New York Life Insurance Company

And Subsidiaries
Full Rating Report

Ratings

Long-Term Issuer Default Rating	AA+
Surplus Notes	AA
Short-Term Issuer Default Rating	F1+
Insurer Financial Strength	AAA

New York Life Ins.urance and Annuity Corp.

Insurer Financial Strength	AAA

Note: See additional ratings on page 13.

Rating Outlook

Stable

Financial Data

New York Life Insurance Company

($ Mil.)	12/31/15
Total Adjusted Capital (TAC)	22,750
Surplus Notes Outstanding	1,992
Statutory Net Income	257
Operating Return on TAC (%)	2.9
RBC (%)	549

Note: Statutory data is for New York Life consolidated.
Source: Fitch, SNL Financial.

Related Research

Fitch Affirms New York Life's IFS at 'AAA'; Outlook Stable (September 2016)

Fitch: Sector Outlook on U.S. Life Insurers Revised to Negative (September 2016)

U.S. Life Insurers' Investment Portfolios (Results of Fitch's Year-End 2015 Survey) (September 2016)

U.S. Life Insurance GAAP Results Dashboard (Midyear 2016) (August 2016)

2016 Outlook: U.S. Life Insurance (Low Interest Rates Remain an Earnings Headwind) (December 2015)

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Key Rating Drivers

Market Leader in Life Insurance: New York Life Insurance Company is one of the top producers of whole life insurance and a leading writer of guaranteed income annuities. The company's market position is deepened by its loyal and productive career agency distribution channel, which Fitch Ratings believes reduces pricing pressure and anti-selection in competitive market environments.

Extremely Strong Capital: New York Life's risk-adjusted capital remains extremely strong, as evidenced by its RBC ratio of 549% and operating leverage at 9x at year-end 2015. Financial leverage, defined as surplus notes to total adjusted capital (TAC), remained low at 9% as of year-end 2015. New York Life reported a 6% increase in TAC during first-half 2016 to $24 billion, which was driven by earnings and unrealized investment gains.

Acquisition Strengthened Core Business: New York Life further enhanced its scale with the acquisition of a 60% net interest in John Hancock Financial's closed block of primarily participating whole life insurance policies, through reinsurance, in July 2015. Under a separate agreement, New York Life Investment Management sold New York Life Retirement Plan Services (RPS), excluding its stable value business, to John Hancock. Fitch views these transactions favorably and consistent with New York Life's strategy of growing its core life insurance business.

Stable Operating Results: New York Life's strong earnings profile reflects the company's long history of stable earnings performance, which benefited from conservative operating strategies, favorable investment results and strong diversification.

Investment Performance within Expectations: New York Life's investment losses were higher in 2015 and 2016, led by energy-related impairments. Fitch views New York Life's energy exposure relative to corporate bonds as generally in line with the agency's rating universe. Credit impairments remain within pricing assumptions and well below historical averages.

Rating Sensitivities

Factors Supporting a Downgrade: Key rating triggers that could lead to a downgrade include a decline in capitalization, which includes an RBC ratio below 425% or a Prism capital model score below 'Extremely Strong'; future increases in financial leverage to more than 15% on a sustained basis; a reduction in fixed-charge coverage below 6.0x; significantly reduced profitability evidenced by a GAAP operating ROA below 0.5%; a decrease in financial flexibility associated with the company's participating whole life business; a major acquisition that leads New York Life away from its core expertise; or an unexpected shift in tax, regulatory or market dynamics that weakens its competitive strengths.

Business Profile

Very Strong Competitive Position

- Leading U.S. life insurance franchise.
- Strong captive distribution.
- Conservative business model.

Leading U.S. Life Insurance Franchise

New York Life is one of the largest life insurance companies in the U.S. and Mexico, with approximately $300 billion in total assets and $34 billion in equity as of Dec. 31, 2015. The company is one of the top producers of whole life insurance and is the market leader of guaranteed income annuities. Assets under management totaled $528 billion at year-end 2015, which includes investment boutiques offering specific investment strategies.

New York Life further enhanced its scale with the acquisition of a 60% net interest in John Hancock's closed block of primarily participating whole life insurance policies, through reinsurance, in July 2015. Favorably, these are seasoned policies that were priced prior to John Hancock's demutualization. Under a separate agreement, New York Life Investment Management sold New York Life RPS, excluding its stable value business, to John Hancock. Fitch views these transactions favorable and consistent with New York Life's strategy of growing its core life insurance business.

Diversified revenue sources allow the company to emphasize or deemphasize certain products in favorable or challenging economic scenarios and reduce its overall dependence on any single product. New York Life's mix of life insurance, annuities and asset management products provide diversification of mortality, longevity and interest rate risks.

Strong Captive Distribution

One of New York Life's key competitive advantages is its loyal and productive career agency distribution channel. Fitch believes this distribution strategy reduces pricing pressure and anti-selection in competitive market environments. New York Life's agency force is characterized by an industry-leading representation of insurance trade association Million Dollar Round Table producers and solid retention rates. Despite the competitive environment, New York Life continues to grow its agent base and the productivity of its agents. New York Life targets middle-market and affluent customers with a particular focus on higher-growth cultural markets and women.

The U.S. Department of Labor (DOL) announced new rules on April 6, 2016 that subject commission-based products such as variable annuities (VAs) and fixed-indexed annuities (FIAs) to considerably more stringent compliance requirements under the Best Interest Contract Exemption (BICE) when the products are sold into qualified accounts. The new rule is not expected to have a material impact on New York Life, as it does not sell FIAs and its VAs make up a relatively small portion of industry sales. Favorably to New York Life, the DOL has included language in BICE to make clear that advisers may continue to sell proprietary products.

Conservative Business Model

New York Life uses effective risk management tools in its capital planning, investment and business strategies. The company offers relatively conservative product features and maintains a strong capital position to offset risks related to various stress scenarios.

Related Criteria

Insurance Rating Methodology (September 2016)

Corporate Governance

Corporate governance and management are adequate and neutral to the rating. Ten of 11 board members are independent. Standard subcommittees are in place. Pricewaterhouse Coopers is New York Life's auditor. The audit opinion for 2015 was unqualified.

Although not a Securities and Exchange Commission registrant, New York Life voluntarily complies with section 302 of Sarbanes-Oxley Act of 2002. New York Life annually reports consolidated results publicly under U.S. GAAP. New York Life and its insurance subsidiaries report results under statutory accounting principles permitted as prescribed by their respective states of domicile.

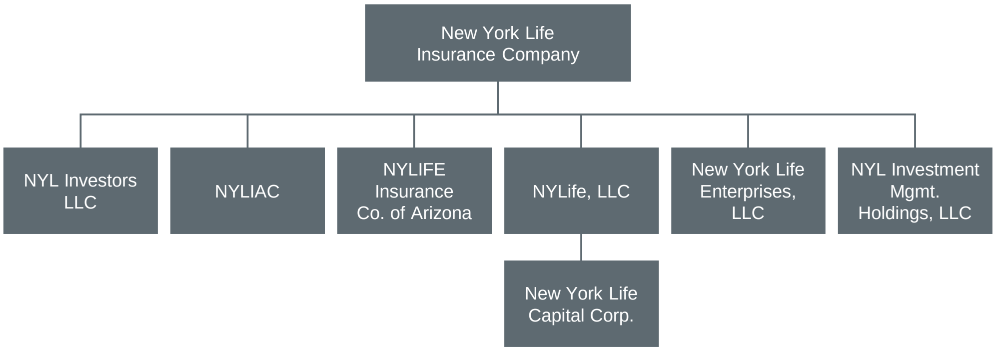
Ownership Is Positive to Rating

Fitch views the ownership structure of mutual insurance companies favorably, as the interests of management are aligned with those of policyholders, thus promoting a stronger focus on financial strength. New York Life's mutual ownership is viewed as a positive ratings factor. Fitch believes that the company's ownership structure generally has allowed management to hold more conservative levels of capital and pursue a more conservative operating strategy with a longer term focus on growth.

Organizational Structure

New York Life is the lead life insurance company and a holding company for its U.S. insurance operating subsidiaries New York Life Insurance and Annuity Corporation (NYLIAC) and NYLIFE Insurance Company of Arizona. New York Life Enterprises, LLC is a holding company for an international insurance subsidiary. New York Life's security brokerage, financial advisory, trust services operations and capital funding operations are owned by an intermediate holding company, NYLIFE LLC.

Organizational Structure — New York Life Insurance Company



Source: Company filings.

Sovereign- and Country-Related Constraints

Fitch rates the local currency sovereign obligations of the United States of America at ‘AAA’ with a Stable Outlook, and the Country Ceiling is similarly ‘AAA’.

The local currency sovereign rating expresses the maximum limit for local currency ratings of most, but not all, issuers in a given country. At current levels, the ratings of U.S. insurance organizations and other corporate issuers are not likely to be constrained by sovereign or macroeconomic risks.

Industry Profile and Operating Environment

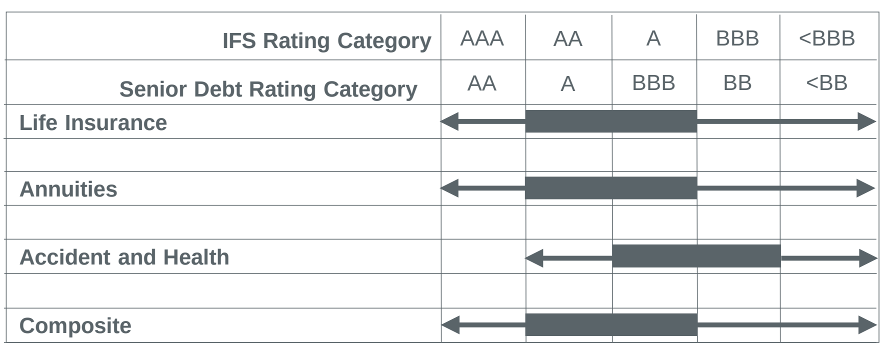
U.S. Life Industry Has Strong Balance Sheet Fundamentals

A majority of U.S. life insurers in Fitch’s rated universe have Insurer Financial Strength (IFS) ratings in the ‘AA’ and ‘A’ categories and Stable Rating Outlooks. This reflects very strong balance sheet fundamentals and generally stable operating performance. Balance sheets reflect very strong capital and liquidity, reasonable financial leverage and high-quality investment portfolios. The industry’s profitability benefited in recent years from improved asset-based fee income associated with higher asset levels, partially offset by lower interest margins due to continued low interest rates.

Key risk factors include asset risk tied to investment leverage, exposure to VA living benefit guarantees, persistent low interest rates, and uncertainty tied to macroeconomic conditions and regulatory environment. While improved financial market conditions and enhanced hedging strategies have reduced the risk associated with the industry’s large VA exposure, industry earnings and capital remain exposed to financial market volatility and uncertain policyholder behavior.

Cyclical improvement in the U.S. economy, strong recovery in the equity markets and a benign credit environment combined to mitigate the impact of prolonged low interest rates. Under Fitch’s base case scenario, the U.S. macroeconomic environment is expected to modestly improve in 2016, which should allow life insurers to maintain balance sheet fundamentals and financial performance consistent with 2015. Credit-related investment losses are expected to increase in 2016 but remain below long-term averages.

Ratings Range Based on Industry Profile/Operating Environment



Peer Analysis

New York Life Compares Well with Highly Rated Peers

New York Life compares well with other highly rated mutual life insurance companies. Capitalization, as measured by RBC, operating leverage and financial leverage are comparable with peers and in line with median rating guidelines. Additionally, New York Life's quality of capital is viewed favorably, as demonstrated by a surplus notes-to-TAC ratio near the lower end of the range.

Fitch views the profitability metrics (both return on assets and TAC) of New York Life and its mutual peer group as modest compared with the industry; however, on a risk-adjusted basis, results are viewed favorably. More conservative levels of capital and a more conservative operating strategy tend to suppress profitability metrics for mutual insurers. Additionally, New York Life's diverse product offerings contribute to enhanced earnings stability.

New York Life's risky assets as a percentage of TAC are above average in comparison with the life insurance industry and are largely in line with mutual peers. New York Life and Northwestern Mutual Life Insurance Co. have a higher proportion of participating policies, which allows them to pass on investment experience to policyholders.

Peer Comparison

(As of Dec. 31, 2015)	IFS Rating	RBC (%)	TAC ($ Mil.)	Asset Leverage (x)	Operating Leverage (x)	Risky Assets/ TAC (%)	Surplus Notes /TAC (%)	ROA (%)	Operating Return on TAC (%)
New York Life	AAA	549	22,750	12	9	106	9	0.5	2.9
Northwestern Mutual	AAA	648	26,028	9	7	113	7	0.3	3.3
Massachusetts Mutual	AA+	500	17,341	13	8	99	13	0.2	3.0
Guardian	AA+	568	7,358	9	7	56	12	0.9	7.6

IFS – Insurer Financial Strength. TAC – Total adjusted capital. ROA – Return on assets. Note: Pretax return on total assets post-dividend.
Source: Fitch, SNL Financial.

Capitalization and Leverage

	2012	2013	2014	2015	6/30/16	Fitch's Expectations
Total Adjusted Capital ($ Mil.)	19,542	21,470	21,594	22,750	24,087	Capital is expected to remain extremely strong with RBC above 500%. Operating and financial leverage are expected to remain near current levels.
RBC (%)	522	561	534	549	N.A.	
Asset Leverage (x)	11	11	12	12	12	
Operating Leverage (x)	9	8	9	9	9	
Surplus Notes/Total Adjusted Capital (%)	10	9	9	9	8	

N.A. – Not available.
Source: Fitch.

Extremely Strong Capitalization Supports Current Ratings

- Strong quality of capital.
- Low capital market funding needs.
- Capital flexibility due to whole life book.

Strong Quality of Capital

Fitch views New York Life's capitalization as extremely strong based on its RBC and leverage metrics. The company's capital strength is also reflected by its strong quality of capital. New York Life does not use captive insurers to fund excess life reserves and has limited use of third-party reinsurance. Also, additional conservatism is built into New York Life's balance sheet, given the more conservative reserving practices prescribed by the New York State Department of Financial Services.

New York Life reported a 6% increase in TAC during first-half 2016 to $24 billion, which was primarily driven by earnings and unrealized investment gains.

Low Capital Market Funding Needs

New York Life's reliance on capital markets funding is relatively low, as demonstrated by its below industry average total financing and commitments ratio of 0.4x and strong capitalization.

Capital Flexibility Due to Whole Life Book

The participating nature of New York Life's large block of in-force whole life business allows the company to adjust dividend rates to maintain strong targeted capital levels. The company has additional capital flexibility through access to the capital markets, as demonstrated by its $1 billion issuance of surplus notes during challenging market conditions in fourth-quarter 2009.

Debt Service Capabilities and Financial Flexibility

	2012	2013	2014	2015	1H16	Fitch's Expectations
Adjusted Interest Expense ($ Mil.)	126	126	126	126	N.A.	Interest coverage is expected to remain strong, given modest financial leverage and solid earnings.
GAAP Interest Coverage (x)	17	19	22	21	N.A.	
Statutory Interest Coverage (x)	14	11	15	11	9	

N.A. – Not available. Note: GAAP interest coverage consists of earnings before interest and taxes divided by adjusted interest expense. Statutory interest coverage consists of pretax gains from operations before interest expense and after dividends to policyholders divided by interest on surplus notes.
Source: Fitch, New York Life.

Strong Coverage Metrics

- Strong interest charge coverage.
- No refinance risk over near term.
- Additional financial flexibility.

Strong Interest Charge Coverage

New York Life exhibits extremely strong and consistent levels of debt-servicing capabilities with 2015 GAAP-based interest coverage at 21x and statutory interest coverage at 11x. Furthermore, liquidity from New York Life's entire general account is available to provide debt service for the company's $2.0 billion of outstanding surplus notes.

No Refinance Risk over Near Term

New York Life has no near-term refinancing needs for long-term debt. New York Life Capital Corp., its wholly owned indirect subsidiary, is authorized to issue up to $2 billion of CP, which it does on an opportunistic basis in the management of cash flows for investment and liquidity purposes. Outstanding CP balances are manageable and totaled $503 million at year-end 2015.

Additional Financial Flexibility

During 2016, New York Life increased its revolving credit facility to $1.25 billion from $1 billion. There were no outstanding balances as of Dec. 31, 2015. Additionally, the company has approximately $7.6 billion of borrowing capacity with the Federal Home Loan Bank (FHLB) of New York. NYLIAC is a member of the FHLB of Pittsburgh with $6 billion of borrowing capacity.

Long-Term Debt Maturities

($ Mil.)	
2014	0
2015	0
2016	0
2017	0
2018	0
2019 or Later	2,000

Source: Fitch.

Financial Performance and Earnings

(%)	2012	2013	2014	2015[a]	1H16	Fitch's Expectations
Pretax Gain from Operations	1,633	1,261	1,811	1,235	514	Profitability is expected to decline in 2016, driven by low interest rates and reduced income from limited partnerships. Offsetting these factors include the relative stability of its par whole life book and diversification from non-insurance businesses.
Net Income	1,333	1,326	1,602	257	303	
% Pretax Operating Return on Assets	0.8	0.6	0.7	0.5	0.4	
% Operating Return on TAC	7.7	6.2	7.6	2.9	4.6	
Growth in Revenues Before Realized Gains (%)	(3)	5	9	23	12	

[a]Results affected by John Hancock transaction. TAC – Total adjusted capital. Note: U.S. statutory accounting.
Source: Fitch, SNL Financial.

Sustained Solid Profitability

- Operating performance remains within rating expectations.
- Product profile contributes to earnings stability.
- Favorable risk-adjusted returns.

Operating Performance Remains Within Rating Expectations

New York Life reported lower statutory earnings in 2015, primarily driven by the statutory accounting treatment of its acquisition of John Hancock's closed block and energy-related investment losses. Strain related to new business growth also contributed to lower earnings. New York Life reported a 10% decline in statutory operating earnings in first-half 2016, which was partially driven by lower income from limited partnerships and planned business investments. Earnings remain within expectations and supportive of its ratings.

Although interest rate-sensitive business remains under pressure for the industry, New York Life continues to manage its spread margins well, aided by solid investment performance and actively managed crediting rates. Fitch believes that New York Life's exposure to potential economic headwinds is manageable over the near term, due to its product diversification and extremely strong capitalization.

Product Profile Contributes to Earnings Stability

New York Life generates consistent operating results driven by the company's conservative product focus and good diversification. The company's large life insurance business consistently accounts for more than 50% of earnings, with smaller contributions from annuities and asset management. The relative stability of earnings comes in part from the participating nature of the company's whole life book with limited guarantees and a flexible dividend scale. Product diversification supports New York Life's participating whole life dividend scale and augments sales growth.

Other factors enabling New York Life to price its individual whole life products competitively include low lapse rates on its protection-based insurance products and a low expense base, aided by its significant scale. Fitch believes the company's low lapse rate for its whole life products illustrates sound product design, competitive dividend rates, and strong relationships between New York Life's career agency system and its policyholders.

Favorable Risk-Adjusted Returns

New York Life's returns are partially suppressed by strong capital levels along with the lower risk/lower return nature of its products. Due to the participating nature of its whole life insurance product, a portion of underwriting and investment experience is shared with policyholders in the form of dividends that can be adjusted annually.

Investments and Asset Risk

	2012	2013	2014	2015	6/30/16	Fitch's Expectations
Cash and Invested Assets ($ Mil.)	180,005	187,801	197,235	218,346	225,024	Fitch expects credit-related impairments to remain manageable, albeit higher, and income from limited partnerships is expected to decline in 2016.
Below Investment-Grade Bonds/TAC (%)	51	45	48	53	51	
Risky Assets Ratio (%)	91	86	106[a]	106[a]	N.A.	
Investment Yield (%)	4.9	4.7	4.7	4.6	4.1	

[a]Includes commercial mortgages in category CM3, CM4 and CM5, whereas prior years only include CM4 and CM5. TAC – Total adjusted capital. N.A. – Not available.
Note: U.S. statutory accounting.
Source: SNL Financial, Fitch.

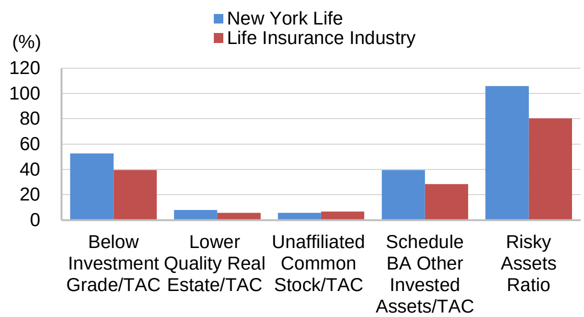
Investment Risks Manageable in Diversified Portfolio

- Well-diversified portfolio.
- Above-average risky assets.
- Credit impairments rise but remain manageable.

Well-Diversified Portfolio

New York Life manages a well-diversified liquid investment portfolio that continues to perform relatively well. Investment yields declined with the overall interest rate environment and credit-related impairments were elevated in 2015, led by the energy sector. The portfolio consists primarily of investment-grade publicly traded and private placement bonds (with a modest shift to NAIC 2 bonds), mortgage loans and agency structured products.

2015 Risky Assets to Total Adjusted Capital
(New York Life Versus Life Insurance Industry Aggregatge)

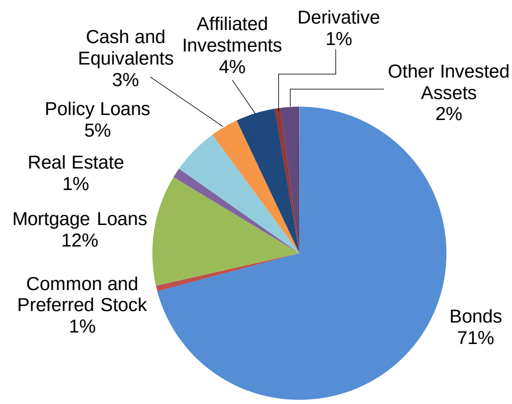


TAC – Total adjusted capital.
Source: SNL Financial, Fitch.

Above-Average Risky Assets

New York Life's risky assets ratio (measured by below investment-grade bonds, common stocks, schedule BA assets and lower quality mortgages as a percentage of TAC) remained above the industry average at 106% at year-end 2015. The higher ratio is primarily driven by greater exposure to private equity limited partnerships, which is well matched with the long duration of its participating business lines.

New York Life Cash and Invested Assets
($218 Bil. at Dec. 31, 2015)



Note: Statutory accounting.
Source: Company.

New York Life's above-average allocation to risky assets is partially related to its large block of participating whole life business, where investments results, both favorable and unfavorable, are passed through to policyholders over time.

Credit Impairments Rise but Remain Manageable

New York Life's investment losses were led by energy-related impairments in 2015, which continued into 2016. Fitch views New York Life's energy exposure relative to corporate bonds as generally in line with the agency's rating universe. Credit impairments remain within pricing assumptions and well below historical averages.

Asset/Liability and Liquidity Management

	2012	2013	2014	2015	6/30/16	Fitch's Expectations
Liquidity Ratio (%)	73	69	67	65	N.A.	Fitch expects operating cash flow coverage to remain near 1.3x and the liquidity ratio to remain near current levels.
Operating Cash Flow Coverage (x)	1.3	1.3	1.3	1.3	1.3	
Public Bonds/Total Bonds (%)	71	68	65	62	N.A.	
Total Adjusted Liabilities and Deposits ($ Mil.)	204,312	217,138	229,375	250,710	N.A.	

N.A. – Not available. Note: U.S. statutory accounting.
Source: Fitch, SNL Financial.

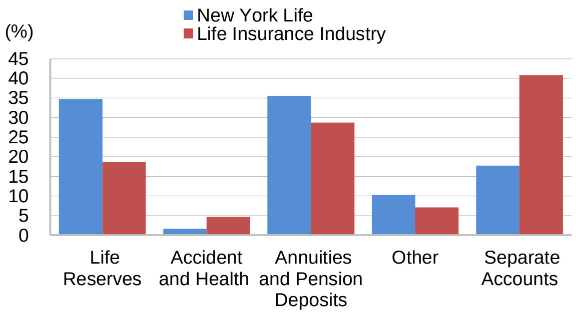
Solid Asset/Liability Management and Good Liquidity

- Strong liquidity position.
- Well-managed product risk.
- Low exposure to VA guarantees.

Strong Liquidity Position

New York Life maintains a large publicly traded bond portfolio and benefits from strong cash flows generated through its large individual life insurance book and product design that mitigates liquidity risk. Approximately 31% of New York Life's general account annuity reserves could be withdrawn at book value without market value adjustments or surrender penalties at year-end 2015. Consequently, Fitch views its moderate liquidity ratio of 6 5% as solid, given relatively low disintermediation risk.

Adjusted Liabilites and Separate Account Mix
(New York Life Versus Life Industry, As of Dec. 31, 2015)



Source: SNL Financial, Fitch.

Well-Managed Product Risk

Fitch believes the company effectively manages asset and liability risks through good product design, strict pricing discipline and actively managed duration. New York Life aims to minimize interest rate risk and currency risk through hedging.

New York Life is exposed to withdrawal/maturity risk through individual annuities and stable value products. Its interest rate and disintermediation risks are well managed through cash flow matching and contract provisions. Liquidity risks in its institutional annuity products remains manageable, due to modest exposure to these products at 8% of general account liabilities at year-end 2015. Additionally, none of its $11 billion of funding agreement-backed medium-term notes have put options that are exercisable.

Low Exposure to VA Guarantees

New York Life has a relatively small exposure to the VA business, which represents approximately 12% of total general and separate account reserves. Further, Fitch views the risk profile of

Liabilities — VA Guarantees

($ Mil., GAAP Liability)	2014	2015
GMDB	66	74
GMAB	181	155
Total[a]	**251**	**237**

[a]Total liabilities for guarantees include additional death benefits and accumulation at specified date benefits totaling $4 million and $8 million in 2014 and 2015, respectively. VA – Variable annuity.
GMDB – Guaranteed minimum death benefit.
GMAB – Guaranteed minimum accumulation benefit.
Source: Company.

New York Life's VA business as well below-average relative to industry peers. Approximately 25% of the VA business includes guaranteed living benefits riders. The company manages these risks through a combination of product design features and hedging, and sells only through its career agents.

Selected Variable Annuity Benefit Guarantee Data[a]

	Account Value		Net Amount at Risk	
($ Mil.)	**2014**	**2015**	**2014**	**2015**
GMDB — Return of Premium	15,202	16,184	34	139
GMAB — Return of Premium	4,953	5,256	38	186
GMDB — Ratchet	11,182	10,102	180	518
GMAB — Ratchet	1,666	1,519	12	47

[a]New York Life's variable annuity contracts offer more than one guarantee. Amounts are not mutually exclusive.
GMDB – Guaranteed minimum death benefit. GMAB – Guaranteed minimum accumulation benefit.
Source: Company.

Appendix A: Additional Financial Exhibits

Complete Ratings List

Issuer	Security Class	Rating
New York Life Insurance Co	Insurer Financial Strength (IFS)	AAA
	Long-Term Issuer Default Rating (IDR)	AA+
	Surplus Notes	AA
	Short-Term IDR	F1+
New York Life Insurance and Annuity Corporation	IFS	AAA
NYL Capital Corporation	Commercial Paper	F1+
New York Life Global Funding	Funding Agreement — Backed Note Programs	AAA
New York Life Funding, Inc.	Funding Agreement — Backed Note Programs	AAA

Source: Fitch.

Appendix B: Other Ratings Considerations

Below is summary of additional ratings considerations of a “technical” nature that are also part of Fitch’s ratings criteria.

Group IFS Rating Approach

New York Life is the lead operating entity. Fitch considers its wholly owned subsidiary, New York Life Insurance and Annuity Corporation, to be a Core subsidiary due to its shared management and dividend paying capacity. Additionally, the companies share administrative and operating functions. Therefore, Fitch applied a group rating methodology rating to each entity based on a combined group assessment.

Notching

For notching purposes, the regulatory environment of the U.S. is assessed by Fitch as being Effective and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS “anchor” rating to the operating company IDR.

Hybrids — Operating Company

Notching of operating company surplus notes was based on a standard baseline recovery assumption of Below Average and a nonperformance risk assessment of Minimal. Thus, they are notched down by two from the operating company IFS, which is based on one notch for recovery and one notch for nonperformance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

New York Life Global Fund and New York Life Funding Note Programs

The ‘AAA’ ratings on these and related issues recognizes that the trust obligations are secured solely by funding agreements issued by New York Life with cash flow structures that enable the trustees to pay the principal and interest on the notes. Thus, the note programs are dependent on New York Life’s credit quality and are assigned a rating equal to the company’s IFS rating.

Short-Term Ratings

New York Life’s short-term Issuer Default Rating (IDR) was notched using standard long-term and short-term ratings equivalencies, per Fitch’s criteria. Back-up liquidity meets Fitch’s liquidity guidelines.

New York Life’s subsidiary New York Life Capital Corp. (NYL CapCo) is authorized to issue $2 billion in CP and serves solely as a funding vehicle for the organization. At Dec. 31, 2015, the company had $503 million of CP outstanding.

NYL CapCo’s CP rating is directly related to the credit quality of its parent, New York Life, which provides explicit support to its subsidiary through a support agreement. The support agreement states that New York Life will (directly or through a wholly owned subsidiary) own and hold the entire legal title to and beneficial interest in all outstanding shares of capital stock of NYL CapCo.

The support agreement also indicates that New York Life will, at all times, cause NYL CapCo to have a tangible net worth of at least $1. Support for the rating includes a $1.25 billion back-up source of liquidity in the form of a credit agreement.

Hybrids — Equity/Debt Treatment

Hybrids Treatment Summary

Hybrid	Amount ($ Mil.)	CAR Fitch %	CAR Reg. Override %	FLR Debt %
Surplus Notes due 2039	1,000	0	100	100
Surplus Notes. due 2033	1,000	0	100	100

CAR — Capital adequacy ratio. FLR — Financial leverage ratio. Note: CAR % shows a portion of hybrid value included as available capital, both before (Fitch %) and after regulatory override. For FRL, % shows a portion of hybrid value included as debt in numerator of leverage ratio.

Exceptions to Criteria/Ratings Limitations

None.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.