

Built For Times Like These



Financial Highlights*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	DECEMBER 31, 2008
INSURANCE SALES	\$ 2,149	\$ 2,427
INVESTMENT SALES	24,789	26,632
INDIVIDUAL LIFE INSURANCE IN FORCE	750,918	781,181
POLICYHOLDER BENEFITS AND DIVIDENDS	14,142	14,713
OPERATING REVENUE [†]	12,992	14,009
ASSETS UNDER MANAGEMENT	280,046	249,119
OPERATING EARNINGS [†]	1,278	1,283
SURPLUS AND ASSET VALUATION RESERVES [‡]	14,680	12,826

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Note: "New York Life" or "the Company," as used throughout this Report, can refer either separately to the parent company, New York Life Insurance Company, or one of its subsidiaries, or collectively to all New York Life companies, which include the parent company and its subsidiaries and affiliates.

Any discussion of ratings and safety throughout this Report applies only to the financial strength of New York Life, and not to the performance of any investment products issued by the Company. Such products' performance will fluctuate with market conditions.

* See Glossary of Terms on page 50. For complete information, see pages 24–41.

[†] For a detailed reconciliation of the Company's GAAP performance measures to these non-GAAP performance measures, see page 41.

[‡] For a detailed reconciliation of the Company's Surplus and Asset Valuation Reserves from GAAP equity, see page 39.

Policyholders may request a copy of the GAAP-basis consolidated unabridged financial statements (which are incorporated by reference into the Annual Report) and the statutory financial statements applicable to their respective companies by contacting the Secretary of the parent, New York Life Insurance Company, 51 Madison Avenue, New York, New York, 10010. The audited financial statements above are also available on our Web site (www.newyorklife.com).

To Our Policyholders



Shortly after the dramatic series of events that shook the nation's economy in September 2008, I began hearing from New York Life policyholders. The letters and e-mails expressed a common sentiment: "I am so glad my money is with New York Life." "I'm thankful for New York Life's prudence and stability." "Because of your company, I can sleep at night."

However, one note from a policyholder of many years remained in my thoughts for a long time after I read it. She wrote, "Thanks, New York Life. My family and I depend on you."

I don't think it can be said more plainly than that.

Times like these are a constant reminder of our Company's absolutely vital responsibility – and proven capability – to help provide financial security for your family. This is a guarantee that few can offer these days, but then, few other institutions are still rated as highly as New York Life for long-term financial strength.

In 2008, operating revenues increased \$1 billion over 2007, to \$14 billion. Operating earnings totaled nearly \$1.3 billion, surpassing 2007's record-setting results. Given the state of the markets in 2008, this represents a very impressive follow-up to two prior years of strong double-digit earnings growth.

How New York Life protects you in times of economic crisis

2008 was a disastrous year for much of the financial services industry. Life insurers were protected, to a degree, by the regulations that govern their business. These regulations spell out, for example, the amount of financial reserves insurers must hold and the types of investment risks that insurers can take.

Even so, many life insurance companies faced enormous challenges. Some had large amounts of money in complex investment instruments that were built upon shaky subprime



New York Life has always been known for its financial strength, which backs the long-term promises we make to our policyholders. On the pages that follow, you can read about how we have offered Americans peace of mind throughout the past 164 years.

*A History
of Financial
Strength*

real estate loans. Other companies were overly optimistic in pricing guaranteed variable annuities, only to find that the stock market collapse made these guarantees considerably more costly to honor – contributing to the capital shortfalls reported by some insurers.

Among all life insurers, mutually owned companies are weathering the storm best. As a mutual company – owned by our policyholders – New York Life answers only to the families we serve. We are not subject to the pressures of shareholders and do not have to take aggressive risks to meet Wall Street’s expectations.

Today, New York Life is the largest mutual life insurance company in America.* Let me point out just a few of the more striking contrasts between your Company and other major life insurers:

Financial strength ratings:

Following September’s market turmoil, several of the nation’s major life insurers received ratings downgrades by the rating agencies.

New York Life maintained the highest ratings for financial strength from the major rating agencies.

Federal relief funds:

Several of the nation’s largest insurers have applied for or received federal bailout funds.

New York Life said “No” to federal funds. We have more than sufficient financial strength to protect our policyholders.

Capital reserves:

Wall Street expects publicly owned insurers to remit “excess” capital to shareholders.

New York Life believes retaining generous capital reserves is essential for policyholder protection.

* “Fortune 500, ranked within industries, Insurance: Life, Health (Mutual),” Fortune magazine, May 5, 2008.

1845

New York Life became one of the first life insurance companies in the United States to pay dividends to policyholders.



In the 1990s, when other mutual life insurance companies were eager to obtain Wall Street money by going public, New York Life kept its commitment to mutuality. That far-sighted decision was made by our board of directors, led by my predecessor, Sy Sternberg, who retired as CEO of New York Life in July 2008. Sy strongly believed that the first duty of a life insurance company is to build long-term security for policyholders. Thanks to Sy – and generations of visionary leaders before him – New York Life has maintained its independence and its single-minded focus on your protection.

In his Chairman’s Message, beginning on page 9, Sy reflects on the compelling reasons why mutuality is, today more than ever, the right choice for our Company and for you, our policyholders.

Two pillars of financial security: life insurance and guaranteed lifetime income

New York Life’s combined domestic and international insurance sales grew to a record-setting \$2.4 billion in 2008, the second year that sales topped \$2 billion and an increase of 13 percent over 2007.

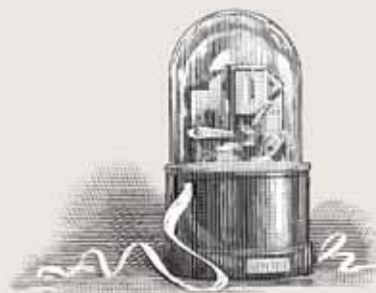
In the United States, our team of over 11,000 career agents posted record-setting sales of life insurance, totaling \$694 million, despite the harsh economic headwinds. Our 119 New York Life General Offices across the nation (see pages 43–46 for a complete listing) appointed a record 3,534 new agents in 2008. I am pleased to note that women and candidates from the diverse cultural markets we serve accounted for more than 50 percent of these appointments.

Our international business also posted record insurance sales in 2008, with gains of 21 percent over 2007, for a year-end total of \$685 million.

The value of life insurance from New York Life as an essential element of your financial portfolio has never been clearer. As one policyholder told his New York Life agent, “The cash value of my whole life policy went up this year – and I really can’t say the same for anything else I own.” While life insurance is always critical for guarding your family

1873

The crash of 1873 led to the demise of 50 national banks, 173 railroads and 81 life insurance companies. New York Life set new records that decade for financial strength and policies in force.



against the unexpected, people are now recognizing that whole life insurance can also be a reliable store of value in even the worst economy.

The stock market's deep decline in 2008 has taken a considerable toll on retirement savings, especially for those nearing or entering retirement now. According to a recent report in *The Wall Street Journal*,* more than \$2 trillion worth of stock value has been lost in 401(k) and IRA plans since the stock market's peak in October 2007. Today, a growing number of people are finding it wise to safeguard their retirements with New York Life's Guaranteed Lifetime Income products, annuities that enable you to convert a portion of your savings into an income stream that never fluctuates or runs out. New York Life is an undisputed leader in this arena, with annual sales of our Guaranteed Lifetime Income products surpassing \$1 billion, a new record. In 2008, sales totaled \$1.2 billion, a 55 percent increase over 2007.† In retirement savings, as in life insurance, consumers are turning to New York Life for the assurance of long-term safety and security they cannot find elsewhere.

A cushion of safety for our policyholders

New York Life has carefully managed its investment portfolio with an eye toward protecting policyholders against even the most prolonged economic downturn. Although we are not immune to what is taking place in the financial markets, our prudent and disciplined investment approach has helped us avoid the risky bets and considerable losses that have plagued other insurers.

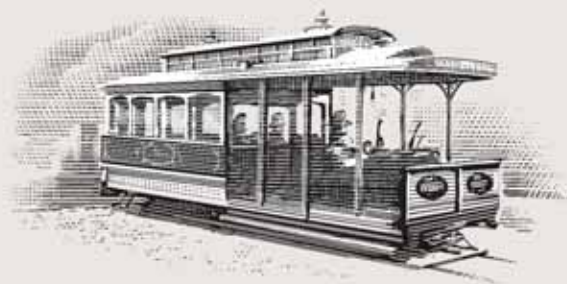
I have asked Gary Wendlandt, vice chairman of the board and chief investment officer, to report to you on the performance of New York Life's portfolio and on our strategies for maintaining superior financial strength in the years ahead. His discussion begins on page 12.

* Laise, Eleanor. "Big Slide in 401(k)s Spurs Calls for Change." *The Wall Street Journal*, January 8, 2009.

† Guaranteed Lifetime Income sales reported at 100 percent. Guaranteed Lifetime Income products are issued by New York Life Insurance and Annuity Corporation, a wholly-owned subsidiary of New York Life Insurance Company.

1906

As an earthquake and fires destroyed the city, New York Life's San Francisco employees buried policies in Golden Gate Park for safekeeping. After the quake, New York Life offered emergency loans, in gold coin, to policyholders.



Well before the current problems in the economy became apparent, we had already modeled a number of possible worst-case developments, such as an avian flu pandemic and various adverse economic scenarios. We believe it is our responsibility to be prepared to provide security in even the most extreme conditions. Our aim is to maintain a cushion that allows us to honor all of our commitments to policyholders during a crisis without compromising our financial strength.

With this in mind, New York Life increased its surplus and asset valuation reserves by almost \$6 billion between 2002 and 2007, to nearly \$14.7 billion.

At the end of 2008, market declines reduced the value of our surplus and asset valuation reserves to \$12.8 billion. While no one likes to see reductions, it is reassuring to know that our enhanced surplus has served the very purpose our plans anticipated: Because New York Life had the foresight to build a substantial cushion, we continued to have sufficient capital to meet rating agency capital requirements for triple-A financial strength ratings.

Leadership

During 2008, we welcomed another seasoned executive to our leadership roster: John Kim, a 25-year veteran of the investment management business, assumed leadership of New York Life Investments as its president and CEO. He brings tremendous depth of experience to our Company's investment management operations. New York Life Investments provides investment capabilities to institutional and individual investors, managing nearly \$225 billion in assets.

The board of directors of the New York Life Insurance Company regretfully bade farewell in 2008 to Jim Broadhead following ten years of dedicated service. When he joined

1914–1918

New York Life paid claims of \$6.7 million to families of those who died in combat during World War I. Through two world wars and civil war, New York Life has provided our nation's families with financial protection when it was needed most.



the board, he was president and CEO of FPL Group, Inc., where he was credited for modernizing this utility company into an agile competitor. A champion of good governance and sound business ethics, Jim Broadhead's personal values complemented and enhanced the values of New York Life.

The board selected an outstanding individual to join our board when they named Tom Moser a director in February 2008. Mr. Moser is a former vice chairman of KPMG, LLP, an international leader in audit, tax and advisory services. He brings impressive business acumen and a wealth of leadership experience to the Company.

Looking ahead

Even a company as strong as New York Life can expect to feel the effects of a downturn of extended duration. There is currently ample reason to believe 2009 will be another difficult year for the economy. The length, depth and breadth of the credit crisis has taken a toll on U.S. business; the housing market may not have yet hit bottom, and rising unemployment levels continue to be a serious concern.

Our business may feel the impact of tightened consumer spending in the year ahead, as families defer the purchase of even the most critical items. As global economies continue to suffer, our operations in international markets can also anticipate challenges. Finally, weakened equity markets and credit losses may continue to dampen the growth of earnings and surplus.

Fortunately, New York Life is confronting these challenges from a position of greater financial strength and stability than many other financial services companies. With a strong capital position, ample surplus and one of the industry's most diversified investment portfolios, we are well prepared to weather even a prolonged period of economic turmoil.

1918

A global flu epidemic took the lives of more than a half million people in the United States and 20 million worldwide. New York Life paid epidemic-related claims of \$10 million.



New York Life's leadership team has adopted four forward-looking aspirations that will guide our growth in the years ahead. We aspire to be:

- *the preeminent provider of life insurance in the United States*
- *a leader in providing retirement income security*
- *the most trusted investment manager, delivering investment excellence to our Company and our clients*
- *a growing provider of life insurance in international markets*

Our commitment to you

New York Life has a long history of staying strong and resilient in both good times and bad. As you can see in the timeline on these pages, we have safeguarded families through the most difficult episodes in our nation's past, honoring every promise and fulfilling every obligation for 164 years.

We know that the months ahead may be difficult ones for you and those you love. As uncertain as things might seem, please be assured of this: You can depend on New York Life.

For some companies, an economic crisis is a signal to retreat. For us, it is a call to duty – to keep you safe and secure throughout the storm. It's why we are here. It's who we are. At New York Life, we were built for times like these.



Ted Mathas

President and Chief Executive Officer

February 12, 2009

1933

During the Great Depression's worst years, record numbers of policyholders took loans against their policies. In 1933, the Company disbursed more than \$360 million in insurance benefits, dividends and loans. New York Life increased its assets that year to \$2 billion.



Chairman's Message



As you may know, I will retire as New York Life's chairman of the board on May 31, 2009, when Ted Mathas, New York Life's president and CEO, will assume the additional title of chairman of the board. And so, this will be my final letter to you – our policyholders.

It has truly been a privilege to serve as the Company's 17th CEO for 11 years, continuing the legacy of my predecessors as stewards of this great 164-year-old institution. When I look back at our accomplishments, I am most proud of two – the decision in 1998 to retain the Company's mutual structure and, toward the end of my career, the work I did in partnership with the board to identify my successor.

Back in 1997, most mutual life insurance companies decided to demutualize and become public companies, so that they might have access to public capital. We decided against that move for two reasons. First, insurance is a long-term business requiring long-term perspective in decision making, a discipline best not compromised by the short-term outlook of Wall Street. Second, we saw an inherent conflict between policyholder priorities, which demand we maximize the amount of capital we hold to protect the promises we make, and the public company priority of minimizing capital in order to increase return on equity and improve performance for shareholders.

“We knew that staying mutual was the right decision for the New York Life Insurance Company.”

1946–1950

New York Life's investments financed housing for 300,000 returning veterans and their families. The Company also invested over \$1 billion in government bonds for new highway, telecommunications and energy infrastructure.



We knew that staying mutual was the right decision for the New York Life Insurance Company. However, ten years ago, we could not have predicted how critically important it would prove to be today. Indeed, it was our mutuality – with its singular focus on policyholder protection – that enabled us to be adequately prepared for a severe economic downturn. Consider these key strategic decisions, all based upon the principles of mutuality:

Because New York Life is a mutual, we were able to husband our capital. Between 2002 and 2007, we added nearly \$6 billion to the Company's surplus and asset valuation reserves – an action not impeded by an obligation to maximize return on equity for shareholders.

Because New York Life is a mutual, we did not put our reserves at risk by offering products whose profitability rested upon loosened underwriting standards or untested hedging strategies.

Because New York Life is a mutual, we could – and did – begin to divert a portion of our cash flow into lower yielding but safe U.S. Treasurys early in 2007, when we anticipated sizable risks in the U.S. credit markets.

In short, because of our mutuality, our judgment was not clouded by a need to provide investors with immediate returns. We anticipated the problems that might lie ahead . . . we adopted the appropriate strategies . . . and we built a financial safe harbor that is now protecting our policyholders from the storm.

However, financial strength means little if an organization's management is not equal to the task of sustaining it. For that reason, over five years ago, I began working with the board to find my successor and build our management team for the future.

1987–1989

More than 100 life and health insurance companies became financially impaired or insolvent following crashes in stock, junk bond and real estate markets. New York Life stood strong, realizing 11 percent growth in surplus for this period.



We found the right individual in Ted Mathas.

Ted Mathas, who succeeded me in 2008 as the Company's 18th CEO, brings immense talent and leadership to the job. Just as important, there is no one more committed to the continuity of New York Life's core values – or more qualified to uphold them.

I first observed Ted's management skills nine years ago, when he managed NYLIFE Securities, our broker-dealer subsidiary. Since then, he has established a remarkable track record for success in a series of increasingly responsible positions. When the board of directors convened early in 2008 to consider CEO succession, their choice was unanimous.

Ted Mathas is an excellent president and CEO. The time is now right for Ted to assume the additional role of chairman of the board. We are fortunate to have a leader of Ted's judgment, energy, intellect and vision to serve in these capacities.

In conclusion, I am pleased to report that, in spite of the uncertainty of the financial markets and the state of the economy during the latter part of 2008, the situation at New York Life is very much business as usual: Our financial strength is solid. Our values are sound. Our devotion to doing what's right for our policyholders is uncompromised. This is how it always has been and always will be at New York Life.

On behalf of the board of directors, I thank you for continuing to let us be "The Company You Keep."



Sy Sternberg

Chairman of the Board

February 12, 2009

2007–2008

New York Life is awarded the highest ratings for financial strength from all four of the major rating agencies, a testament to our solid financial stewardship, even in troubled times.



Putting Your Safety First: An update on New York Life's financial strength



By Gary Wendlandt

Vice Chairman of the Board and Chief Investment Officer

The latter part of 2008 was characterized by commentators as a “financial tsunami” – an apt description.

As I write this report in February 2009, there are indications that, with the unprecedented level of government intervention, some level of stability may be returning to the financial markets, but there is no evidence to suggest a rapid economic recovery.

Although subprime mortgage lending was the trigger for the crisis, it was only one aspect of a much larger credit boom and bust that has had far-reaching effects on the global economy. At the height of this boom, we saw widespread declines in lending standards and, at the same time, a growing number of firms willing to invest in increasingly risky and complex credit instruments, with expectations of oversized returns.

An environment of easy credit also encouraged financial institutions to borrow heavily in order to participate in all manner of investments. This aggressive leveraging strategy created outsized immediate returns for these firms but also created staggering losses when the housing bubble burst.

New York Life has remained strong throughout the crisis, ending 2008 with over \$12.8 billion in statutory capital and retaining the highest ratings for long-term financial strength from all four of the major rating agencies.

Last year, I reported to you about our initial response to the overheated credit market. We believed the risks inherent in popular investment vehicles far outstripped the rewards. Rather than get caught in the prevailing climate of over-optimism, we invested cautiously. As an added precaution, we also temporarily allocated a larger portion of the Company's investments into safe U.S. Treasury bonds.

In our 2007 *Report*, I also detailed a number of the most important principles that guide investment decisions at New York Life. These guidelines are worth revisiting here, as they will help you better understand how we have been able to protect the interests of our policyholders amid the events of 2008.

We maintain diversification.

We do not take outsized stakes in any single investment opportunity, no matter how attractive it may appear. Because of this, we had a very low level of exposure to individual firms, particularly in the troubled financial sector. New York Life typically maintains one of the most diversified investment portfolios among all of the major life insurers. As of year-end 2008, our ten largest credit exposures amounted to less than two percent of our total portfolio.

We conduct our own research.

We do our own fundamental, bottom-up research, rather than rely on the analysis of others. Based on our research, we independently concluded that many debt securities – including the complex repackaging of subprime mortgages – held far more risk than their ratings suggested.

We insist on getting paid for taking risk.

Our research showed that the real estate loans underlying collateralized debt obligations (CDOs) were subject to weak lending standards and questionable underwriting practices. These investments were inherently risky because they were originated with the intent to immediately repackage and sell them. We thought it foolish to take on someone else's risk if they demonstrated an unwillingness to hold it themselves.

Similar reasoning stood behind our decision to avoid credit default swaps – the financial instruments that insure creditors against the risk of default. The inherent risks were mispriced because investors believed that historical low levels of default rates would continue – a misjudgment that proved extremely costly for many firms.

We take a long-term view.

We invest for the long term because we make long-term commitments to our policyholders. As a mutual company, New York Life Insurance Company's investment decisions are not subject to shareholder pressures for quarterly profit gains. We will – and do – forsake the potential of short-term gains in order to preserve long-term safety. This is exactly what took place two years ago, when we reallocated some of our investable cash flow from credit market investments to the security and liquidity of U.S. government bonds.

We maintain ample liquidity.

For New York Life, liquidity is “king,” as we must always be prepared to meet our obligations to policyholders. Our strong balance sheet is your assurance of protection in this environment. Unlike other financial firms, we have not been forced to sell assets in order to raise cash in a down market and do not require infusions of government capital. Indeed, the strength and liquidity of our portfolio will enable us to take advantage of the attractive investment opportunities that will arise in the years ahead.

We don't blindly follow the crowd.

New York Life has been through numerous economic cycles in its 164-year history, and we have learned to avoid both the frenzy of overheated markets and the panic that occurs when markets tumble. For example, we did not join the rush to invest in hedge funds, as we are not comfortable with their lack of transparency. We simply will not participate in investments we cannot thoroughly analyze.

Sadly, the most damaging losses suffered by financial companies and individual investors could have been avoided through the application of these, and other, common-sense investment principles.

As we look ahead, it is still not possible to forecast the duration or depth of the current economic cycle. It appears that the recession will continue well into 2009 and it is reasonable to expect that corporate bankruptcies and defaults will continue to rise.

New York Life is certainly not immune to what occurs in the financial markets, but historically, our portfolio has experienced lower defaults – and better recoveries in cases of defaults – than market averages. With our strong balance sheet, disciplined investment approach and rigorous risk controls, we are well positioned to continue to deliver superior investment results.

Our primary goal is ensuring we can meet all of our obligations to policyholders, now and decades from now. No matter how the markets perform in 2009 – and in the years beyond – New York Life will be here, secure as always, standing behind every promise we make.

2008 Business Update

In today's turbulent market environment, few financial companies can afford to spend much time thinking beyond the current crisis to how they intend to grow their businesses and better serve their customers. New York Life is a notable exception. We have adopted four broad aspirational goals for the next decade and beyond: (1) to be the preeminent provider of life insurance in the United States; (2) to be a leader in providing retirement income security; (3) to be the most trusted investment manager; and (4) to achieve significant growth in life insurance by extending financial security and peace of mind to our international markets. These objectives are driven by New York Life's four major business units, which present their year-end performance summaries below.

U.S. Life Insurance and Agency

The current economic environment has made clearer than ever the vital social good that our flagship product line, life insurance, represents. At a time of tremendous uncertainty, life insurance helps provide our clients not only with the peace of mind of knowing that their loved ones are protected, but also a safe, secure way to grow their wealth.

The Company provides life insurance products primarily through our network of over 11,000 highly trained career agents across the country. In 2008, Steve Kaneski (top, right) of our Northern California office and Rick Paulsen (bottom, right) of our Stockton, California, office achieved the top honors we bestow on our agents – the council presidency and vice presidency, respectively.

We also distribute life insurance through our Advanced Market Network of high-end independent insurance brokers, who offer individual, corporate- and bank-owned insurance products; through an exclusive direct marketing arrangement with AARP; and through the Company's Group Membership Association division, which sells group insurance to members of professional, military, educational and alumni associations.

In 2008, New York Life's domestic life insurance sales through our career Agency and Advanced Market Network distribution channels totaled \$801 million, an 11 percent decline from 2007 – largely the result of the steep drop industry-wide in the sales of corporate-owned life insurance. However, our primary distribution channel, Agency, generated record life sales, as well as solid growth



in every other core product line. Sales of Guaranteed Lifetime Income products (discussed in more detail within the Retirement Income Security update below) through the Agency channel increased 42 percent, furthering New York Life's leadership in the fixed immediate annuity category.

Through an exclusive marketing arrangement with AARP, New York Life provides life insurance coverage for more than 1.6 million AARP members, making the Company the largest direct response marketer of life insurance in the nation. In 2008, the AARP Life Insurance Program generated sales of \$193 million, up eight percent from 2007. New York Life is also the exclusive provider of fixed immediate annuities to AARP members.* In 2008, the AARP Lifetime Income Program posted sales of \$140 million,† up 44 percent from 2007.

Retirement Income Security

This business unit is responsible for delivering product solutions to consumers as they progress through the different phases of retirement planning. These products help ensure that our policyholders are protected and sustain financial security throughout retirement. Business lines include Investment Annuities, Guaranteed Lifetime Income (GLI), Long-Term Care Insurance and the distribution of New York Life Investments MainStay mutual funds.‡

Our Investment Annuities business develops and markets fixed and variable deferred annuities* through New York Life's nationwide network of career agents. Fixed annuities are also sold through a growing number of banks and broker-dealers across the country. Total investment annuity sales were \$9.4 billion in 2008, a new record for New York Life, representing a 51 percent sales gain over 2007.

Guaranteed Lifetime Income products are immediate fixed annuities* with innovative product features customized for the needs of today's retirees. New York Life is the dominant provider in this marketplace, with a 17 percent§ share of the market. GLI products are sold by the Company's agents, by broker-dealers and also through banks, where New York Life now accounts for more than 50 percent of all such products sold.§ In 2008, sales from all distribution channels totaled \$1.2 billion,† up 55 percent over 2007.

In the long-term care insurance business, New York Life remains one of the few major insurers that has never raised the rates of in force policyholders, a reflection of the Company's prudent underwriting and pricing practices. 2008 sales of New York Life's long-term care insurance products, offered exclusively by our agents, matched the record-setting results achieved in 2007, in contrast to the declines reported throughout the industry.

* New York Life's fixed annuities are issued by New York Life Insurance and Annuity Corporation ("NYLIAC"), a wholly-owned subsidiary of New York Life Insurance Company. Variable annuities are issued by NYLIAC and distributed by NYLIFE Distributors, LLC, Member FINRA/SIPC.

† AARP Lifetime Income and Guaranteed Lifetime Income sales reported at 100 percent.

‡ Mutual funds are distributed through NYLIFE Distributors LLC, a wholly-owned subsidiary of New York Life Insurance Company, Member FINRA/SIPC.

§ Source: LIMRA International, U.S. Individual Annuity Sales Survey, Fixed Immediate, Fourth Quarter YTD 2008 results.

New York Life Investments

New York Life Investments ranks among the largest asset management firms in the United States.*

Through its multiple boutique investment management structure, the firm delivers investment performance through an array of products designed for both institutional and retail clients. Through MainStay Investments, New York Life Investments distributes some of the most highly regarded mutual funds and wrap accounts in the industry.

New York Life Investments is also a leading provider of retirement plans for corporations, multi-employer trusts and individuals. In addition, the company is recognized as one of the nation's top providers of guaranteed products to both the qualified and non-qualified markets.

2008 was a year without precedent in the asset management industry. But despite the challenging environment, New York Life Investments performed well.

Gross sales of over \$17 billion, while lower than 2007's record level, were the third highest in the firm's history. Net sales were \$1.4 billion, a particularly significant result, as many in the industry experienced net outflows for the year.†

Due to dramatic declines in equity markets, asset levels in our businesses that primarily manage third-party assets declined nearly \$27 billion (27 percent) during 2008 to \$72.6 billion, putting pressure on operating revenue and earnings. Operating earnings of \$189 million declined 13 percent from 2007.

We expect continued volatility in the equity markets and continued tight credit markets. The scope and impact of government intervention remain unclear, and consolidation across firms, distribution and products is likely to accelerate during the coming months.

These are challenging times for asset managers and for investors, who will be navigating what we expect will be a difficult environment. However, we believe that our strategy and organizational strength position us to achieve sustainable growth over the long term.

* Source: New York Life Investments ranked 28th among the more than 700 money managers surveyed by Pensions & Investments, May 26, 2008, "The Largest Money Managers." Rankings are based on total worldwide institutional assets under management for year-end 2007.

† Net sales represent gross sales less redemptions.

"New York Life Investments" is a service mark used by New York Life Investment Management Holdings LLC and its subsidiary, New York Life Investment Management LLC.

New York Life International*

New York Life International is the global arm of the Company, with operations in Asia (China, Hong Kong, India, South Korea, Taiwan, Thailand) and Latin America (Mexico, Argentina).

Our primary channel of distribution is through more than 81,000 licensed career agents, and their numbers are rapidly growing. Additional channels include bancassurance, corporate agencies and telemarketing.

“New York Life International surpassed \$100 million in operating earnings in 2008, up 36 percent over 2007 and a new milestone for this business.”

Insurance sales in our international markets totaled \$685 million, an increase of 21 percent over 2007. Our business in South Korea more than tripled its 2007 sales results. Max New York Life, our Indian joint venture with Max India Ltd., sustained its robust

growth with insurance sales up 55 percent over the prior year. China and Thailand also posted double-digit increases in insurance sales.

Most notably, New York Life International surpassed \$100 million in operating earnings in 2008, up 36 percent over 2007 and a new milestone for this business.

Although global economic weakness is expected to slow our near-term growth in international markets, this does not dampen our confidence in the fundamentals of this business. We operate in parts of the world that, generally speaking, are under-penetrated life insurance markets, exhibit favorable demographic trends (such as a growing middle class) and are expected to achieve long-term growth in gross domestic product. By leveraging our extensive experience as a leader in the U.S. life insurance market, we are well positioned to provide the financial stability and peace of mind sought by families in emerging markets.

* All financial results are reported at ownership interests.

2008 Investment Review

New York Life Insurance Company and Its Domestic Insurance Subsidiaries

The following investment review presents information for New York Life Insurance Company and its domestic insurance subsidiaries, New York Life Insurance and Annuity Corporation and NYLIFE Insurance Company of Arizona,* assets of which represent most of the invested assets of the Company. The cash and invested asset information below is presented on a statutory accounting basis. New York Life's investment in its international insurance affiliates and domestic non-insurance affiliates is included in the Equities line of the table below. New York Life International, the largest affiliate in asset size, had cash and invested

assets of \$6.2 billion. Cash and invested assets are presented on a GAAP basis on the balance sheet on page 27. A reconciliation of cash and invested assets from a GAAP basis to a statutory basis is presented on page 40.

Cash and Invested Assets

As of December 31, 2008, New York Life and its domestic insurance subsidiaries had cash and invested assets of \$149.6 billion and maintained a well-diversified investment portfolio.

CASH AND INVESTED ASSETS[†]

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007		DECEMBER 31, 2008	
PUBLIC CORPORATE BONDS AND LOANS	\$ 44,693	30%	\$ 42,890	29%
PRIVATE CORPORATE BONDS AND LOANS	22,462	15%	22,739	15%
U.S. GOV'T AND AGENCY SECURITIES	15,153	10%	20,644	14%
COMMERCIAL MORTGAGE-BACKED SECURITIES	9,369	6%	10,939	7%
NON-AGENCY RESIDENTIAL SECURITIES	8,049	5%	7,792	5%
ASSET-BACKED SECURITIES	6,979	5%	6,400	4%
SUBTOTAL FIXED INCOME SECURITIES	\$106,705	71%	\$111,404	74%
MORTGAGE LOANS	14,199	10%	15,292	10%
EQUITIES	10,989	7%	8,617	6%
POLICY LOANS	7,331	5%	7,811	5%
CASH AND SHORT TERMS [‡]	8,666	6%	5,560	4%
DERIVATIVES [§]	1,054	1%	934	1%
TOTAL CASH AND INVESTED ASSETS	\$148,944	100%	\$149,618	100%

[†] Includes \$46,279 million and \$53,713 million of assets related to New York Life Insurance and Annuity Corporation for 2007 and 2008, respectively.

[‡] Includes cash primarily received on financing transactions of \$6,364 million and \$2,970 million for 2007 and 2008, respectively, and money market mutual funds of \$3 million and \$447 million for 2007 and 2008, respectively.

[§] Prior year amount has been revised to conform to the current year presentation.

* NYLIFE Insurance Company of Arizona is not authorized in New York or Maine, and does not conduct insurance business in New York or Maine.

Fixed Income Assets

The fixed income portfolio continues to be dominated by high-quality investments, with 92 percent being investment grade. Due to the volatility and uncertainty in the credit markets in 2008, we continued to direct a portion of our investable cash to U.S. Treasuries and other highly rated public bonds. A significant proportion of fixed income assets as of December 31, 2008, were rated highest-quality (“NAIC 1”), representing 69 percent of total fixed assets.

The corporate bond and loan portfolio remains well diversified across the broad industry spectrum and is comprised of securities issued by more than 2,300 individual issuers.

The fixed income portfolio is managed to limit exposure to individual issuers according to credit quality and other factors. No single corporate exposure was greater than \$283 million. The ten largest holdings in the portfolio represented 1.5 percent of cash and invested assets.

DIVERSIFICATION OF CORPORATE BONDS AND LOANS*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2008	
ELECTRIC UTILITIES	\$ 9,963	15%
CONSUMER PRODUCTS	5,836	9%
BANKING	4,886	7%
OIL AND GAS	3,751	6%
REITS	3,234	5%
HEALTH CARE	3,206	5%
SERVICES	3,036	5%
INSURANCE	2,748	4%
MACHINERY/TECHNOLOGY	2,550	4%
SOVEREIGN/FOREIGN GOVERNMENT	2,423	4%
CABLE AND MEDIA	2,312	4%
RETAIL	2,242	3%
GAS PIPELINES	2,218	3%
OTHER	17,224	26%
TOTAL	\$65,629	100%

* Includes \$24,529 million of assets related to New York Life Insurance and Annuity Corporation.

FIXED INCOME SECURITIES BY QUALITY*

(DOLLARS IN MILLIONS)			DECEMBER 31, 2007		DECEMBER 31, 2008	
NAIC 1	AAA TO A-	HIGHEST QUALITY	\$ 73,423	69%	\$ 76,395	69%
NAIC 2	BBB+ TO BBB-	HIGH QUALITY	25,020	23%	25,876	23%
INVESTMENT GRADE			98,443	92%	102,271	92%
NAIC 3	BB+ TO BB-	MEDIUM QUALITY	3,903	4%	4,505	4%
NAIC 4	B+ TO B-	LOW QUALITY	3,163	3%	3,060	3%
NAIC 5	CCC+ TO CCC-	LOWER QUALITY	1,171	1%	1,486	1%
NAIC 6	CC TO D	IN OR NEAR DEFAULT	25	0%	82	0%
BELOW INVESTMENT GRADE			8,262	8%	9,133	8%
TOTAL FIXED INCOME SECURITIES			\$106,705	100%	\$111,404	100%

* Includes \$38,216 million and \$43,692 million of assets related to New York Life Insurance and Annuity Corporation for 2007 and 2008, respectively.

2008 Investment Review

New York Life Insurance Company and Its Domestic Insurance Subsidiaries

Commercial Mortgage-Backed Securities

As of year-end 2008, New York Life and its domestic insurance subsidiaries owned \$10.9 billion in commercial mortgage-backed securities, representing seven percent of cash and invested assets. The overwhelming majority of these securities were rated AAA even after repeated downgrades of a large number of such securities by the rating agencies. Notwithstanding the ratings, these securities are selected by our real estate investment professionals based on the quality of the underlying mortgage loans.

COMMERCIAL MORTGAGE-BACKED SECURITIES BY RATING CATEGORY*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2008	
AAA	\$10,025	92%
AA	635	6%
A	223	2%
BBB	47	–
BB OR LOWER	9	–
TOTAL	\$10,939	100%

* Includes \$4,693 million of assets related to New York Life Insurance and Annuity Corporation.

NON-AGENCY RESIDENTIAL SECURITIES BY TYPE AND RATING CATEGORY**†

	(DOLLARS IN MILLIONS)						DECEMBER 31, 2008	
	AAA	AA	A	BBB	BB OR LOWER	TOTAL		
PRIME	\$4,723	\$395	\$159	\$272	\$236	\$5,785		
MID-PRIME	1,153	69	119	86	191	1,618		
SUB-PRIME	301	48	33	–	7	389		
TOTAL	\$6,177	\$512	\$311	\$358	\$434	\$7,792		

* Includes \$3,970 million of assets related to New York Life Insurance and Annuity Corporation.

† Security types are categorized using rating agency classifications based upon weighted-average credit scores of borrowers in the underlying mortgage loan pools.

Non-Agency Residential Securities

As of year-end 2008, New York Life and its domestic insurance subsidiaries owned \$7.8 billion in non-agency residential securities, representing five percent of cash and invested assets. The mortgage loans underlying these securities were held predominantly by prime borrowers. The overwhelming majority of these securities were rated AAA and 90 percent are collateralized by fixed-rate mortgage loans. Only \$389 million, or less than 0.3 percent of cash and invested assets, are collateralized by sub-prime mortgage loans.

Asset-Backed Securities

As of year-end 2008, New York Life and its domestic insurance subsidiaries owned \$6.4 billion in asset-backed securities, representing four percent of cash and invested assets. Approximately 70 percent of these securities were rated AAA and are collateralized by a broad range of collateral types. These securities are seasoned by issuance year and remain highly rated.

COMMERCIAL MORTGAGE LOANS BY PROPERTY TYPE*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2008	
OFFICE BUILDINGS	\$ 4,892	35%
RETAIL	3,127	22%
INDUSTRIAL	2,954	21%
MULTI-FAMILY RESIDENTIAL	2,819	20%
OTHER	227	2%
TOTAL MORTGAGE LOANS	\$14,019	100%

* Includes \$4,398 million of assets related to New York Life Insurance and Annuity Corporation.

COMMERCIAL MORTGAGE LOANS BY GEOGRAPHIC REGION*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2008	
SOUTHEAST	\$ 3,438	24%
MIDDLE ATLANTIC	2,975	21%
PACIFIC	3,024	22%
NORTH CENTRAL	1,946	14%
SOUTH CENTRAL	1,492	11%
OTHER	1,144	8%
TOTAL MORTGAGE LOANS	\$14,019	100%

* Includes \$4,398 million of assets related to New York Life Insurance and Annuity Corporation.

ASSET-BACKED SECURITIES BY RATING*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2008	
AAA	\$4,473	70%
AA	699	11%
A	758	12%
BBB	398	6%
BB OR LOWER	72	1%
TOTAL	\$6,400	100%

* Includes \$2,037 million of assets related to New York Life Insurance and Annuity Corporation.

Mortgage Loans

As of year-end 2008, the \$15.3 billion of mortgage loans represented \$14.0 billion of loans on commercial real estate properties and \$1.3 billion of loans on single-family residential properties.

Commercial Mortgage Loans

The Company's mortgage loan investment practices emphasize conservative underwriting and focus on high-quality properties. All of the commercial mortgage loans were in good standing. The commercial mortgage loan portfolio is broadly diversified by both property type and geographic location.

Single-family Residential Loans

In addition to the non-agency residential securities highlighted earlier, New York Life and its domestic insurance subsidiaries owned \$1.3 billion* in fixed rate residential loans. None of these were sub-prime loans.

* Includes \$1,136 million of assets related to New York Life Insurance and Annuity Corporation.

2008 Investment Review

New York Life Insurance Company and Its Domestic Insurance Subsidiaries

Equities

As of year-end 2008, New York Life and its domestic insurance subsidiaries had \$8.6 billion of assets classified as equity investments.

Of this amount, \$2.7 billion represented limited partnership and other interests invested in diverse sectors of the market. Private equity investments of \$2.1 billion primarily represent a large number of leveraged buyout funds of multiple vintage years. Allocations to private equity provide diversification and an opportunity to exceed the returns of public equities over the long term. The public equity investments of \$1.7 billion are managed by experienced portfolio managers, who make use of active or passive styles.

The equity assets are diversified across the broad U.S. equity market and also include an allocation to international equities.

Derivatives

As of year-end 2008, New York Life and its domestic insurance subsidiaries had certain outstanding derivative positions carried as assets of \$934 million.[†] Offsetting these were derivative liabilities of \$1,157 million for a net liability of \$223 million. The derivative transactions are entered into to meet the hedging needs of the Company or replicate permissible investments. The single largest derivative activity involves cross currency swaps entered into to convert assets or liabilities of the Company that are designated in a foreign currency into U.S. dollars. Interest rate swaps are used to primarily convert fixed-rate investments to floating-rate investments in support of floating-rate liabilities.

Derivative trades may expose New York Life and its domestic insurance subsidiaries to counterparty credit risk. This risk is controlled through the establishment of collateral support agreements, which require the posting of cash collateral by the derivative counterparties if and when the market value of derivative positions with a counterparty exceeds a predetermined dollar limit. Derivative credit exposure to a counterparty is combined with other direct credit risk to the same counterparty and managed against prudent credit risk limits.

[†] Includes \$88 million of assets related to New York Life Insurance and Annuity Corporation.

GENERAL ACCOUNT EQUITY*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2008	
VARIOUS LIMITED PARTNERSHIPS		
AND OTHER INTERESTS	\$ 2,684	31%
PRIVATE EQUITY	2,075	24%
PUBLIC EQUITY	1,748	20%
INVESTMENTS IN AFFILIATES	1,598	19%
REAL ESTATE	441	5%
CONVERTIBLE PREFERRED	71	1%
TOTAL EQUITY	\$8,617	100%

* Includes \$1,696 million of assets related to New York Life Insurance and Annuity Corporation.

Asset/Liability and Investment Risk Management

The investment portfolio has potential exposure to various sources of investment risk, including interest rate, credit and equity price risks. New York Life has established comprehensive policies and procedures at both the corporate and business segment levels to minimize overall risk exposures. The Investment Committee of the board of directors provides oversight over New York Life's investment activity, including review of various risk factors and establishment of investment policies. One of the key measures used to quantify and control overall investment risk is the Statutory Surplus-at-Risk metric that measures the potential impact of adverse changes in financial market and credit conditions over a 12-month period. We supplement this measure with stress testing of extreme economic scenarios and evaluate the impact of possible credit and equity market losses.

A substantial positive operating cash flow supports New York Life's strong liquidity and ability to meet its liabilities when due. Primary sources of cash include sales of insurance and investment products, investment income, maturities, prepayments and dividends from equity investments. Additional liquidity to meet unexpected cash demands can be provided by New York Life's portfolio of liquid assets, which include U.S. Treasury securities, short-term money market investments, agency bonds and mortgage-backed securities. Funds are also available through a commercial paper program administered by New York Life Capital Corporation, an indirect, wholly-owned subsidiary of New York Life, and a bank revolving credit facility, which is used to back up the commercial paper issuance program.

Management evaluates the impact of various stress events on the Company's liquidity on a regular basis using the analysis of various stress scenarios. Based on the results of these stress tests, management believes that the Company has more than ample liquidity and financial strength to provide for foreseeable cash requirements, including cash outflows in extreme stressed conditions. Various liquidity risk indicators are tracked regularly to provide management with an early indication of any potential liquidity issues.

Earnings and cash flows relating to fixed-rate investments are sensitive to interest rate changes. New York Life manages interest rate risk as part of its asset/liability management process and product design procedures. Asset/liability management strategies include segmentation of investments by product line and the construction of investment portfolios designed to specifically satisfy the projected cash needs of the product lines. Interest rate risk is also assessed and controlled by modeling asset and liability cash flows on a product-by-product basis, under current and various other projected interest rate scenarios. New York Life's asset/liability position is monitored regularly, enabling management to adjust asset portfolios through dynamic hedging or option purchases, or to alter liability cash flows, in order to efficiently mitigate risk exposures exceeding management's risk tolerances.

New York Life's investments in corporate bonds and mortgage loans expose it to potential credit losses. Credit risk is managed by applying disciplined credit evaluation and underwriting standards; aligning allocations to lower-quality, higher-yielding investments with our risk-return tolerances; and diversifying exposures by industry, issuer and property type.

New York Life's holdings of public and private equity securities are subject to market risk. These holdings are diversified and managed against risk tolerance limits established by individual product lines and at the aggregate corporate level.

2008 Financial Overview

The following pages present the consolidated financial results for New York Life Insurance Company and its subsidiaries (“the Company”). Our primary management reporting system is based on accounting principles generally accepted in the United States of America (“GAAP”), with certain adjustments that we believe result in a more appropriate tracking of operating results. Results reported on this basis are referred to as “non-GAAP performance measures.”

In addition, statutory results are tracked as an important measure of capital adequacy.

For a detailed reconciliation of the Company’s GAAP performance measures to its non-GAAP performance measures, see page 41.

For definitions of the Company’s performance measures, see Glossary of Terms on page 50.

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2008 Financial Overview

OPERATING EARNINGS

YEAR	IN \$ MILLIONS
2008	1,283
2007	1,278
2006	1,096
2005	942
2004	978

Operating earnings is the measure used for management purposes to highlight the Company’s results from ongoing operations and the underlying profitability of our business. In 2008, New York Life achieved record-setting operating earnings of \$1.283 billion.

POLICYHOLDER BENEFITS AND DIVIDENDS

YEAR	IN \$ BILLIONS
2008	14.7
2007	14.1
2006	12.6
2005	10.9
2004	9.5

With \$14.7 billion in payments made to beneficiaries and policyholders in 2008, we again exceeded previous totals, a reflection of the growing number of people who today count on New York Life for financial security. Benefits include death claims paid to beneficiaries and annuity payments. Dividends are payments made to eligible policyholders from divisible surplus.

SURPLUS AND ASSET VALUATION RESERVES*

YEAR	IN \$ MILLIONS
2008	12,826
2007	14,680
2006	13,859
2005	12,853
2004	11,838

Surplus and asset valuation reserves – the funds that ensure we can meet future obligations to policyholders and finance our growth – declined in 2008 as a result of the weak equity and credit markets, yet remain well above historical levels. The Company has sufficient capital to meet rating agency capital requirements for their highest possible financial strength ratings.

* See second footnote (†) on page 39.

OPERATING REVENUE

YEAR	IN \$ BILLIONS
2008	14.0
2007	13.0
2006	11.9
2005	10.8
2004	10.1

This chart shows the revenue the Company has generated from its domestic and international business during the last five years – primarily premium and fee income, deposits included in policyholder account balances for life and annuity products, and net margins on guaranteed products. Operating revenue has grown steadily since 2004.

INSURANCE SALES

YEAR	IN \$ MILLIONS
2008	2,427
2007	2,149
2006	1,891
2005	1,583
2004	1,488

This chart shows the growth of new insurance sales since 2004 and includes results from both our domestic and international operations. 2008 was another record year for the Company, exceeding \$2 billion in sales for the second consecutive year. Over the past four years, our insurance sales have grown at a compound annual rate of 13 percent.

INVESTMENT SALES

YEAR	IN \$ MILLIONS
2008	26,632
2007	24,789
2006	23,815
2005	18,776
2004	15,406

Investment sales include new sales of investment annuities, mutual funds and other investment-related products by both our domestic and international operations. In 2008, investment sales increased over \$1.8 billion from 2007, due to the growth of our fixed annuity business.

INDIVIDUAL LIFE INSURANCE IN FORCE

YEAR	IN \$ BILLIONS
2008	781.2
2007	750.9
2006	694.8
2005	647.7
2004	611.2

This chart shows the growth in face amount of the Company's individual life insurance in force over the last four years. Our steady growth – \$170 billion since 2004 – is the sign of a strong and vibrant company.

ASSETS UNDER MANAGEMENT

YEAR	IN \$ BILLIONS
2008	249.1
2007	280.0
2006	261.5
2005	222.8
2004	213.0

Assets under management declined in 2008, a result of the weakening of equity markets. However, over the past four years, the Company's assets under management have grown by over \$36 billion, reflecting the strength of the Company's diversified products and distribution channels.

Report of Independent Auditors

To the Board of Directors of New York Life Insurance Company

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of New York Life Insurance Company and its subsidiaries (“the Company”) as of December 31, 2008 and 2007, and the related consolidated statements of income, of equity and of cash flow for the years then ended (not presented herein) appearing on the Company Web site and available from the New York State Insurance Department; and in our report dated March 18, 2009, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

As described in Note 3 to the consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes and for deferred acquisition costs in connection with modifications or exchanges of insurance contracts and changed its measurement date for defined benefit pension and other postretirement plans on January 1, 2007.



PricewaterhouseCoopers LLP

New York, New York
March 18, 2009

Consolidated Balance Sheet

New York Life Insurance Company and Subsidiaries

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	DECEMBER 31, 2008
ASSETS		
FIXED MATURITIES (INCLUDES SECURITIES PLEDGED AS COLLATERAL THAT CAN BE SOLD OR REPLEGDED OF \$5,114 IN 2007 AND \$3,155 IN 2008)		
AVAILABLE FOR SALE, AT FAIR VALUE	\$112,667	\$107,256
HELD TO MATURITY, AT AMORTIZED COST	366	322
TRADING SECURITIES, AT FAIR VALUE	5,544	4,582
EQUITY SECURITIES (INCLUDES SECURITIES PLEDGED AS COLLATERAL THAT CAN BE SOLD OR REPLEGDED OF \$3,158 IN 2007 AND \$849 IN 2008)		
UNAFFILIATED, AVAILABLE FOR SALE, AT FAIR VALUE	2,999	2,362
AFFILIATED	75	94
TRADING SECURITIES, AT FAIR VALUE	3,808	1,604
MORTGAGE LOANS	14,558	15,643
POLICY LOANS	7,489	7,984
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	2,505	698
OTHER INVESTMENTS	8,177	9,159
TOTAL INVESTMENTS	158,188	149,704
CASH AND CASH EQUIVALENTS	6,338	5,049
DEFERRED POLICY ACQUISITION COSTS	6,616	10,132
INVESTMENT INCOME DUE AND ACCRUED	1,666	1,720
GOODWILL	554	505
OTHER ASSETS	3,368	6,962
SEPARATE ACCOUNT ASSETS	21,863	14,836
TOTAL ASSETS	\$198,593	\$188,908
LIABILITIES		
POLICYHOLDERS' ACCOUNT BALANCES	\$ 73,004	\$ 77,188
FUTURE POLICY BENEFITS	63,899	66,868
DIVIDENDS PAYABLE TO POLICYOWNERS	1,367	1,270
POLICY CLAIMS	801	849
DEBT	2,614	1,783
COLLATERAL RECEIVED ON SECURITIES LENDING	5,709	3,301
OTHER LIABILITIES	7,972	7,907
SEPARATE ACCOUNT LIABILITIES	21,863	14,836
TOTAL LIABILITIES	177,229	174,002
MINORITY INTEREST	1,165	1,227
EQUITY		
ACCUMULATED OTHER COMPREHENSIVE LOSS	(241)	(5,745)
RETAINED EARNINGS	20,440	19,424
TOTAL EQUITY	20,199	13,679
TOTAL LIABILITIES AND EQUITY	\$198,593	\$188,908

See accompanying notes to condensed consolidated financial statements.

Consolidated Statement of Income

New York Life Insurance Company and Subsidiaries

(DOLLARS IN MILLIONS)	YEAR ENDED DECEMBER 31,	
	2007	2008
REVENUE		
PREMIUMS	\$9,879	\$10,647
FEEES – UNIVERSAL LIFE AND ANNUITY POLICIES	956	960
NET INVESTMENT INCOME	8,916	7,918
NET INVESTMENT GAINS (LOSSES)	627	(3,496)
OTHER INCOME	745	801
TOTAL REVENUE	21,123	16,830
EXPENSES		
POLICYHOLDER BENEFITS	5,763	6,937
INCREASE IN LIABILITIES FOR FUTURE POLICY BENEFITS	3,998	3,579
INTEREST CREDITED TO POLICYHOLDERS' ACCOUNT BALANCES	3,201	3,232
OPERATING EXPENSES	4,172	3,276
DIVIDENDS TO POLICYHOLDERS	1,659	1,602
TOTAL EXPENSES	18,793	18,626
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	2,330	(1,796)
INCOME TAX EXPENSE (BENEFIT)	621	(599)
INCOME (LOSS) FROM OPERATIONS BEFORE MINORITY INTEREST	1,709	(1,197)
MINORITY INTEREST (EXPENSE) INCOME	(212)	181
NET INCOME (LOSS)	\$1,497	\$(1,016)

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2007 and 2008

Note 1

Nature of Operations

NATURE OF OPERATIONS New York Life Insurance Company and its subsidiaries (“the Company”) offer a wide range of insurance and investment products and services including life and health insurance, long-term care, annuities (including guaranteed lifetime income annuities), pension products, mutual funds, and other investments and investment advisory services. The Company is comprised of four primary business operations: Life and Annuity, Investment Management, International Operations and Special Markets. Life and Annuity operations are conducted through New York Life Insurance Company (“NYLIC”), the parent company, and its wholly-owned insurance subsidiaries, New York Life Insurance and Annuity Corporation (“NYLIAC”) and NYLIFE Insurance Company of Arizona (“NYLIFE of Arizona”). Investment Management activities are conducted primarily through NYLIC and various registered investment advisory subsidiaries of its wholly-owned subsidiary, New York Life Investment Management Holdings LLC (“New York Life Investments”). The Company markets individual insurance and investment products in Asia and Latin America through New York Life International, LLC (“NYL International”), a wholly-owned subsidiary of NYLIC. Special Markets is a niche business area of NYLIC and NYLIAC that markets group life and health insurance to membership associations, long-term care insurance and is the exclusive provider of life insurance and guaranteed lifetime income annuity products to members of AARP. NYLIFE LLC is a wholly-owned subsidiary of NYLIC, and is a holding company for certain non-insurance subsidiaries of NYLIC. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

Beginning in 2009, the Company has merged its Special Markets operations into Life and Annuity, and then split the combined operation into two new business segments: U.S. Life Insurance and Agency (which will comprise our individual and corporate-owned life insurance operations, and the products offered through affinity programs, including membership associations, and our exclusive relationship with members of AARP discussed above) and Retirement Income Security (which primarily comprises our guaranteed lifetime income annuities, investment annuities and long-term care insurance).

BASIS OF PRESENTATION The accompanying consolidated financial statements have been extracted from the Company’s unabridged audited consolidated financial statements (available on the Company’s Web site and from the New York State Insurance Department) and prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and reflect the consolidation of the parent company with its majority owned and controlled subsidiaries: principally NYLIAC,

NYLIFE of Arizona, NYLIFE LLC, NYL International and New York Life Investments, as well as variable interest entities in which the Company is considered the primary beneficiary, and certain investments in joint ventures and limited partnerships in certain instances where the Company is deemed to exercise control. All intercompany transactions have been eliminated in consolidation.

Certain amounts in prior years have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income or equity as previously reported.

The New York State Insurance Department (“the Department”) recognizes only statutory accounting practices (“SAP”) for determining and reporting the financial condition and results of operations of an insurance company. Accounting practices used to prepare statutory financial statements for regulatory filings of life insurance companies differ in certain instances from GAAP (refer to Note 8 – Statutory Financial Information for further discussion).

Note 2

Significant Accounting Policies

USE OF ESTIMATES The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

INVESTMENTS Fixed maturity investments, which the Company has both the ability and the intent to hold to maturity, are stated at amortized cost and classified as held-to-maturity. Investments classified as available-for-sale or trading are reported at fair value. For a discussion on valuation methods for fixed maturities reported at fair value, refer to Note 7 – Fair Value Measurements. The amortized cost of debt securities is adjusted for amortization of premium and accretion of discounts. Interest income, as well as the related amortization of premium and accretion of discount, is included in net investment income in the accompanying Consolidated Statement of Income. Unrealized gains and losses on available-for-sale securities are reported in accumulated other comprehensive income, net of deferred taxes and related adjustments, in the accompanying Consolidated Balance Sheet. Unrealized gains and losses from investments classified as trading fixed maturities are reflected in net investment (losses) gains in the accompanying Consolidated Statement of Income.

Included within fixed maturity investments are loan-backed securities including mortgage-backed and asset-backed securities. Amortization of the premium or discount from the purchase of these securities considers the estimated timing and amount of cash flows of the underlying loans.

Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2007 and 2008

Changes in future anticipated prepayment speeds and estimated cash flows on these securities from the original purchase assumptions are accounted for using the retrospective yield adjustment method. Prepayment assumptions for these securities are obtained from a bank or internal estimates.

Unaffiliated equity securities are carried at fair value. For a discussion on valuation methods for equity securities, refer to Note 7 – Fair Value Measurements. Unrealized gains and losses on equity securities classified as available-for-sale are reflected in net unrealized investment gains in accumulated other comprehensive income, net of deferred taxes and related adjustments, in the accompanying Consolidated Balance Sheet. Unrealized gains and losses from investments in equity securities classified as trading are reflected in net investment (losses) gains in the accompanying Consolidated Statement of Income.

Affiliated equity securities represent holdings in entities where there is at least 20 percent ownership or where the Company has the ability to exercise significant influence through its relationship, and are accounted for by the equity method of accounting. Accordingly, respective net earnings or losses are included in net income in the accompanying Consolidated Statement of Income.

The cost basis of fixed maturities and equity securities is adjusted for impairments in value deemed to be other than temporary, with the associated realized loss reported in net investment (losses) gains in the accompanying Consolidated Statement of Income. Factors considered in evaluating whether a decline in value is other than temporary include: i) whether the decline is substantial; ii) the duration that the fair value has been less than cost; iii) the financial condition and near-term prospects of the issuer; and iv) the Company's ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value. The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis is accreted into net investment income in future periods based upon the amount and timing of expected future cash flows of the security, when the recoverable value of the investment, based upon reasonably estimable cash flow and the fair value of the security, is greater than the carrying value of the investment after the impairment.

Mortgage loans on real estate that are funded through the insurance company are carried at unpaid principal balances, net of discounts/premiums and valuation allowances, and are secured. Specific valuation allowances are established for the excess carrying value of the mortgage loan over its estimated fair value, when it is probable that, based on current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Specific valuation allowances are based on the estimated fair value of the collateral. Fair value is determined by discounting the projected cash flows for each property to determine the current net present value. The Company also has a general valuation allowance for probable incurred but not specifically identified losses. The general allowance is based on the Company's historical loss experience for the mortgage loan portfolio. Mortgage loans that are funded through New York Life Investments are carried at fair value. These mortgage loans are held in a partially owned limited partnership that follows the specialized accounting practices for investment companies, which require that the mortgage loans be fair valued.

Policy loans are stated at the aggregate balance due. A valuation allowance is established for policy loan balances, including capitalized interest that exceeds the related policy's cash surrender value.

Cash equivalents include investments that have remaining maturities of three months or less at date of purchase and are carried at fair value.

Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition and are carried at fair value. Short-term investments are included in fixed maturities on the Consolidated Balance Sheet.

Other investments consist primarily of direct investments in limited partnerships and limited liability companies, derivatives, real estate and collateralized third-party commercial loans. Investments in limited partnerships and limited liability companies are accounted for using the equity method of accounting. Investments in real estate, which the Company intends to hold for the production of income, are carried at depreciated cost, net of write-downs for other than temporary declines in fair value. Properties held for sale are carried at the lower of depreciated cost or fair value, less estimated selling costs.

In many cases, investment in limited partnerships and limited liability companies qualify as investment companies and apply specialized accounting practices, which result in unrealized gains and losses being recorded in the accompanying Consolidated Statement of Income. The Company retains this special accounting practice in consolidation. For such consolidated limited partnerships, the underlying investments, which may consist of various classes of assets, are aggregated and stated at fair value in other investments in the accompanying Consolidated Balance Sheet. For such limited partnerships accounted for under the equity method, the unrealized gains and losses from the underlying investments are reported in net investment income in the accompanying Consolidated Statement of Income.

Net investment (losses) gains on sales are generally computed using the specific identification method.

DEFERRED POLICY ACQUISITION COSTS (“DAC”) The costs of acquiring new and maintaining renewal business and certain costs of issuing policies that vary with and are primarily related to the production of new and renewal business have been deferred and recorded as an asset in the accompanying Consolidated Balance Sheet. These costs consist primarily of commissions, certain expenses of underwriting and issuing contracts and certain agency expenses.

For traditional participating life insurance policies, such costs are amortized over the estimated life of the contracts, in proportion to estimated gross margins, basing amortization initially on pricing assumptions and updating periodically for actual results. For universal life and deferred annuity contracts, such costs are amortized in proportion to estimated gross profits over the estimated effective life of those contracts. Changes in assumptions for all policies and contracts are reflected as retroactive adjustments in the current year’s amortization. For these contracts, the carrying amount of DAC is adjusted at each balance sheet date as if the unrealized investment gains or losses had been realized and included in the gross margins or gross profits used to determine current period amortization. The increase or decrease in DAC due to unrealized investment gains or losses is recorded in other comprehensive income. Beginning in 2009 for new business, the Company will increase the amortization period for traditional participating life insurance policies, universal life policies and deferred annuity contracts to 99 years.

DAC for term contracts, annuity policies with life contingencies, group life and health, and long-term care contracts are amortized in proportion to premium income over the effective premium-paying period of the contract. Assumptions as to anticipated premiums are made at the date of policy issuance and are consistently applied during the life of the contract. Deviations from estimated experience are included in operating expenses in the accompanying Consolidated Statement of Income when they occur.

The Company assesses internal replacements to determine whether such modifications significantly change the contract terms. When the modification substantially changes the contract, DAC is written off immediately through income and only new deferrable expenses associated with the replacements are deferred. DAC written off at the date of lapse cannot be restored when a policy subsequently reinstates. If the contract modifications do not substantially change the contract, DAC amortization on the original policy will continue and any acquisition costs associated with the related modification are expensed.

DERIVATIVE FINANCIAL INSTRUMENTS Derivative financial instruments are accounted for at fair value. The treatment of changes in the fair value of derivatives depends on the characteristics of the transaction, including whether it has been designated and qualifies as part of a hedging relationship. Derivatives that do not qualify for hedge accounting are carried at fair value with changes in value included in net investment gains (losses).

POLICYHOLDERS’ ACCOUNT BALANCES The Company’s liability for policyholders’ account balances represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is generally equal to the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance. This liability also includes amounts that have been assessed to compensate the insurer for services to be performed over future periods, and the fair value of embedded derivatives in the above contracts.

FUTURE POLICY BENEFITS The Company’s liability for future policy benefits is primarily comprised of the present value of estimated future payments to or on behalf of policyholders, where the timing and amount of payment depends on policyholder mortality or morbidity, less the present value of future net premiums. For traditional individual participating life insurance products, the mortality assumptions applied are those used to calculate the policies’ guaranteed cash surrender values. The interest rate assumptions are based on the dividend

Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2007 and 2008

guarantees. For non-participating traditional life insurance, annuity, and long-term care products, expected mortality and/or morbidity for lapse or surrender are generally based on the Company's historical experience or standard industry tables, including a provision for the risk of adverse deviation. Interest rate assumptions are based on factors such as market conditions and expected investment returns. Although mortality and/or morbidity for interest rate assumptions are "locked in" upon the issuance of new insurance, annuity business and long-term care with fixed and guaranteed terms, significant changes in experience or assumptions may require the Company to provide for expected future losses on a product by establishing premium deficiency reserves. Premium deficiency reserves, if required, are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for the risk of adverse deviation. The Company's liability for policy claims includes a liability for unpaid claims and claim adjustment expenses. The Company does not establish loss reserves until a loss has occurred. However, unpaid claims and claim adjustment expenses include estimates of claims that the Company believes have been incurred but have not yet been reported as of the balance sheet date. The Company's liability for future policy benefits also includes liabilities for guarantee benefits related to certain nontraditional long-duration life and annuity contracts and deferred profit on limited pay contracts.

DEBT Debt is generally carried at unpaid principal balance.

RECOGNITION OF INSURANCE INCOME AND RELATED EXPENSES

Premiums from traditional participating life insurance policies, term life policies, annuity policies with life contingencies and group life and health contracts are recognized as income when due. The associated benefits and expenses are matched with income so as to result in the recognition of profits over the life of the contracts. This match is accomplished by providing for liabilities for future policy benefits and the deferral and subsequent amortization of policy acquisition costs.

Amounts received under universal life-type contracts and investment contracts are reported as deposits to policyholders' account balances. Revenues from these contracts consist of amounts assessed during the period for mortality and expense risk, policy administration and surrender charges, and are included as fee income in the Consolidated Statement of Income. In addition to fees, the Company earns investment income from the investment of policyholders' deposits in the Company's general account portfolio. Amounts previously assessed to compensate the Company for services to be performed over future periods are deferred and recognized into income over the period benefited, using the same assumptions and factors used to amortize DAC costs. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policyholders' account balances.

Premiums for contracts with a single premium or a limited number of premium payments due over a significantly shorter period than the total period over which benefits are provided are recorded as income when due. Any excess profit is deferred and recognized as income in a constant relationship to insurance in force and, for annuities, in relation to the amount of expected future benefit payments.

Premiums, universal life fee income, benefits and expenses are stated net of reinsurance ceded. Estimated reinsurance ceding allowances are recognized over the life of the reinsured policies using assumptions consistent with those used to account for the underlying policies.

POLICYHOLDERS' DIVIDENDS The amount of dividends to be paid to NYLIC participating policyholders is determined annually by NYLIC's board of directors. The aggregate amount of policyholders' dividends is based on NYLIC's statutory results and past experience, including investment income, net realized investment gains and losses over a number of years, mortality experience and other factors. NYLIC accrues dividends to policyholders when they are due to the policyholder.

The amount of dividends to be paid to the Company's NYL International policyholders is determined by means of formulas specific to each country's regulations that reflect the relative contribution of each group's policies to the results of operations.

FEDERAL INCOME TAXES Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred federal income tax assets ("DTAs") and liabilities ("DTLs") are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balance sheets are compared. Deferred income taxes are generally recognized based on enacted tax rates and a valuation allowance is recorded if it is more likely than not that any portion of the deferred tax asset will not be realized.

NYLIC files a consolidated federal income tax return with certain of its domestic insurance and non-insurance subsidiaries. The consolidated income tax liability is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that each member of the group is allocated its share of the consolidated tax provision or benefit, determined generally on a separate company basis, but may, where applicable, recognize the tax benefits of net operating losses or capital losses utilizable in the consolidated group. Intercompany tax balances are generally settled quarterly on an estimated basis with a final settlement within 30 days of the filing of the consolidated return.

Effective January 1, 2007, the Company adopted FIN No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109. Under FIN No. 48, the Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. The amount of tax benefit recognized for certain tax position is the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Unrecognized tax benefits are included within other liabilities and are charged to earnings in the period that such determination is made. The Company classifies interest and penalties related to tax uncertainties as income tax expense.

BENEFIT PLANS NYLIC maintains various qualified and non-qualified plans that provide defined benefit pension and other postretirement benefits covering eligible U.S. employees and agents. A December 31 measurement date is used for all defined benefit pension and other postretirement benefit plans.

SFAS No. 87, Employers' Accounting for Pensions ("SFAS 87"), as amended, established the accounting for pension plan obligations. Under SFAS 87, the projected pension benefit obligation ("PBO") is defined as the actuarially calculated present value of vested and non-vested pension benefits accrued based on future salary levels. The PBO of the defined benefit pension plans are determined using a variety of actuarial assumptions, from which actual results may vary.

SFAS No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions ("SFAS 106"), as amended, established the accounting for expected postretirement plan benefit obligations ("EPBO"), which represents the actuarial present value of all other postretirement benefits expected to be paid after retirement to employees and their dependents. The EPBO is not recorded in the financial statements but is used in measuring the periodic expense. The accumulated postretirement plan benefit obligations ("APBO") represents the actuarial present value of future other postretirement benefits attributed to employee services rendered through a particular date and is the valuation basis upon which liabilities are established. The APBO is determined using a variety of actuarial assumptions, from which actual results may vary.

The Company recognizes the funded status of each of the pension and postretirement plans on the consolidated balance sheet in other comprehensive income. The funded status of a plan is measured as the difference between plan assets at fair value and PBO for pension plans or the APBO for any other postretirement plan.

Net periodic benefit cost is determined using management estimates and actuarial assumptions to derive service cost, interest cost and expected return on plan assets for a particular year. Net periodic benefit cost also includes the applicable amortization of any prior service cost (credit) arising from the increase (decrease) in prior years' benefit costs due to plan amendments or initiation of new plans. These costs are amortized into net periodic benefit cost over the expected service years of employees whose benefits are affected by such plan amendments. Actual experience related to plan assets and/or the benefit obligations may differ from that originally assumed when determining net periodic benefit cost for a particular period, resulting in gains or losses. To the extent such aggregate gains or losses exceed 10 percent of the greater of the benefit obligations or the market-related asset value of the plans, they are amortized into net periodic benefit cost over the expected service years of employees expected to receive benefits under the plans.

The obligations and expenses associated with these plans require an extensive use of assumptions such as the discount rate, expected rate of return on plan assets, rate of future compensation increases, healthcare cost trend rates, as well as assumptions regarding participant demographics such as rate and age of retirements, withdrawal rates and mortality. Management, in consultation with its external consulting actuarial firm, determines these assumptions based upon a variety of factors such as historical performance of the plan and its assets, currently available market and industry data, and expected benefit payout streams. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics.

NYLIC also sponsors defined contribution plans for substantially all U.S. employees and agents under which a portion of employee/agent contributions are matched. Accordingly, the Company recognizes compensation cost for current matching contributions. As all contributions are transferred currently to the Trust for these plans, no liability for matching contributions is recognized in the Consolidated Balance Sheet.

NYLIC also maintains for certain eligible participants a non-qualified unfunded arrangement that credits deferral amounts and matching contributions in respect of compensation in excess of the amount that may be taken into account under the defined contribution plan because of applicable IRS limits. Accordingly, the Company recognizes compensation cost for current matching contributions and holds a liability for these benefits, which is included in other liabilities in the accompanying Consolidated Balance Sheet.

Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2007 and 2008

NYLIC provides certain benefits to eligible employees and agents during employment for paid absences. For those benefits that accumulate or vest, a liability is accrued over the employees' expected service period. For those benefits that do not accumulate or vest, a liability is accrued when the benefit is incurred.

BUSINESS RISKS AND UNCERTAINTIES The securities and credit markets have been experiencing extreme volatility and disruption. In some cases, the markets have exerted downward pressure on the availability of liquidity and capital. In the event NYLIC needs access to additional capital, its ability to obtain such capital may be limited and the cost of any such capital may be higher than available today.

Rating agencies assign NYLIC financial strength/claims paying ability ratings based on their evaluations of NYLIC's ability to meet its financial obligations. These ratings indicate a rating agency's view of an insurance company's ability to meet its obligations to its insured. In certain of NYLIC's markets, ratings are important competitive factors of insurance companies. Rating organizations continue to review the financial performance and condition of insurers, including NYLIC.

The Risk-Based Capital, or RBC ratio, is the primary measure by which regulators evaluate the capital adequacy of NYLIC. RBC is determined by statutory rules that consider risks related to the type and quality of invested assets, insurance-related risks associated with NYLIC's products, interest-rate risk and general business risks. A continuation or worsening of the disruptions in the capital markets could increase equity and credit losses and reduce NYLIC's statutory surplus and RBC ratio.

Note 3

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value and expands disclosures around fair value measurements. This statement does not require any new fair value measurements, but the application of this statement could change current practices in determining fair value. The Company adopted this guidance effective January 1, 2008.

In February 2008, the FASB issued FASB Staff Position ("FSP") No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" ("FSP FAS 157-1"). FSP FAS 157-1 provides a limited scope exception from SFAS No. 157 for the evaluation criteria on lease classification and capital lease measurement under SFAS No. 13, "Accounting for Leases," and other related accounting pronouncements. Accordingly, the Company did not apply the provisions of SFAS No. 157 in determining the classification of and accounting for leases.

In February 2008, the FASB issued FSP No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS 157-2"), which delayed the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company did not apply the provisions of SFAS No. 157 to the non-financial assets and non-financial liabilities within the scope of FSP FAS 157-2. The effect is not expected to be significant in 2009.

In October 2008, the FASB issued FSP No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" ("FSP FAS 157-3"). This FSP clarifies the application of SFAS No. 157 in a market that is not active and provides an example to illustrate key considerations in the determination of the fair value of a financial asset when the market for that asset is not active. FSP FAS 157-3 was effective upon issuance and did not have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – including an amendment of FAS No. 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. A company should report unrealized gains and losses on items for which the fair value option has been elected in earnings. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The Company did not elect the fair value option for any financial assets or financial liabilities.

In April 2007, the FASB issued FSP FIN 39-1, "Amendment of FASB Interpretation No. 39" ("FSP FIN 39-1"). This FSP modifies FIN No. 39, "Offsetting of Amounts Related to Certain Contracts," and permits companies to offset cash collateral receivables or payables with net derivative positions under certain circumstances. The Company's adoption of this guidance, effective January 1, 2008, did not have an effect on the Company's consolidated financial position or results of operations.

In January 2008, the FASB issued Statement No. 133 Implementation Issue No. E23, "Hedging – General: Issues Involving the Application of the Shortcut Method under Paragraph 68" ("Implementation Issue E23"). Implementation Issue E23 amends SFAS 133, paragraph 68, with respect to the conditions that must be met in order to apply the shortcut method for assessing hedge effectiveness. This guidance was effective for hedging relationships designated on or after January 1, 2008. The Company's adoption of this guidance did not have a material effect on the Company's consolidated financial position or results of operations.

In January 2009, the FASB issued FSP EITF 99-20-1, “Amendments to the Impairment Guidance of EITF Issue No. 99-20.” This FSP revises other-than-temporary-impairment guidance for beneficial interests in securitized financial assets that are within the scope of Issue 99-20. This FSP is effective for interim and annual reporting periods ending after December 15, 2008. The Company’s adoption of this guidance did not have a material effect on the Company’s consolidated financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and SFAS No. 132(R)” (“SFAS 158”). This statement requires an employer to measure the funded status of its plans as of its fiscal year-end. Previously, employers were permitted to measure the funded status of their plans within three months of its fiscal year-end. This requirement is effective for fiscal years ending after December 15, 2008, with early adoption permitted. The Company adopted the measurement date provision of SFAS No. 158, as of January 1, 2007. Accordingly, the January 1, 2007, impact of changing the measurement date from September 30 to December 31 resulted in a reduction to retained earnings of \$38 million, net of income taxes, and an increase in accumulated other comprehensive income of \$99 million, net of income taxes, in the accompanying Consolidated Balance Sheet.

In July 2006, the FASB issued FIN No. 48, “Accounting for Uncertainty in Income Taxes,” an interpretation of FASB Statement No. 109. This interpretation prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that it has taken or expects to take on a tax return. This interpretation is effective for fiscal years beginning after December 15, 2006. On February 1, 2008, the FASB issued FASB Staff Position (“FSP”) No. 48-2, “Effective Date of FIN 48 for Certain Nonpublic Enterprises,” which delayed the effective date for non-public entities to periods beginning after December 15, 2007, with early adoption permitted. The Company early adopted FIN No. 48 as of January 1, 2007. The cumulative effect of the adoption of FIN No. 48, as of January 1, 2007, resulted in a decrease to retained earnings of \$56 million.

In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Instruments – an Amendment of FASB Statements No. 133 and 140.” This statement removes an exception from the requirement to bifurcate an embedded derivative feature from a beneficial interest in securitized financial assets. This statement also provides an irrevocable

election to measure at fair value an entire hybrid financial instrument that contains an embedded derivative requiring bifurcation on an instrument-by-instrument basis, rather than measuring only the embedded derivative on a fair value basis. The Company has used the exception for investments made in securitized financial assets in the normal course of operations, and thus has not previously had to consider whether such investments contain an embedded derivative. The new requirement to identify embedded derivatives in beneficial interests is required to be applied on a prospective basis only to beneficial interests acquired, issued or subject to certain remeasurement conditions after the adoption date of the new guidance. The Company adopted SFAS No. 155 effective January 1, 2007. The Company’s adoption of SFAS No. 155 did not have a material effect on the Company’s consolidated financial statements. The Company elected to measure at fair value certain financial instruments that contained an embedded derivative that would otherwise require bifurcation. These amounts were included in “fixed maturities – trading securities” on the accompanying Consolidated Balance Sheet and totaled \$298 million and \$226 million at December 31, 2007 and 2008, respectively.

In September 2005, the Accounting Standards Executive Committee (“AcSEC”) of the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (“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 DAC on internal replacements of insurance and investment contracts other than those specifically described in SFAS No. 97. The SOP 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. SOP 05-1 is effective for internal replacements occurring in fiscal years beginning after December 15, 2006. Under SOP 05-1, DAC written off at date of lapse cannot be restored when a policy subsequently reinstates. In addition, exchanges of deferred annuity contracts are generally considered substantially unchanged contracts and DAC is not written off. The Company adopted SOP 05-1 on January 1, 2007, which resulted in an increase in retained earnings of \$10 million, net of income taxes.

Notes to Condensed Consolidated Financial Statements

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Note 4

Debt

Debt consisted of the following at December 31, 2007 and 2008:

(DOLLARS IN MILLIONS)	2007	2008
CAPITAL CORPORATION'S COMMERCIAL PAPER DEBT ISSUANCE, VARIOUS MATURITY DATES THROUGH MARCH 2008 AND JANUARY 2009 FOR 2007 AND 2008, RESPECTIVELY (THE WEIGHTED AVERAGE INTEREST RATE IS APPROXIMATELY 4.32% AND 1.20% FOR 2007 AND 2008, RESPECTIVELY)	\$ 990	\$ 475
SHARED APPRECIATION INCOME LINKED SECURITIES, DUE AUGUST 22, 2011 (COUPON RATE OF 3.3%)	222	228
SHARED APPRECIATION INCOME LINKED SECURITIES II, DUE APRIL 28, 2008	301	–
5.875% SURPLUS NOTES, DUE MAY 15, 2033	991	991
NON-RECOURSE DEBT	54	56
OTHER	56	33
TOTAL DEBT	\$2,614	\$1,783

On August 16, 2001, the Company entered into an agreement with Credit Suisse (“CS”), formerly Credit Suisse First Boston International and Credit Suisse First Boston Corporation, referred to as Shared Appreciation Income Linked Securities (“SAILS”) in the above table. Under the agreement, the Company agreed to a forward sale of certain of its shares of ESI, an investment of the Company. The Company may deliver up to 18 million shares of ESI common stock on August 22, 2011, or settle the transaction in cash instead of delivering shares.

On April 28, 2003, the Company entered into another agreement with CS, referred to as Shared Appreciation Income Linked Securities II (“SAILS II”) in the above table. Under this agreement, the Company agreed to a forward sale of certain of its shares of ESI. The Company was to deliver up to 22 million shares of ESI common stock on April 28, 2008, or settle the transaction in cash instead of delivering shares.

In accordance with the SAILS II agreement, on April 28, 2008, the Company delivered 21,082,600 shares of ESI common stock to CS at an average market price of \$66.51 per share, for total consideration of \$1,402 million.

On May 5, 2003, NYLIC issued Surplus Notes (“Notes”) with a principal balance of \$1 billion, at a discount of \$9.8 million, bearing interest at 5.875 percent, with a maturity date of May 15, 2033. The Notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by a United States bank as registrar/paying agent. Interest on these Notes is scheduled to be paid semi-annually on May 15 and November 15 of each year.

The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of NYLIC. There are no principal payments due in respect of the Notes prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent of the New York Department of Insurance and only out of surplus funds, which the Superintendent determines to be available for such payments under New York State Insurance law.

At December 31, 2007 and 2008, the Company was required to consolidate one limited partnership (“LP”) with an outstanding debt balance. For the years ended December 31, 2007 and 2008, the debt outstanding relating to the consolidated LP was \$54 million and \$56 million, respectively.

LINE OF CREDIT The Company has entered into a \$1.5 billion revolving credit facility with a consortium of banks effective July 27, 2005. The agreement is a five-year revolving credit facility that charges an annual facility fee of 4 bps. The borrowing rate is 16 bps over LIBOR. If borrowings exceed 50 percent of the total facility, the borrowing rate will be 16 bps over LIBOR plus 5 bps. The annual facility fees and borrowing rates could increase if NYLIC’s Standard & Poor’s and Moody’s Financial Strength ratings are downgraded.

To date, the Company has not utilized this credit facility.

Note 5

Commitments and Contingencies

LITIGATION The Company and/or its subsidiaries are defendants in individual and/or alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities, employment and/or other operations, including actions involving retail sales practices. Most of the actions seek substantial or unspecified compensatory and punitive damages. The Company and/or its subsidiaries are also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries. Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.

Note 6

Related Party Transactions

COMPANY MANAGED MUTUAL FUNDS New York Life Investments, through its subsidiaries, is responsible for providing investment advisory and certain related administrative services to the MainStay Funds, MainStay VP Series Fund, Inc., Eclipse Funds, Eclipse Funds, Inc., and the ICAP Funds, Inc. (collectively, "the Funds"). As a result, New York Life Investments, through its subsidiaries, earns investment management, accounting, administration and service fees related to the Funds, which aggregated \$380 million and \$320 million for the years ended December 31, 2007 and 2008, respectively, and are included in other income in the accompanying Consolidated Statement of Income. The receivable balance at December 31, 2007 and 2008, was \$43 million and \$25 million, respectively, and is included in other assets in the accompanying Consolidated Balance Sheet.

Note 7

Fair Value Measurements

DETERMINATION OF FAIR VALUE The Company has an established and well-documented process for determining fair value. The following is a description of the valuation methodologies used to determine fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

FIXED MATURITIES AND EQUITY SECURITIES The fair value of fixed maturities and equity securities is determined by considering one of three primary sources. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from third-party pricing services, the remaining un-priced securities are submitted to independent brokers for prices and, lastly, securities are priced using an internal pricing model.

Prices from pricing services and broker quotes are validated on an ongoing basis to ensure the adequacy and reliability of the fair value measurement. The Company performs both quantitative and qualitative analyses of the prices including initial and ongoing review of third-party pricing methodologies, back testing of recent trades, and a thorough review of pricing trends and statistics.

Independent pricing vendors do not cover private placement securities. These securities are priced by an internally developed model based upon assigned comparable public issues adjusted for liquidity, maturity and rating. The Company assigns a credit rating based upon internal analysis.

DERIVATIVE INSTRUMENTS Derivative instruments are reported on the Consolidated Balance Sheet at fair value and are reported in other investments or other liabilities. Derivative instruments generally are fair valued using pricing valuation models, which utilize observable market data. The remaining derivatives are either exchange traded or priced by broker quotations.

Notes to Condensed Consolidated Financial Statements

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Note 8

Statutory Financial Information

As discussed in Note 1 – Nature of Operations, the Department recognizes only SAP prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law and for determining whether its financial condition warrants the payment of a dividend to its policyholders. In addition, the Company is also subject to reporting requirements with the Delaware and Arizona Insurance Departments. No consideration is given by any of the State Insurance Departments to financial statements prepared in accordance with GAAP in making such determinations.

The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of New York. Prescribed statutory accounting practices include state laws and regulations. Permitted statutory accounting practices encompass accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future. The Company has no permitted practices.

In 2008, New York Insurance Law was amended to remove the statutory impediments to full adoption of NAIC SAP.

The one remaining difference between accounting practices prescribed by the State of New York and NAIC SAP is that the Company is required to hold an indemnity reserve in connection with its outstanding surplus note, whereas this is not required under NAIC SAP.

Prior to 2008, material differences between accounting practices prescribed by the State of New York and NAIC SAP included:

(1) electronic data processing equipment and operating software could only be admitted under New York Insurance Law if the individual cost exceeded \$50,000, whereas NAIC SAP allowed these items to be admitted assets, subject to a three percent limitation of the Company's capital and surplus; (2) the value of aircraft held by a non-insurance subsidiary that has no significant ongoing operations was permitted to be carried as an admitted asset if approved by the Superintendent of Insurance, whereas NAIC SAP required that it be excluded from the subsidiary's GAAP equity value carried in surplus; (3) goodwill, whether held directly or by a subsidiary (insurance or non-insurance), was non-admitted and reduced surplus of the Company, whereas NAIC SAP permitted goodwill to be carried as an asset; (4) New York State required the Company to establish an indemnity reserve initially equal to 10 percent of the face value of its surplus note issuance. This reserve is not required under NAIC SAP; (5) prepaid real estate taxes could be capitalized and admitted under New York Insurance Law, whereas NAIC SAP required that they be capitalized, non-admitted and charged against surplus.

The following table reconciles the Company's surplus at December 31, 2007 and 2008, between NAIC SAP and practices prescribed by the State of New York:

(DOLLARS IN MILLIONS)	2007	2008
STATUTORY SURPLUS, NEW YORK BASIS	\$ 11,959	\$ 11,793
STATE PRESCRIBED PRACTICES:		
1. EDP EQUIPMENT, NET	38	–
2. AIRCRAFT OWNED BY SUBSIDIARY, NET	(21)	–
3. GOODWILL OF NON-INSURANCE SUBSIDIARIES	311	–
4. SURPLUS NOTES INDEMNITY RESERVE	78	67
5. PREPAID REAL ESTATE TAXES	(1)	–
STATUTORY SURPLUS, NAIC SAP	\$12,364	\$11,860

For the years ended December 31, 2007 and 2008, there were no differences in net income between NAIC SAP and practices prescribed by the State of New York.

The following reconciles consolidated GAAP net income (loss) to the statutory net income (loss) of NYLIC, as reported to regulatory authorities:

(DOLLARS IN MILLIONS)	2007	2008
CONSOLIDATED GAAP NET INCOME (LOSS)	\$1,497	\$(1,016)
REMOVAL OF SUBSIDIARIES NET (INCOME) LOSS	(563)	222
GAAP NET INCOME (LOSS) NYLIC PARENT COMPANY	934	(794)
ADJUSTMENTS TO NYLIC PARENT COMPANY GAAP BASIS FOR:		
REMOVAL OF NET CAPITALIZATION OF DEFERRED POLICY ACQUISITION COSTS ("DAC")	(41)	(792)
RE-ESTIMATION OF FUTURE POLICY BENEFITS AND POLICYHOLDERS' ACCOUNT BALANCES	(142)	(240)
REMOVAL OF UNREALIZED LIMITED PARTNERSHIP (GAINS) LOSSES IN GAAP NET INVESTMENT INCOME	(106)	995
REMOVAL OF DEFERRED INCOME TAXES	106	(174)
POLICYHOLDER DIVIDENDS	(17)	148
INCLUSION OF INTEREST MAINTENANCE RESERVE ("IMR") CAPITALIZATION, NET OF AMORTIZATION	45	171
FAIR VALUE ADJUSTMENT OF CERTAIN LIABILITIES	(46)	(345)
NET INVESTMENT GAINS	158	493
INCLUSION OF DIVIDEND INCOME FROM SUBSIDIARIES	11	-
OTHER	(46)	(26)
STATUTORY NET INCOME (LOSS)*	\$856	\$(564)

The following reconciles consolidated GAAP equity to statutory capital of the Company, as reported to regulatory authorities:

(DOLLARS IN MILLIONS)	2007	2008
CONSOLIDATED GAAP EQUITY, EXCLUDING NET UNREALIZED INVESTMENT (GAINS) LOSSES	\$19,656	\$17,991
NET UNREALIZED INVESTMENT GAINS (LOSSES)	543	(4,312)
CONSOLIDATED GAAP EQUITY	20,199	13,679
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF CAPITALIZATION OF DAC	(6,616)	(10,132)
RE-ESTIMATION OF FUTURE POLICY BENEFITS AND POLICYHOLDERS' ACCOUNT BALANCES	2,717	2,147
ESTABLISHMENT OF IMR	(295)	(106)
POLICYHOLDER DIVIDENDS	(246)	(91)
MARK TO MARKET ON INVESTMENTS, PRE-TAX AND DAC	(1,524)	8,502
REMOVAL OF CERTAIN ASSETS THAT ARE NON-ADMITTED FOR STATUTORY ACCOUNTING	(1,489)	(1,317)
DEFERRED TAX ASSET	450	(2,571)
REMOVAL OF GOODWILL IN EXCESS OF STATUTORY LIMITATIONS	(554)	(371)
INCLUSION OF SURPLUS NOTES, NET OF INDEMNIFICATION RESERVE	913	924
LIABILITY FOR PENSION AND POSTRETIREMENT BENEFITS	1,220	1,923
OTHER	(95)	239
STATUTORY CAPITAL†	\$14,680	\$12,826

* Statutory net income (loss) includes the net income (loss) of NYLIC only, and excludes the statutory net income (loss) of its domestic insurance subsidiaries of \$285 million and \$(385) million for the years ended December 31, 2007 and 2008, respectively.

† Statutory capital includes statutory surplus and the asset valuation reserve ("AVR") on a consolidated basis of the Company. NYLIC's statutory surplus was \$11,959 million and \$11,793 million at December 31, 2007 and 2008, respectively. AVR for NYLIC was \$2,257 million and \$649 million at December 31, 2007 and 2008, respectively. AVR for NYLIC's domestic insurance subsidiaries was \$464 million and \$384 million at December 31, 2007 and 2008, respectively.

Reconciliation of Cash and Invested Assets: GAAP Basis to Statutory Basis

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	DECEMBER 31, 2008
GAAP CONSOLIDATED INVESTED ASSETS	\$158,188	\$149,704
GAAP CONSOLIDATED CASH AND CASH EQUIVALENTS	6,338	5,049
TOTAL GAAP CONSOLIDATED CASH AND INVESTED ASSETS	164,526	154,753
REMOVAL OF NON-INSURANCE AND FOREIGN INSURANCE AFFILIATES		
GAAP CASH AND INVESTED ASSETS IN EXCESS OF GAAP EQUITY	(10,247)	(8,754)
GAAP CASH AND INVESTED ASSETS – NEW YORK LIFE DOMESTIC	154,279	145,999
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF MARK TO MARKET ON INVESTMENTS PRINCIPALLY ON FIXED MATURITIES AND EQUITIES	(388)	8,068
REMOVAL OF CERTAIN SEPARATE ACCOUNT ASSETS RECLASSIFIED TO THE GENERAL ACCOUNT	(5,041)	(5,131)
INCLUSION OF COMPANY-OWNED REAL ESTATE AND ENCUMBRANCES	319	309
DIFFERENCE IN CARRYING VALUE OF NON-INSURANCE AND FOREIGN INSURANCE AFFILIATES	(1,783)	(1,705)
INCLUSION OF OTHER ITEMS NOT INCLUDED IN GAAP CASH AND INVESTED ASSETS, PRINCIPALLY ADVANCES AND ESCROW DEPOSITS, AND MISCELLANEOUS OTHER INVESTED ASSETS, NET OF BANK OVERDRAFTS	1,558	2,078
STATUTORY CASH AND INVESTED ASSETS – NEW YORK LIFE DOMESTIC	\$148,944	\$149,618

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following reconciles consolidated GAAP net income (loss) to operating earnings:

GAAP NET INCOME (LOSS) TO OPERATING EARNINGS		
(DOLLARS IN MILLIONS)	2007	2008
CONSOLIDATED GAAP NET INCOME (LOSS)	\$1,497	\$(1,016)
1. REMOVAL OF NET INVESTMENT (GAINS) LOSSES AND RELATED ADJUSTMENTS (NET OF TAX AND DAC)	(193)	1,316
2. REMOVAL OF (GAINS) LOSSES ON LIMITED PARTNERSHIPS IN NET INVESTMENT INCOME (NET OF TAX AND DAC)	(417)	509
CONSOLIDATED GAAP NET INCOME AFTER REMOVING (GAINS) LOSSES ON INVESTMENTS	887	809
ALL OTHER ADJUSTMENTS TO CONSOLIDATED GAAP NET INCOME (LOSS) (NET OF TAX AND DAC, IF APPLICABLE):		
3. INCLUSION OF CAPITAL GAINS AND/OR UNASSIGNED SURPLUS THAT SUPPORT POLICYHOLDER DIVIDENDS	354	410
4. INCLUSION OF AMORTIZATION OF CERTAIN STATUTORY INTEREST MAINTENANCE RESERVE*	28	49
5. REMOVAL OF ICAP LLC ("ICAP") ACQUISITION-RELATED EXPENSES	52	5
6. NET (REMOVAL) INCLUSION OF ICAP KEY-MAN INSURANCE PROCEEDS	(45)	10
7. REMOVAL OF CHARGES ASSOCIATED WITH MEXICAN SUBSIDIARY PURCHASED DEFERRED TAX ASSETS	2	–
OPERATING EARNINGS†	\$1,278	\$1,283

The following reconciles consolidated GAAP revenue to operating revenue:

GAAP REVENUE TO OPERATING REVENUE		
(DOLLARS IN MILLIONS)	2007	2008
CONSOLIDATED GAAP REVENUE	\$21,123	\$16,830
ADJUSTMENTS TO CONSOLIDATED GAAP REVENUE FOR:		
1. REMOVAL OF NET INVESTMENT INCOME AND NET INVESTMENT GAINS/LOSSES	(9,539)	(4,419)
2. ADJUSTMENT TO REPORT ALL INTERNATIONAL SUBSIDIARIES AT PERCENTAGE OWNERSHIP	(155)	(593)
3. REMOVAL OF CERTAIN GAAP PREMIUMS AND NON-OPERATING REVENUE	(415)	(437)
4. INCLUSION OF CERTAIN DEPOSITS CREDITED TO POLICYHOLDERS' ACCOUNT BALANCES	1,559	2,196
5. INCLUSION OF NET MARGINS ON GUARANTEED PRODUCTS	336	349
6. INCLUSION OF CERTAIN STATUTORY PREMIUMS	83	83
OPERATING REVENUE†	\$12,992	\$14,009

* Interest Maintenance Reserve ("IMR"): In accordance with statutory accounting principles, interest-related net realized capital gains/losses on all types of fixed income investments are accumulated in this reserve. These capital gains/losses are then amortized into operating earnings over the remaining maturity of the investment assuming it was not sold.

† Refer to Glossary of Terms on page 50.

Management's Discussion of Financial Responsibility

Management is responsible for the preparation and integrity of the financial information presented in the *Annual Report*. The Company's consolidated financial statements, incorporated by reference herein, have been prepared in conformity with accounting principles generally accepted in the United States of America. In management's opinion, the consolidated statements present fairly the Company's financial position, results of operations and cash flows as of, and for the years ended, December 31, 2008 and 2007.

The Company maintains a strong system of internal accounting controls, monitored by our corporate staff of professionally trained internal auditors. We encourage strong and effective corporate governance from our board of directors, continuously review our business results and strategic choices and focus on financial stewardship. The Company's controls are designed to provide reasonable assurance that assets are safeguarded and that transactions and events are recorded properly. The Company has evaluated the effectiveness of its controls and procedures for financial reporting purposes as of December 31, 2008 and 2007, and has concluded that they are effective.

PricewaterhouseCoopers LLP, the Company's independent auditor, has audited the consolidated financial statements of the Company in accordance with auditing standards generally accepted in the United States of America. The report appears on page 26.

The Audit Committee of the board of directors of New York Life Insurance Company, which is comprised exclusively of directors who are not officers or employees of the Company, meets regularly with management, the internal auditors and the independent auditors to provide oversight so that management fulfills its responsibilities for accounting controls and preparation of financial statements.

Although we are not an SEC registrant, we have elected to comply voluntarily with section 302 of the Sarbanes-Oxley Act of 2002, which identifies management's responsibilities over its financial statements and requires management to certify as to the integrity of the financial statements and the effectiveness of internal controls. Our statement to that effect can be viewed on the Company's Web site, www.newyorklife.com.



Theodore A. Mathas

*President and
Chief Executive Officer
March 31, 2009*



Michael E. Sproule

*Executive Vice President and
Chief Financial Officer
March 31, 2009*

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NEW YORK LIFE INSURANCE COMPANY

www.newyorklife.com

New York Life maintains more than 120 offices throughout all 50 states, as well as a network of dedicated customer service centers. For questions about our products and services, please call your New York Life agent or 800-692-3086.

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Madison, WI 53717
608-831-4416

WYOMING

Wyoming General Office
6000 East 2nd Street
Suite 2001
Casper, WY 82609
307-266-1485

LONG-TERM CARE INSURANCE DIVISION

6200 Bridgepoint Parkway
Suite 400
Austin, TX 78730
800-224-4582

AARP LIFE INSURANCE AND LIFETIME INCOME PROGRAMS

www.nylaar.com
5505 West Cypress
Tampa, FL 33607
800-695-5164

GROUP MEMBERSHIP ASSOCIATION DIVISION

1 Rockwood Road
Sleepy Hollow, NY 10591
800-695-4226
(Disability Insurance Claims)
800-792-9686
(Life Insurance Claims)

NEW YORK LIFE INVESTMENTS* www.nylim.com

New York Life Investments' retail products are available to consumers through New York Life's career agents. For questions and further information, call your New York Life agent or 800-692-3086. To contact one of New York Life Investments' companies directly, please refer to the list below.

HOME OFFICE

(Headquarters, Real Estate Group, Fixed Income Investment Group and New York Life Capital Partners)
51 Madison Avenue
New York, NY 10010
212-576-7000

MAINSTAY INVESTMENTS

www.mainstayinvestments.com
169 Lackawanna Avenue
Parsippany, NJ 07054
800-MAINSTAY

NEW YORK LIFE RETIREMENT PLAN SERVICES

www.nylim.com/retirement
690 Canton Street
Westwood, MA 02090
781-619-2000

MADISON SQUARE INVESTORS LLC

www.nylim.com/institutional
1180 Avenue of the Americas
New York, NY 10036
212-938-6500

MACKAY SHIELDS LLC

www.mackayshields.com
9 West 57th Street
New York, NY 10019
212-758-5400

ICAP LLC

www.institutionalcap.com
25 West Wacker Drive
Suite 2400
Chicago, IL 60606
312-424-9100

MCMORGAN & CO. LLC

www.mcmorgan.com
425 Market Street
Suite 1600
San Francisco, CA 94105
415-788-9300

MADISON CAPITAL FUNDING LLC

www.mcfllc.com
30 South Wacker Drive
Suite 3700
Chicago, IL 60606
312-596-6900

NEW YORK LIFE INTERNATIONAL, LLC

New York Life and its international subsidiaries and joint ventures do business in eight markets around the world in addition to the United States.

HOME OFFICE

51 Madison Avenue
New York, NY 10010
212-576-7000

Asia Region

Regional Office
32nd Floor, Shui On Centre
6 Harbour Road
Wanchai, Hong Kong
852-2116-4399

CHINA

Haier New York Life Insurance Co., Ltd.
www.hnylic.cn
Headquarters:
36F 3601 Jin Mao Tower
88 Century Avenue
Pu Dong New Area, Shanghai
200121, P.R.C.
621-5047-2188

HONG KONG

New York Life Insurance Worldwide Limited
www.newyorklife.com.hk
Headquarters:
33/F, New York Life Tower
Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong
852-2881-0688

INDIA

Max New York Life Insurance Company Limited
www.maxnewyorklife.com
Headquarters:
11th Floor, DLF Square
Jacaranda Marg, DLF City, Phase II
Gurgaon 122 002, Haryana, India
91 124 2561717

SOUTH KOREA

New York Life Insurance Limited
www.nyli.co.kr
Headquarters:
11th, Shinyoung B/D
68-5 Cheongdam-Dong
Gangnam-Gu
Seoul 135-100, Korea
82-2-2107-4600

TAIWAN

New York Life Insurance Taiwan Corporation
www.nylitc.com.tw
Headquarters:
14/F, No. 133 Min Sheng East Road
Section 3
Taipei, Taiwan, ROC
8862-2719-5277

THAILAND

Siam Commercial New York Life Insurance Public Company Limited
www.scnyl.com
Headquarters:
1060 Siam
Commercial Bank Building
New Petchburi Road
Makkasan, Rajithevee
Bangkok 10400, Thailand
662-655-3000

Latin America Region

ARGENTINA

HSBC New York Life Seguros de Vida (Argentina) S.A.
www.hsbc.com.ar/ar/vidayretiro
Headquarters:
Bouchard 680
Floor 16 C1106ABJ
Buenos Aires, Argentina
5411-4344-3333

MEXICO

Seguros Monterrey New York Life, S.A. de C.V.
www.seguros-monterrey.com.mx
Headquarters:
Presidente Masaryk #8
Col. Bosques de Chapultepec
11588 Mexico, D.F.
52-55-5326-9101

* New York Life Investments is a service mark used by New York Life Investment Management Holdings LLC and its subsidiary, New York Life Investment Management LLC.

Senior Executive Officers (as of March 31, 2009)

Chairman of the Board

Sy Sternberg

President and Chief

Executive Officer

Theodore A. Mathas*

Vice Chairman of the Board
and Chief Investment Officer

Gary E. Wendlandt*

Executive Vice President and
Chief Administrative Officer

Frank M. Boccio*

Executive Vice President,

Chief Legal Officer and

General Counsel

Sheila K. Davidson*

Executive Vice President and
Chief Financial Officer

Michael E. Sproule*

Executive Vice Presidents

Christopher O. Blunt*

John Y. Kim*

Richard L. Mucci*

Mark W. Pfaff*

Senior Vice President

and General Auditor

Mark E. Arning

Senior Vice President,

Controller and Chief

Accounting Officer

John A. Cullen

Senior Vice President and

Chief Information Officer

Eileen T. Slevin*

Senior Vice President

and Chief Actuary

Joel M. Steinberg

Senior Vice President,

Deputy General

Counsel and Secretary

Susan A. Thrope*

First Vice President

and Treasurer

Richard J. Witterschein

Senior Vice Presidents

Sara L. Badler

Patricia L. Barbari

Michael T. Barriere

Scott L. Berlin

Alexander A. Burbatsky

John R. Cassagne

Michael D. Coffey

John P. Curry

Michael A. DeMicco

Brian Duffy

Leonard J. Elmer

Thomas F. English

Michael G. Gallo

Solomon Goldfinger*

Robert J. Hebron

Maryann L. Ingenito

Thomas W. Kelly

Steven D. Lash

Akshay Madan

Barbara J. McInerney

Robert McKinley

John R. Meyer

Gary J. Miller

George Nichols III*

Dennis M. O'Brien

Michael M. Oleske

Paul T. Pasteris

Gideon A. Pell

Steven A. Rautenberg

Stephen G. Ray

Gerard A. Rocchi

Robert D. Rock

Eric S. Rubin

Albert J. Schiff

Michael F. Scovel

Arthur H. Seter

Jon S. Stenberg

Ronald J. Terry

Gregory D. Tyson

Michael Whitton

NEW YORK LIFE INVESTMENTS

Chairman

Gary E. Wendlandt*

President and Chief

Executive Officer

John Y. Kim*

Executive Vice Presidents

Patrick G. Boyle

Frank J. Ollari

Barry A. Schub

Senior Managing Director

and General Counsel

George S. Shively

Senior Managing Director

and Chief Financial Officer

David G. Bedard

Senior Managing Directors

Jefferson C. Boyce

Trevor J. Clark

Thomas A. Clough

Allan Dowiak

Stephen P. Fisher

Anthony R. Malloy

Alison H. Micucci

Susan L. Paternoster

Donald A. Salama

John E. Schumacher

Richard C. Schwartz

John C. Siciliano

Mark W. Talgo

Hugh J. Wade

Julia A. Warren

INSTITUTIONAL CAPITAL LLC

Chief Executive Officer and

Chief Investment Officer

Jerrold K. Senser

MACKAY SHIELDS LLC

Chairman and Chief

Executive Officer

Osbert Hood

MADISON SQUARE INVESTORS LLC

Chief Executive Officer

Tony H. Elavia

MCMORGAN & COMPANY LLC

Chief Executive Officer

John F. Santaguida

NEW YORK LIFE

INTERNATIONAL, LLC

Chairman and Chief

Executive Officer

Richard L. Mucci*

Vice Chairmen

William Beaty

John Harrison

Executive Vice President and

Chief Operating Officer

Russell G. Bundschuh

Executive Vice President and

Chief Distribution Officer

Eric B. Campbell

Executive Vice President and

Chief Financial Officer

Craig A. Merdian

Senior Vice President and

General Counsel

Maria G. Gutierrez

Senior Vice Presidents

Thomas Burke

Michael D. Burson

Susan Cartledge

May Chun

Shauna Collingwood

Camille Condon

Annette Donselaar

Vikram Sawhney

Ka Luk Stanley Tai

* Member of the Company's Executive Management Committee.

Board of Directors

S. THOMAS MOSER Elected as a director in 2008, he is a former vice chairman of KPMG, LLP, the U.S. member firm of KPMG International. He is a member of the board's Insurance & Operations Committee.

MARK L. FEIDLER Elected as a director in 2006, he is a founding partner of MSouth Equity partners and a former president and chief operating officer of BellSouth Corporation. Mr. Feidler is a member of the board's Insurance & Operations, Investment and Governance Committees.

ADMIRAL JOSEPH W. PRUEHER Elected as a director in 2001. Admiral U.S. Navy (Ret.) and former U.S. Ambassador to the People's Republic of China, Admiral Prueher chairs the board's Corporate Organization & Compensation Committee and is a member of the Audit and Governance Committees.

GARY E. WENDLANDT Elected as a director in 2007, he is vice chairman of the board and chief investment officer of New York Life.

FREDERICK O. TERRELL Elected as a director in 2003, he is managing partner and chief executive officer of Provender Capital Group, LLC. Mr. Terrell chairs the board's Investment Committee and is a member of the board's Corporate Organization & Compensation and Insurance & Operations Committees.

KENT B. FOSTER Elected as a director in 1995, he is the former chairman and chief executive officer of Ingram Micro Inc. Mr. Foster is the lead director and is a member of the board's Corporate Organization & Compensation, Audit and Governance Committees.

THOMAS C. SCHIEVELBEIN Elected as a director in 2006, he is the former president of Northrop Grumman Newport News. Mr. Schievelbein is a member of the board's Audit, Corporate Organization & Compensation, and Insurance & Operations Committees.

CHRISTINA A. GOLD Elected as a director in 2001, she is the president and chief executive officer and a director of The Western Union Company. Mrs. Gold chairs the board's Insurance & Operations Committee and is a member of the Audit and Corporate Organization & Compensation Committees.

CONRAD K. HARPER He served as a director from 1992 to 1993 and he rejoined the board as a director in 1996. Mr. Harper is Of Counsel to the law firm of Simpson Thacher & Bartlett LLP. He chairs the board's Governance Committee and is a member of the Investment Committee.

SY STERNBERG Elected as a director in 1995, he is chairman of the board of New York Life and was chief executive officer from 1997 until his retirement in June 2008.

THEODORE A. MATHAS Elected as a director in 2006, he is president and chief executive officer of New York Life.

BETTY C. ALEWINE Elected as a director in 1998, she is a retired president and chief executive officer of COMSAT Corporation. Mrs. Alewine chairs the board's Audit Committee and is a member of the Governance and Investment Committees.

ROBERT M. BAYLIS Elected as a director in 1996, he is a retired vice chairman of CS First Boston, Inc. Mr. Baylis is a member of the board's Corporate Organization & Compensation, Investment and Governance Committees.



BACK, LEFT TO RIGHT: S. Thomas Moser; Mark L. Feidler; Admiral Joseph W. Prueher; Gary E. Wendlandt; Frederick O. Terrell; Kent B. Foster; Thomas C. Schievelbein

FRONT, LEFT TO RIGHT: Christina A. Gold; Conrad K. Harper; Sy Sternberg; Theodore A. Mathas; Betty C. Alewine; Robert M. Baylis

Glossary of Terms

INSURANCE SALES – represent annualized first-year premium on products with significant mortality or morbidity risk, where a sale is generally counted when the policy is paid. Certain insurance sales are discounted to reflect the relative importance of these sales as follows: all single premium and all COLI sales are counted at 50 percent, except for COLI Private Placement Variable Universal Life and BOLI sales (which are counted at 10 percent). Insurance sales are generated from both our domestic and international businesses (where sales are reported at ownership percentage).*

INVESTMENT SALES – represent current year purchase of products primarily having market risk, where a sale is counted when money is received. Investment sales include individual accumulation annuities, mutual funds and third-party asset management.†

INDIVIDUAL LIFE INSURANCE IN FORCE – the sum of the face amounts of domestic and international life insurance contracts outstanding at a given time.

POLICYHOLDER BENEFITS AND DIVIDENDS – include domestic and international insurance operations and are presented on a statutory basis. Benefits include death claims paid to beneficiaries, accident and health benefits, surrender benefits, interest on death claims and annuity payments.‡

OPERATING REVENUE – includes statutory premiums for life and annuity products, net margins on guaranteed products and fee income associated with the asset management business. Premiums on most life insurance products and considerations on immediate annuity products (defined as “Guaranteed Lifetime Income Insurance”) are weighted at 100 percent. Annuity considerations on investment income products, all BOLI policies and certain PPVUL policies where premium is not expected to recur annually are weighted at 10 percent. The premiums and fees associated with all of our international subsidiaries are included at their ownership percentage.

ASSETS UNDER MANAGEMENT – consist of assets of the Company’s domestic and international insurance operations and assets the Company manages for third-party investors, including mutual funds, separately managed accounts and retirement plans.

OPERATING EARNINGS – the key measure used for management purposes to track the Company’s profitability from ongoing operations. Operating earnings equal GAAP net income adjusted for the removal, net of applicable tax and DAC, of: (i) net investment gains and losses and related adjustments; (ii) capital gains and losses on limited partnerships included in net investment income; (iii) ICAP LLC acquisition-related expenses; (iv) charges associated with Mexican subsidiary purchased deferred tax assets. Net income is further adjusted to include, net of applicable tax and DAC: (v) capital gains and/or unassigned surplus that support policyholder dividends; (vi) certain interest maintenance reserve amortization; (vii) net ICAP key-man insurance proceeds.§

SURPLUS AND ASSET VALUATION RESERVES – include statutory surplus and the asset valuation reserves (“AVR”) of the Company on a consolidated basis (also referred to as Statutory Capital). Statutory surplus represents assets minus liabilities of the Company based on the accounting rules specified by the state insurance regulators. The AVR is required by insurance regulators to stabilize surplus from defaults on bonds, mortgage loans and real estate along with fluctuations in the market value of equity securities. Changes in the AVR are accounted for as direct increases or decreases in surplus. The AVR on a consolidated basis includes the AVR of New York Life’s domestic insurance subsidiaries.

* This indicator has been revised for years 2004–2007 to conform to the Company’s change in definition of insurance sales, which adjusted single premium sales including immediate annuities to 50 percent, effective 1/1/2008.

† This indicator has been revised for the years 2004–2007 to conform to the Company’s change in definition of investment sales, to exclude investment sales from New York Life Investments’ guaranteed products and wholesale lines of business, effective 1/1/2008. 2006 investment sales include \$1.1 billion of sales related to an acquisition of an investment subsidiary in 2006. 2004 investment sales include \$1.25 billion of sales related to an acquisition of an investment subsidiary in 2004.

‡ NYLIC’s policyholder benefits and dividends were \$8.1 billion at both December 31, 2007 and 2008, respectively. NYLIAC’s policyholder benefits and dividends were \$5.4 billion and \$5.2 billion at December 31, 2007 and 2008, respectively.

§ 2004–2007 operating earnings have been revised to conform to the Company’s change in definition, effective 1/1/2008, relating to the alignment of certain expenses generated by capital gains revenue.



