(52)	(29)	12	(114)
Asset, equity and credit default swaps	2	(4)	-	(8)
Forward contracts	17	(89)	46	41
Financial futures - long positions	(30)	-	14	-
Financial futures - short positions	(25)	-	(48)	-
Total	$ (103)	$ (156)	$ 23	$ (81)

5. *Fair value of financial instruments*

The following fair value disclosure summarizes the Company's financial instruments:

	March 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Millions)			
Financial assets:				
Bonds				
U. S. government and agencies	$ 9,124	$ 9,036	$ 9,269	$ 9,365
All other governments	117	141	116	143
States, territories and possessions	1,510	1,504	1,474	1,458
Special revenue	1,981	2,137	2,046	2,211
Industrial and miscellaneous	36,405	37,698	36,428	37,694
Credit tenant loans	94	107	96	109
Parent, subsidiaries and affiliates	5,534	5,721	5,311	5,261
Preferred stocks	331	353	322	342
Common stock - unaffiliated	303	303	244	244
Common stock - affiliated (1)	414	414	401	401
Mortgage loans - commerical	10,001	10,120	9,653	9,792
Mortgage loans - residential	2,447	2,348	2,513	2,420
Cash, cash equivalents and short-term investments	1,993	1,993	1,590	1,590
Derivatives				
Forward contracts	(36)	(36)	13	13
Interest rate swaps	2,124	2,124	2,130	2,130
Currency swaps	83	83	92	92
Asset and credit default swaps	24	24	27	27
Options	217	217	274	274
Financial liabilities:				
Commercial paper	250	250	250	250
Securities sold under agreements to repurchase	4,033	4,033	4,163	4,163
Funding agreements	2,319	2,396	2,299	2,373
Investment-type insurance contracts:				
Group annuity investment contracts	6,735	7,245	6,787	7,275
Individual annuity investment contracts	7,308	7,448	7,303	7,514
Guaranteed investment contracts	5	5	18	18
Supplementary investment contracts	1,039	1,040	1,045	1,045

(1) Common stocks - affiliated does not include MMHLLC which had a statutory carrying value of $2,572 million as of March 31, 2011 and $2,502 million as of December 31, 2010. Also excluded is C.M. Life which had a statutory carrying value of $863 million as of March 31, 2011 and $837 million as of December 31, 2010.

	March 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Millions)			
Financial liabilities (continued):				
Derivatives				
Forward contracts	$ 31	$ 31	$ (9)	$ (9)
Interest rate swaps	151	151	158	158
Currency swaps	100	100	75	75
Options	(47)	(47)	(50)	(50)

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

Level 3 bonds were 28.6% of the total fair value of bonds as of March 31, 2011 and 27.2% as of December 31, 2010.

The average fair value of outstanding derivative financial instrument assets over the course of the year was $2,474 million as of March 31, 2011 and $2,536 million as of December 31, 2010. The average fair value of outstanding derivative financial instrument liabilities over the course of the year was $205 million as of March 31, 2011 and $150 million as of December 31, 2010.

Fair value hierarchy

For the period ended March 31, 2011, there were no significant changes to the Company's valuation techniques.

The following tables present the Company's fair value hierarchy for financial instruments which are carried at fair value:

	March 31, 2011				
	Level 1	Level 2	Level 3	Netting [1]	Total
	(In Millions)				
Financial assets:					
Bonds					
Industrial and miscellaneous	$ -	$ 21	$ 24	$ -	$ 45
Parent, subsidiaries and affiliates	-	8	25	-	33
Common stock - unaffiliated	80	36	187	-	303
Common stock - affiliated [2]	-	348	66	-	414
Cash equivalents and short-term investments [3]	-	1,740	-	-	1,740
Separate account assets [4]	37,062	9,871	288	-	47,221
Derivatives					-
Forward contracts	-	19	-	(55)	(36)
Interest rate swaps	-	3,584	-	(1,460)	2,124
Currency swaps	-	158	-	(75)	83
Asset and credit default swaps	-	36	-	(12)	24
Options	-	278	-	(61)	217
Total financial assets carried at fair value	$ 37,142	$ 16,099	$ 590	$ (1,663)	$ 52,168
Financial liabilities:					
Derivatives					
Forward contracts	$ -	$ 86	$ -	$ (55)	$ 31
Interest rate swaps	-	1,607	4	(1,460)	151
Currency swaps	-	175	-	(75)	100
Asset and credit default swaps	-	12	-	(12)	-
Options	-	14	-	(61)	(47)
Total financial liabilities carried at fair value	$ -	$ 1,894	$ 4	$ (1,663)	$ 235

(1) *Netting adjustments represent offsetting positions that may exist under a master-netting agreement with a counterparty where amounts due from the counterparty are offset against amounts due to the counterparty.*

(2) *Common stocks – affiliated does not include MMHLLC which had a statutory carrying value of $2,572 million and C.M. Life which had a statuory carrying value of $863 million.*

(3) *Does not include cash of $253 million.*

(4) *$1,243 million of book value separate account assets and $692 million of market value separate account assets are not carried at fair value and therefore, not included in this table.*

	December 31, 2010				
	Level 1	Level 2	Level 3	Netting [(1)]	Total
	(In Millions)				
Financial assets:					
Bonds					
Industrial and miscellaneous	$ -	$ 74	$ 46	$ -	$ 120
Parent, subsidiaries and affiliates	-	10	20	-	30
Preferred stocks NAIC 4-6	2	-	-	-	2
Common stock - unaffiliated	77	9	158	-	244
Common stock - affiliated [(2)]	-	332	69	-	401
Cash equivalents and short-term investments [(3)]	-	1,166	-	-	1,166
Separate account assets [(4)]	35,704	9,419	272	-	45,395
Derivatives					
Forward contracts	-	38	-	(25)	13
Interest rate swaps	-	3,799	-	(1,669)	2,130
Currency swaps	-	159	-	(67)	92
Asset and credit default swaps	-	40	-	(13)	27
Options	-	338	-	(64)	274
Total financial assets carried at fair value	$ 35,783	$ 15,384	$ 565	$ (1,838)	$ 49,894
Financial liabilities:					
Derivatives					
Forward contracts	$ -	$ 16	$ -	$ (25)	$ (9)
Interest rate swaps	-	1,827	-	(1,669)	158
Currency swaps	-	142	-	(67)	75
Asset and credit default swaps	-	13	-	(13)	-
Options	-	14	-	(64)	(50)
Total financial liabilities carried at fair value	$ -	$ 2,012	$ -	$ (1,838)	$ 174

(1) Netting adjustments represent offsetting positions that may exist under a master-netting agreement with a counterparty where amounts due from the counterparty are offset against amounts due to the counterparty.

(2) Common stocks – affiliated does not include MMHLLC which had a statutory carrying value of $2,502 million and C.M. Life which had a statutory carrying value of $837 million.

(3) Does not include cash of $424 million.

(4) $1,249 million of book value separate account assets and $641 million of market value separate account assets are not carried at fair value and therefore, not included in this table. In addition, $370 million was reclassed from Level 3 to Level 2 to conform with management's classifications.

For the period ended March 31, 2011, there were no significant transfers between Level 1 and Level 2.

The following tables present changes in the Company's Level 3 financial instruments which are carried at fair value:

	Balance as of 12/31/2010	Gains (Losses) in Net Income	Gains (Losses) in Surplus	Purchases	Issuances	Sales	Settlements	Transfers into Level 3 (1)	Transfers out of Level 3 (1)	Other Transfers (2)	Balance as of 3/31/2011
	(In Millions)										
Financial assets:											
Bonds											
Industrial and miscellaneous	$ 46	$ (1)	$ (1)	$ 2	$ 23	$ -	$ (33)	$ -	$ -	$ (12)	$ 24
Parent, subsidiaries and affiliates	20	-	5	-	-	-	-	-	-	-	25
Common stock - unaffiliated	158	2	6	50	-	(3)	-	-	(26)	-	187
Common stock - affiliated	69	-	1	-	-	-	-	-	(4)	-	66
Separate account assets	272	21	-	3	-	(8)	-	-	-	-	288
Total Level 3 financial assets carried at fair value	$ 565	$ 22	$ 11	$ 55	$ 23	$ (11)	$ (33)	$ -	$ (30)	$ (12)	$ 590
Financial liabilities:											
Derivatives											
Interest rate swaps	$ -	$ 3	$ -	$ -	$ -	$ -	$ -	$ 1	$ -	$ -	$ 4

(1) *These columns identify assets and liabilities that are consistently carried at fair value but have had a level change. Generally transfers out of Level 3 occur when quoted prices are received in markets that have not been active, and therefore the assets or liabilities are moved to Level 2.*

(2) *This column identifies assets and liabilities that are either no longer carried at fair value, or have just begun to be carried at fair value, such as assets or liabilities with no level changes but change in lower of cost or market carrying basis.*

	Balance as of 12/31/2009	Gains (Losses) in Net Income	Gains (Losses) in Surplus	Purchases	Issuances	Sales	Settlements	Transfers into Level 3 [(1)]	Transfers out of Level 3 [(1)]	Balance as of 12/31/2010
	(In Millions)									
Financial assets:										
Bonds										
Industrial and miscellaneous	$ -	$ 4	$ (1)	$ 10	$ 28	$ (20)	$ (32)	$ 175	$ (118)	$ 46
Parent, subsidiaries and affiliates	-	-	8	-	68	-	(68)	12	-	20
Preferred stocks NAIC 4-6	13	-	(1)	1	-	(8)	-	-	(5)	-
Common stock - unaffiliated	161	7	(1)	6	1	(16)	-	-	-	158
Common stock - affiliated	64	4	4	136	6	(136)	(9)	-	-	69
Separate account assets [(2)]	301	18	24	71	-	(125)	(20)	3	-	272
Derivatives:										
Interest rate swaps	1	(1)	-	-	-	-	-	-	-	-
Total Level 3 financial assets carried at fair value	$ 540	$ 32	$ 33	$ 224	$ 103	$ (305)	$ (129)	$ 190	$ (123)	$ 565
Financial liabilities:										
Derivatives										
Interest rate swaps	$ 2	$ (2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) *The majority of transfers into/out of Level 3 for bonds are related to NAIC Category 6 bonds. These bonds had previously been separately stated as being held at fair value on a non-recurring basis. The NAIC recently stated that all assets carried at fair value should be reported together.*

(2) *Reclassed $370 million from Level 3 to Level 2 to conform with management's classifications.*

6. Fixed assets

No significant changes.

7. Deferred and uncollected life insurance premium

No significant changes.

8. Surplus notes

No significant changes.

9. Related party transactions

No significant changes.

10. Reinsurance

No significant changes.

11. Policyholders' liabilities

Certain variable annuity contracts include additional death or other insurance benefit features, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum income benefits (GMIBs), guaranteed minimum accumulation benefits (GMABs) and guaranteed minimum withdrawal benefits (GMWBs). In general, these benefit guarantees require the contract or policyholder to adhere to a company-approved asset allocation strategy. Election of these benefits on annuity contracts is generally only available at contract issue. The reserves for variable annuity products with guaranteed death and living benefits were $436 million and $509 million as of March 31, 2011 and December 31, 2010, respectively.

The following table summarizes the account values, net amount at risk and weighted average attained age for variable annuity contracts with guaranteed minimum death, income, accumulation and withdrawal benefits classified as policyholders' reserves and separate account liabilities. The net amount at risk is defined as the minimum guarantee less the account value calculated on a policy-by-policy basis, but not less than zero.

	March 31, 2011			December 31, 2010		
	Account Value	Net Amount at Risk	Weighted Average Attained Age	Account Value	Net Amount at Risk	Weighted Average Attained Age
	($ In Millions)					
GMDB	$ 11,362	$ 201	61	$ 11,013	$ 283	61
GMIB	4,418	424	62	4,293	509	61
GMAB	1,502	17	57	1,416	29	57
GMWB	201	7	65	191	8	65

12. Debt

No significant changes.

13. Employee benefit plans

No significant changes.

14. Employee compensation plans

No significant changes.

15. Federal income taxes

As of the first quarter of 2011, the Company's net admitted DTA decreased by approximately $117 million from December 31, 2010. This was due mainly to a decrease in gross DTAs related to policyholder reserves and reductions in both unrealized derivative losses and other future deductible investment items.

16. Transferable state tax credits

No significant changes.

17. Business risks, commitments and contingencies

a. Risks and uncertainties

The Company operates in a business environment subject to various risks and uncertainties. Such risks and uncertainties include, but are not limited to currency exchange risk, interest rate risk and credit risk. Interest rate risk is the potential for interest rates to change, which can cause fluctuations in the value of investments and amounts due to policyholders. To the extent that fluctuations in interest rates cause the duration of assets and liabilities to differ, the Company controls its exposure to this risk by, among other things, asset/liability management techniques that account for the cash flow characteristics of the assets and liabilities.

Currency exchange risk

The Company has currency risk due to its non-U.S. dollar investments and medium-term notes along with its international operations. The Company mitigates currency risk through the use of cross-currency swaps and forward contracts. Cross-currency swaps are used to minimize currency risk for certain non-U.S. dollar assets and liabilities through a pre-specified exchange of interest and principal. Forward contracts are used to hedge movements in exchange rates.

Investment and interest rate risks

Investment earnings can be influenced by a number of factors including changes in interest rates, credit spreads, equity markets, general economic conditions and asset allocation. The Company employs a rigorous asset/liability management process to help manage the economics related to investment risks, in particular interest rate risk.

As interest rates decline, certain securities are more susceptible to paydowns and prepayments. During such periods, the Company generally will not be able to reinvest the proceeds at comparable yields. Lower interest rates will likely result in lower net investment income and, if declines are sustained for a long period of time, the Company may be subject to reinvestment risks. Declining interest rates also result in increases in the fair value of the investment portfolio.

Interest rates also have an impact on the Company's products with guaranteed minimum payouts and interest credited to account holders. As interest rates decrease, investment spreads may shrink as interest rates approach minimum guarantees, leading to an increased liability to the Company. Due to the continued low interest rate environment, management is expecting the lower yields on purchases of fixed maturity investments to persist.

Asset based fees calculated as a percentage of the separate account assets are a source of revenue to the Company. Gains and losses in the equity markets may result in corresponding increases and decreases in the Company's separate account assets and related revenue.

Credit and other market risks

Credit risk is the risk that issuers of investments owned by the Company may default or that other parties may not be able to pay amounts due to the Company. The Company attempts to manage its investments to limit credit risk by diversifying its portfolio among various security types and industry sectors, as well as purchasing credit default swaps to transfer some of the risk.

During the past few years, declining U.S. housing prices led to higher delinquency and loss rates, reduced credit availability, and reduced liquidity in the residential loan and securities markets. The decline in housing prices was precipitated by several years of rising residential mortgage rates, and relaxed underwriting standards by residential mortgage loan originators and substantial growth in affordability mortgage products including pay option adjustable rate mortgages and interest only loans.

The downturn in housing prices caused a decline in the credit performance of RMBS securities with unprecedented borrower defaults. Market pricing was affected both by the deterioration in fundamentals as well as reduced liquidity and higher risk premium demanded by investors. Housing fundamentals stabilized in late 2009 and in 2010, creating an improvement in liquidity in the housing market as well. However, the mortgage sector continues to be affected by significant uncertainty over the foreclosure process, including the possibility of further home price declines and other factors. These concerns continue to affect security valuations and liquidity conditions in the securitized mortgage market.

The Company has implemented a review process for determining the nature and timing of OTTI on securities containing these risk characteristics. Cash flows are modeled for all bonds deemed to be at risk for impairment using prepayment, default, and loan loss severity assumptions that vary according to collateral attributes and house price trends since origination. These assumptions are reviewed quarterly and changes are made as market conditions warrant.

Internal models utilized in testing for impairment calculate the present value of cash flows expected to be received over the average life of the security, discounted at the purchase yield or discount margin. RMBS, CMBS and commercial mortgage loans are highly sensitive to evolving conditions that can impair the cash flows realized by investors and the ultimate emergence of losses is subject to uncertainty. If defaults were to increase above the stresses imposed in the Company's analysis or default severities were to be worse than expected, management would need to reassess whether such credit events have changed the Company's assessment of OTTI in light of changes in the expected performance of these assets. Weak new issue market conditions, coupled with uncertain rating agency requirements, continue to adversely affect lenders' underwriting appetite for new financing arrangements and hence could lead to a diminished ability to refinance the underlying mortgages. Also, a further downturn of the economy and the real estate market and high levels of unemployment could result in continued defaults and ultimately, additional recognition of OTTI.

Management's judgment regarding OTTI and estimated fair value depends upon evolving conditions that can alter the anticipated cash flows realized by investors and is also affected by the illiquid credit market environment, which makes it difficult to obtain readily determinable prices for RMBS and other investments, including leveraged loan exposure. Further deterioration in economic fundamentals, including factors such as high levels of unemployment and additional declines in the housing market, could affect management judgments regarding OTTI. In addition, deterioration in market conditions may affect carrying values assigned by management. These factors could negatively impact the Company's results of operations, surplus and disclosed fair values.

The Company has investments in structured products that are exposed primarily to the credit risk of corporate bank loans, corporate bonds or credit default swap contracts referencing corporate credit risk. Most of these structured investments are backed by corporate loans and are commonly known as Collateral Loan Obligations which are classified as Collateralized Debt Obligations (CDOs). The portfolios backing these investments are actively managed and diversified by industry and individual issuer concentrations. Due to the complex nature of CDOs and the reduced level of transparency to the underlying collateral pools for many market participants, the recovery in CDO valuations has generally lagged the overall recovery in the underlying assets. Management believes its scenario analysis approach, based on actual collateral data and forward looking assumptions, does capture the credit and most other risks in each pool. However, in a rapidly changing economic environment the credit and other risks in each collateral pool will be more volatile and actual credit performance of each CDO investment may differ from our assumptions.

In spite of ongoing concerns over sovereign issuers in certain parts of Europe, the risks related to the Company's investments in European leveraged loans have continued to decrease, as a strong recovery in European corporate earnings continues to take hold and secondary loan market liquidity and pricing steadily improved over the year. Prepayment rates have picked up significantly, primarily driven by the issuance of bonds to take out loans. Default rates have continued to fall from a peak during the third quarter of 2009, and are currently declining towards their long-term historical averages.

Current market conditions continue to be a factor in the Company’s mortgage loan portfolio. However, economic indicators are starting to provide signals for a recovery which include improved employment, strong consumer confidence and continued investment in infrastructure by private companies.

Real estate fundamentals are improving. Vacancy rates for apartments and hotels are now experiencing improvement while office, retail and industrial vacancy rates are near peak. In 2011, real estate concessions are expected to decrease which will continue to strengthen net operating income results. Additional signs of recovery include new capital investments, tightening of spreads on new debt transactions and fierce competition for quality assets, in major markets, with stable cash flows.

Market risk arises within the Company’s employee benefit plans to the extent that the obligations of the plans are not fully matched by assets with determinable cash flows. Pension and postretirement obligations are subject to change due to fluctuations in the discount rates used to measure the liabilities as well as factors such as changes in inflation, salary increases and participants living longer. The risks are that market fluctuations could result in assets which are insufficient over time to cover the level of projected benefit obligations. In addition, increases in inflation and members living longer could increase the pension and postretirement obligations. Management determines the level of this risk using reports prepared by independent actuaries and takes action, where appropriate, in terms of setting investment strategy and determining contribution levels. In the event that the pension obligations arising under the Company’s employee benefit plans exceed the assets set aside to meet the obligations, the Company may be required to make additional contributions or increase its level of contributions to these plans.

b. Litigation

The Company is involved in litigation arising in and out of the normal course of business, which seeks both compensatory and punitive damages. While the Company is not aware of any actions or allegations that should reasonably give rise to a material adverse impact to the Company’s financial position or liquidity, the outcome of litigation cannot be foreseen with certainty. It is the opinion of management that the ultimate resolution of these matters will not materially impact the Company’s financial position or liquidity. However, the outcome of a particular proceeding may be material to the Company’s operating results for a particular period depending upon, among other factors, the size of the loss or liability and the level of the Company’s income for the period.

Monte K. Freeman (Freeman) filed a putative class action complaint against MML Bay State in January 2010 in federal district court in Connecticut. Freeman alleges that MML Bay State breached its variable universal life insurance contract by deducting charges unrelated to mortality in the mortality component of its cost of insurance charges. Upon MML Bay State's motion, the Connecticut court transferred the case to federal district court in New Jersey. On January 4, 2011, the court issued an order, dated December 22, 2010, granting MML Bay State's motion for summary judgment. Freeman has appealed the decision.

Christina Chavez (Chavez) filed a putative class action complaint against MassMutual in April 2010. Chavez alleges that MassMutual breached its obligations to its term life policyholders in California by failing to pay dividends on those policies. Formal written discovery requests have been exchanged by all parties. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In 2009, numerous lawsuits (the Rochester Suits) were filed as putative class actions in connection with the investment performance of certain municipal bond funds advised by OFI and distributed by its subsidiary, OFDI. The Rochester Suits raise claims under federal securities laws alleging that, among other things, the disclosure documents of these funds contained misrepresentations and omissions, that the investment policies of these funds were not followed and that these funds and other defendants violated federal securities laws and regulations and certain state laws. The Rochester Suits have been consolidated into seven groups, one for each of the funds, and are currently pending in federal district court in Colorado. Amended complaints and motions to dismiss have been filed in the Rochester Suits. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In May 2009, MassMutual was named as a defendant in a private action related to certain losses in a Bank Owned Life Insurance (BOLI) contract issued by MassMutual. The plaintiff alleges, among other things, fraud, breach of contract and breach of fiduciary duty claims against MassMutual and seeks to recover losses arising from investments under the BOLI contract. MassMutual believes it has substantial defenses in this action. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

Since December 2008, MassMutual and MMHLLC have been named as defendants in a number of putative class action and individual lawsuits filed by investors seeking to recover investments they allegedly lost as a result of the "Ponzi" scheme run by Bernard L. Madoff through his company, Bernard L. Madoff Investment Securities, LLC (BLMIS). The plaintiffs allege a variety of state law and federal securities claims against MassMutual and/or MMHLLC, and certain of its subsidiaries, seeking to recover losses arising from their investments in several funds managed by Tremont Group Holdings, Inc. (Tremont) or Tremont Partners, Inc., including Rye Select Broad Market Prime Fund, L.P., Rye Select Broad Market Fund, L.P., American Masters Broad Market Prime Fund, L.P., American Masters Market Neutral Fund, L.P. and/or Tremont Market Neutral Fund, L.P. Tremont and its subsidiary, Tremont Partners, Inc., are indirect subsidiaries of MMHLLC. MassMutual and MMHLLC believe they have substantial defenses and will vigorously defend themselves in these actions. Certain of those lawsuits have been consolidated into three groups of suits pending in the U.S. District Court for the Southern District of New York. A number of these lawsuits have been filed in state courts in Florida, New York, California, Washington, Texas and Connecticut by investors in Tremont funds against Tremont, and in certain cases against MassMutual, MMHLLC and other defendants, raising claims similar to those in the consolidated federal litigation. Those cases are in various stages of litigation, and some of them have been stayed pending the outcome of the federal litigation. In February 2011, the parties submitted to the court a proposed settlement agreement with respect to this federal litigation. Because of the number of conditions related to this agreement, MassMutual and MMHLLC have not recorded a loss contingency in their financial statements relating to these lawsuits. MassMutual and MMHLLC believe the uncertainties arising from the complexity of these suits and collateral proceedings make it premature to render any opinion as to the likelihood of an outcome unfavorable to them, and that, not withstanding the proposed settlement, no estimate can yet be made with any degree of certainty as to the amount or range of any potential loss.

In 2009, the Trustee appointed under the Securities Investor Protection Act to liquidate BLMIS notified Tremont that the bankruptcy estate of BLMIS has purported preference and fraudulent transfer claims against Tremont's Rye Select Broad Market funds and certain other Tremont-managed funds to recover redemption payments received from BLMIS by certain of those Rye Select funds. In addition, in December 2010, the Trustee filed suit in the U.S. Bankruptcy Court for the Southern District of New York against Tremont, OAC, MassMutual and others. In the opinion of management, and after consultation with counsel, the Company does not expect to have any direct liability related to the resolution of any such claims that may be asserted by the Trustee. Certain of these Tremont funds, in turn, have notified the Trustee of substantial claims by them against BLMIS. Tremont has been negotiating with the Trustee on behalf of those funds in an attempt to reach a mutually acceptable settlement of the Trustee's claims. There is no guarantee that Tremont will be successful in effecting such settlement.

18. Withdrawal characteristics

Separate accounts

At year end 2010 the Company's classification of separate account premium included $1,253 million classified as guaranteed, which should have been classified as nonguaranteed. The total premium amount presented for separate accounts was correct.

19. Presentation of the Condensed Consolidated Statutory Statements of Cash Flows

As required by SSAP No. 69 "Statement of Cash Flows," the Company has included in the Condensed Consolidated Statutory Statements of Cash Flows, non-cash transactions primarily related to the following:

	Three Months Ended March 31, 2011	Year Ended December 31, 2010
	(In Millions)	
Bank loan transfer	$ 422	$ 1,262
Bond conversion	285	726
Stock conversion	100	534
Mortgages converted to other invested assets	50	200
Dividend reinvestment	2	8
Interest capitalization for long-term debt	1	9
Other invested assets stock distribution	1	9
Net investment income payment-in-kind bonds	1	4
Other invested assets converted to real estate	-	49
Other invested assets converted to mortgages	-	4

The bank loan transfer amount represents rollover transactions processed as the result of rate resets on existing bank loans and is included in the proceeds from investments sold, matured or repaid on bonds and cost of investments acquired for bonds on the Condensed Consolidated Statutory Statements of Cash Flows.

20. Subsequent events

MassMutual has evaluated subsequent events through May 12, 2011, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheet date and before the date of evaluation that would require disclosure.