



Consolidated¹ Statutory Financial Highlights of Massachusetts Mutual Life Insurance Company (MassMutual) Second Quarter 2014

August 18, 2014, Springfield, Mass. – Financial results for the six months ended June 30, 2014 included growth in earnings driven by strong net investment income results, sales and assets under management and surplus and total adjusted capital. Whole life sales² for the first six months of the year were \$176.2 million, compared to \$149.7 million in the same period of the prior year; yielding a growth rate of 18 percent and continuing the strong sales trend in our core product. Total retirement sales decreased to \$5.1 billion, compared to \$5.9 billion in the prior year, reflecting decreased opportunistic sales compared to previous 12 months, which more than offset a strong 19 percent increase in retirement plan sales, core to the retirement services strategy. Assets under management³ grew to \$674 billion from \$639 billion, up 5 percent from year-end. Meanwhile, the Company increased already strong levels of surplus to \$13,565 million, compared to \$12,524 million at year-end 2013, gaining 8 percent over prior year results.

“Through the first half of 2014, MassMutual again produced solid results with significant growth in earnings, sales and cash flows. We were well-positioned through the first six months of the year and look forward to an equally strong second half,” said Michael Rollings, Executive Vice President and Chief Financial Officer. “Sales² of whole life insurance increased 18 percent from the same period in 2013. Core retirement plan sales increased 19 percent over last year, despite an overall decrease in retirement services sales driven by lower opportunistic business sales. Our asset management businesses continued to produce strong results for the year, with significant cash flows and market appreciation as the primary drivers for growth. MassMutual has also continued to report strong levels of surplus and total adjusted capital while maintaining among the highest financial strength ratings⁴ in the industry.”

Financial Highlights for the first six months of 2014 (compared to same period in 2013 unless otherwise noted):

- Assets Under Management (AUM)³ of MassMutual and its subsidiaries totaled \$674 billion at June 30, 2014, compared to \$639 billion as of year-end 2013, an increase of 5 percent. This increase was a result of significant cash flows and market appreciation through the first six months of 2014.

¹ These consolidated statutory results of Massachusetts Mutual Life Insurance Company include its U.S.-domiciled wholly-owned life insurance subsidiaries: C.M. Life Insurance Company and MML Bay State Life Insurance Company (collectively, the “Company”).

² Weighted sales are based on weighted annualized new premium, with single premium payments weighted at 10 percent.

³ Assets Under Management include assets and certain external investment funds managed by MassMutual subsidiaries, including OppenheimerFunds Inc., Baring Asset Management Limited, Babson Capital Management LLC, and its subsidiary, Cornerstone Real Estate Advisers LLC.

⁴ Financial strength ratings for MassMutual and its subsidiaries, C.M. Life Insurance Company and MML Bay State Life Insurance Company are as follows: A.M. Best Company, A++ (Superior); Fitch Ratings, AA+ (Very Strong); Moody's Investors Service, Aa2 (Excellent); and Standard & Poor's, AA+ (Very Strong). Ratings are as of 8/1/2014 and are subject to change.

- Surplus totaled \$13,565 million at June 30, 2014, an increase of 8 percent from \$12,524 million at year-end 2013. In addition, total adjusted capital (which includes surplus as well as a portion of the dividend liability and asset valuation reserve) was \$15,646 million, up from \$14,531 million at year-end 2013, also an increase of 8 percent.
- As of June 30, 2014, total invested assets of the Company were \$131,025 million, compared to \$126,529 million at year-end 2013. The increase is attributed to favorable new and existing business dynamics.
- Revenue was \$12,776 million, compared to \$13,361 million for the prior year, a decrease of 4 percent. This was driven by a decrease in statutory premium, which more than offset a 21 percent increase in net investment income.
 - Statutory premium was \$8,913 million, compared to \$10,091 million, reflecting a decrease in retirement services sales partially offset by increases in life, annuity and executive benefits.
 - Net investment income was \$3,393 million, compared to \$2,810 million, an increase of 21 percent resulting from a \$401 million gain related to the sale of Fan Pier investments as well as higher asset levels, which more than offset modestly lower portfolio yields.
- Benefits and expenses, including the change in policyowner reserves, were \$11,557 million, compared to \$12,561 million, in line with minor changes in the sales mix.
- Consolidated statutory net gain from operations before dividends and taxes was \$1,219 million, compared to \$800 million. The increase was primarily due to the investment income related to the sale of Fan Pier investments of \$401 million, and non-recurrence of a \$355 million ceding commission paid in the prior year to purchase The Hartford's Retirement Plans business.
- Dividends⁵ to eligible participating policyowners were \$717 million, compared to \$664 million.
- The Company's net realized capital losses were \$16 million, compared to net realized capital losses of \$193 million for the same period in 2013. Lower capital losses reflect an increase in tax benefits of \$103 million, primarily from treasury futures, as well as a \$75 million decrease in non-interest related derivative losses resulting from lower equity market gains in 2014 compared to 2013, which were partially offset by losses on currency related derivatives.

About MassMutual

Founded in 1851, MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policyowners. The Company has a long history of financial strength and strong performance, and although dividends are not guaranteed, MassMutual has paid dividends to eligible participating policyowners consistently since the 1860s. With whole life insurance as its foundation, MassMutual provides products to help meet the financial needs of clients, such as life insurance, disability income insurance, long term care insurance, retirement/401(k) plan services, and annuities. In addition, the Company's strong and growing network of financial professionals helps clients make good financial decisions for the long-term.

MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company (MassMutual) and its affiliated companies and sales representatives. MassMutual is headquartered in Springfield, Massachusetts and its major affiliates include: Babson Capital Management LLC, and its subsidiary Cornerstone Real Estate Advisers LLC; Baring Asset Management Limited; The First Mercantile Trust Company; MassMutual International LLC; MML Investors Services, LLC, Member FINRA and SIPC; OppenheimerFunds Inc.; and The MassMutual Trust Company, FSB.
CRN201608-185260

⁵ Dividends are not guaranteed.

