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> Sandra J. Peters Vice President and Corporate Controller

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Via Electronic Mail to: director@fasb.org Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116 LETTER OF COMMENT NO. 46

Re: File Reference No. 1510-100

Proposed Statement of Financial Accounting Standards - Disclosures about Derivative Instruments and Hedging Activities (an amendment of FASB Statement No. 133)

Dear Technical Director:

MetLife, Inc. ("MetLife") appreciates the opportunity to respond to the referenced exposure draft ("Proposed Statement"). As a leading manager of insurable and financial risks and as a user of others' financial reporting through its investment portfolio, MetLife commends the Board and Staff on their continuing efforts to improve transparency, consistency and clarity in the area of financial instrument accounting and reporting in general and in the complex area of derivative instruments more specifically. Derivatives are an integral part of MetLife's risk management strategies and processes. We offer the following response to the exposure draft as a preparer and user of financial statements:

SCOPE

Issue 1: Exclusion of presentation and classification in the financial statements of derivative positions and results.

MetLife believes it would be beneficial to include within the scope of the Proposed Statement prescriptive guidance regarding how derivative instruments should be presented and classified in financial statements. Guidance surrounding the presentation

and classification of derivative instruments and their results is at least as important to the objectives of the Proposed Statement as the disclosures being required.

While explicit guidance regarding presentation and classification does not exist in current guidance, restrictive interpretations regarding the presentation and classification of derivatives activity in the income statement has evolved over time. These interpretations have not been established through an open due process similar to the Board's standard setting process. The results of many of these interpretations frequently present and classify results which differ significantly from the manner in which derivative instruments are utilized and managed. These differences may contribute to the use of non-GAAP presentation and classification measures, in order to assist users in evaluating the results of operations.

Without guidance relating to presentation and classification, realization of the Proposed Statement's objectives will be incomplete. MetLife encourages the Board to address the issues surrounding presentation and classification within the Proposed Statement in order to enable derivative users to provide information financial statement users are seeking within the GAAP framework.

Issue 2: Applicability to public and private entities.

MetLife agrees that the Proposed Statement should apply to both public and private entities. Through its investment process, MetLife is a user of both public and private entity financial reporting. Material derivatives usage and its impact on the financial position, results of operations and cash flows is equally important to the users of public and private financial statements.

COSTS OF IMPLEMENTATION AND DICSLOSURE REQUIREMENTS

Issue 3: Significant operational constraints and formatting concerns.

MetLife believes there are significant operational constraints in compiling information in the format required. While we maintain raw qualitative and quantitative information which would fulfill the requirements of the Proposed Statement, our existing management and financial reporting systems have been developed to provide information to derivative managers, and for financial statement preparation, in formats which vary from the format the Proposed Statement requires. A significant constraint relates to the time between issuance of the Proposed Statement and the proposed effective date and is discussed in response to the effective date in Issue 11.

MetLife has additional concerns relating to the format. We do not believe the level of aggregation proposed would provide the benefits the Board has identified and could potentially lead to confusion regarding current results and misinterpretation of potential future results from our derivative activities. The areas of concern are: risk categorization, gross presentation and gains and losses on positions at the end of the period that remain open or have closed during the period.

MetLife believes that a simpler format with rollforwards of net fair value positions by risk category and direction of risk (including gains and losses from derivatives which were opened and closed during the period) would provide much more useful information to the financial statement user regarding current results and potential future results. The category and direction of the positions reflects the continuing risk of an open position. The amounts recognized on all positions during the period, whether they remain open or are closed, would be much more concise making it easier for the financial statement user to evaluate current results.

There are risks which exist and are managed with derivative instruments which do not fit within the restrictive categories provided for by FAS 133. For example, the management of inflation risk would not fall within any of the FAS 133 individual risk categories and the instruments used are poorly classified as being hedges of all risks under FAS 133, when the derivative instrument used only hedges inflation. MetLife believes risk categorization is an important element of the disclosure, but that the categories reported should be flexible and reflective of the manner in which the reporting entity actually utilizes the derivative instruments to manage risk. [EH1]

MetLife believes net presentation by future risk exposure would be more beneficial than a gross presentation of assets and liabilities. For instance, net amounts related to being long or short interest rates, long or short the entity's reporting currency, long or short credit and long or short other categories of risk would be more accurate in reporting results and reflecting the future exposures than gross asset and liability positions under FAS 133 risk categories without regard to risk position of the gross exposures. Gross positions are only reflective of the history of the instruments relating to when the derivatives was entered into, rather than their future exposure to a risk. Instruments which would result in the identical future exposure to a risk when presented as gross assets and liabilities would likely result in misinterpretation by the financial statement user of the future exposure.

MetLife believes that the amounts recognized on positions closed during the period and amounts recognized during the period on positions which remained open at the end of the period are similar in nature and that separate reporting of these amounts provides little informational value. The amounts recognized on positions which remain open at the end of the period do not have any characteristics which differ from the amounts recognized on positions which closed during the reporting period. All amounts recognized in the current period equally met the requirements for recognition. The separation of open and closed position results would mislead users to believe that the results of positions which remain open at the end of the period have a different quality about them from positions closed during the period. This would be inaccurate as the effect of all gains and losses from derivative activity are of similar quality to the financial results for the period and no future risk exposure is reflected in financial statements for the amounts recognized on positions which remain open at the end of the period.

Issue 4: Contingent features.

MetLife agrees with additional disclosure of contingent features but believes the scope of contingent feature disclosures is vague. We would like further clarification of whether the scope is as broad as including the contingencies intuitively inherent in the derivative underlying (such as caps, floors and other strikes) or if the scope was intended to only capture those contingencies that are not intuitively inherent in the derivative underlying (such as events unrelated to the underlying which would accelerate payments which would otherwise be made on the derivative instrument). It has been our experience that when the intent of the scope is not explicitly stated, the scope becomes increasing broad when interpreted and applied in practice. The effectiveness of the disclosure may be overwhelmed by overly broad interpretations beyond the intended scope.

MetLife also would like clarification regarding when probabilities should be considered in disclosing contingencies. The existing language would appear to limit the application of probability to only default contingencies. We believe that all contingencies should be disclosed based on equal determination of probability of occurrence. For instance, remote tax or regulatory contingencies should be excluded from the scope similar to the decision made to exclude remote default contingencies from the scope.

DISCLOSURE OF NOTIONAL AMOUNTS

Issue 5: Notional amounts of outstanding positions.

MetLife questions the benefit of including notional amounts in the disclosure. The inclusion of notional amounts of outstanding positions, even in conjunction with fair values, is an incomplete metric and is incapable of providing the additional information identified by the Board. With the use of different strategies and different types of instruments between periods and between companies the amounts would not be comparable between periods or companies. Inferences to the future impact of derivative positions can be adequately made with the other quantitative and qualitative disclosures that will be present after the adoption of this Proposed Statement.

Issue 6: Notional amounts of closed positions.

MetLife agrees that disclosure of aggregate notional amounts for derivative positions which no longer exist would not be meaningful to the users of the financial statements. As the derivative exposure no longer exists and the full results of the closed positions have been realized and fixed, no additional information can be provided by the notional amount of those closed positions.

DISCLOSURES OF GAINS AND LOSSES ON HEDGED ITEMS

Issue 7: Undesignated "hedged items".

MetLife agrees that information regarding "hedged items" in undesignated hedging relationships should not be included in the required disclosure table. The table is intended to provide expanded information relating to amounts recognized in the financial statements relating to items accounted for under FAS 133. "Hedged items" in undesignated hedging relationships remain under their current basis of accounting and are unaffected by FAS 133. Their accounting methods, when significant, are disclosed under existing guidance and any additional disclosures are provided by the accounting specific to the "hedged item" in undesignated hedging relationships. We agree that the encouraged disclosures in paragraph 44 and 45, along with disclosures surrounding the fair value option, provide sufficient basis for providing information to users regarding items which are being economically hedged by undesignated derivative positions.

EFFECTIVE DATE

Issue 11: Adoption and effective date.

As noted in Issue 3, MetLife believes there are constraints which relate to the timing of the effective date. Reporting system redevelopment necessary to meet the disclosure requirements of the Proposed Statement would be significant for MetLife and require significant additional resources to complete by the effective date.

The strains on reporting system development for new accounting standards during 2007 are significant with tax uncertainties, fair value measurement, fair value option, deferred acquisition costs and others. Reporting systems are developed to most efficiently achieve the end requirements of their users. Changes in those end requirements require evaluation of the raw data in subsystems and the data feeds from those subsystems to the reporting systems. This includes the manner in which the data are segregated, aggregated and compiled for reporting formats. The timing of the effective date of the Proposed Statement, along with other recently issued standards, has presented significant changes in the end requirement of the reporting systems and has resulted in a significant amount of resources being deployed in the evaluation of data, data feeds and report formatting.

MetLife proposes that the qualitative aspects of the disclosure be effective at the currently proposed effective date, but that the quantitative requirements of the disclosure be deferred for an additional year from the effective date of the Proposed Statement to fiscal years and interim periods ending after December 15, 2008. The extension on the disclosure of the quantitative information would allow companies the time necessary to adequately adapt their reporting systems to the format of the Proposed Statement. In conjunction with this extended effective date for quantitative information, we would further propose that comparative information for fiscal years and interim periods ending after December 15, 2007 be required upon initial adoption of the Proposed Statement, rather than optional. This would provide for comparative quantitative information to be

required in the exact same reporting period that it would be required under the currently proposed effective date.

CONCLUSION

We are generally supportive of the results of the Board and Staff's efforts to improve the transparency and usefulness of derivatives reporting. We do believe that further consideration of the points made above would result in an improved realization of the benefits listed in the Proposed Statement. Please contact me with any questions regarding our response.

Very truly yours,

Sandra J. Peters

Vice President and Corporate Controller

Cc: Joseph J. Prochaska, Executive Vice President and Chief Accounting Officer

Bob Tarnok, Vice President

David Chamberlin, Assistant Vice President

James "Ed" Haney, Director