

FITCH AFFIRMS NEW YORK LIFE'S IFS RTG AT 'AAA'; OUTLOOK TO NEGATIVE

Fitch Ratings-Chicago-16 April 2009: Fitch Ratings has affirmed all ratings on New York Life Insurance Company (New York Life) and its wholly-owned insurance subsidiaries (see complete list below). Fitch has also revised the Rating Outlook to Negative from Stable.

Today's rating affirmation reflects Fitch's view that New York Life's very strong capital and liquidity position, and favorable business profile continue to be consistent with rating expectations. Fitch believes that the company's exposure to future investment losses is manageable in the context of the company's capital position and statutory earnings under a base case scenario.

New York Life's very strong capital position reflects the company's very strong capital adequacy, as measured by both regulatory calculation and Fitch internal analysis, and modest use of financial leverage. As of year-end 2008, New York Life's risk-based capital (RBC) ratio increased to 429%, despite a 13% decline in total adjusted capital for the year driven by investment losses. Fitch believes New York Life has the flexibility to maintain strong levels of capital due to the participating nature of its large block of in-force, whole-life business as well as other insurance products. Financial leverage at year-end 2008 was 7.1%, which continues to be consistent with Fitch's rating expectations.

Fitch views New York Life's liquidity as very strong. The company has more than adequate financial flexibility with access to available sources of liquidity of \$41 billion from cash and short-term securities, bonds with market values at or above book value (highly liquid Government bonds, agency bonds, mortgage-backed securities and public investment grade bonds) and other funding sources such as the company's commercial paper program and allowable advances from the Federal Home Loan Bank of New York. New York Life has no financial debt due until 2033 and its funding agreement business appears substantially self-funding for several years given New York Life's strong asset/liability management program.

New York Life's favorable business profile, characterized by its excellent market position in traditional individual life insurance and fixed annuity markets are considered additional strengths for the rating.

The Negative Outlook reflects Fitch's view that the continuation of the challenging financial markets will further strain New York Life's financial results and balance sheet strength. As a result, there is potential for higher-than-expected credit related investment losses and further declines in the equity market to put pressure on New York Life's capital position. The Outlook also considers that continued earnings volatility for New York Life may be more than is tolerable at its current rating level given the aforementioned concerns.

The company's 2008 combined statutory net loss was \$950 million compared to net income of \$1,142 million a year ago. The decline was driven by net realized investment losses of \$1.3 billion, but was also negatively influenced by lower investment income from distributions from limited partnerships, equity market declines and higher new business strain associated with strong sales of individual life and immediate annuity products. Investment losses in 2008 were driven by credit losses and the company's planned effort to recover previously paid capital gains taxes through a program to realize offsetting capital losses.

Fitch expects New York Life's statutory results in 2009 to continue to be negatively impacted by investment-related impairments and lower fee-related income due to lower assets under management.

The ratings on New York Life's funding agreement backed note programs and related issues recognize that the trust obligations are secured by funding agreements issued by NYLIC with cash

flow structures that enable the trustees to pay the principal and interest on the notes. Thus, the note programs are dependent upon New York Life's credit quality and are assigned a rating equal to that company's Insurer Financial Strength (IFS) rating.

The commercial paper and surplus notes ratings are based on the organization's strong capacity to service its debt and its moderate levels of consolidated financial leverage. Total consolidated financial leverage (i.e. surplus notes, commercial paper outstanding divided by GAAP total adjusted capitalization) was 7.1% at year-end 2008 and 8.1% when including discount debt obligations for its SAILS (Share Appreciation Income Linked Securities) agreements.

New York Life is one of the largest life insurance organizations in the United States with \$175 billion in total statutory assets and \$13.5 billion in total adjusted capital at Dec. 31, 2008. Total assets under management decreased 11% in 2008 to \$249 billion.

Fitch has affirmed the following ratings with a Negative Outlook:

New York Life Insurance Company

--Issuer Default Rating (IDR) 'AA+';

--IFS 'AAA';

--Short-Term IDR 'F1+';

--Surplus note 'AA'; \$1,000,000,000 5.875% due May 15, 2033.

New York Life Insurance and Annuity Corporation

--IFS 'AAA'.

NYL Capital Corporation

--Commercial paper 'F1+'.

New York Life Funding

--Program Rating 'AAA'.

New York Life Global Funding

-Program Rating 'AAA'.

Contact: R. Andrew Davidson, CFA, +1-312-368-3144 or Douglas L. Meyer, CFA, +1-312-368-2061, Chicago.

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526, Email: cindy.stoller@fitchratings.com.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.