MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATUTORY FINANCIAL STATEMENTS

As of June 30, 2014 and December 31, 2013, for the six months ended
June 30, 2014 and 2013 and for the year ended December 31, 2013

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CONDENSED CONSOLIDATED STATUTORY FINANCIAL STATEMENTS
(UNAUDITED)

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MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	June 30, 2014	December 31, 2013	$ Change	% Change
	($ In Millions)			
Assets:				
Bonds	$ 75,323	$ 72,036	$ 3,287	5%
Preferred stocks	526	520	6	1%
Common stocks - subsidiaries and affiliates	6,091	5,377	714	13%
Common stocks - unaffiliated	1,164	931	233	25%
Mortgage loans	18,508	17,331	1,177	7%
Policy loans	10,975	10,859	116	1%
Real estate	1,004	876	128	15%
Partnerships and limited liability companies	7,237	7,434	(197)	(3)%
Derivatives	6,840	6,536	304	5%
Cash, cash equivalents and short-term investments	3,161	4,504	(1,343)	(30)%
Other invested assets	196	125	71	57%
Total invested assets	131,025	126,529	4,496	4%
Investment income due and accrued	1,942	1,611	331	21%
Federal income taxes	-	145	(145)	(100)%
Deferred income taxes	982	1,216	(234)	(19)%
Other than invested assets	1,073	1,028	45	4%
Total assets excluding separate accounts	135,022	130,529	4,493	3%
Separate account assets	66,125	64,478	1,647	3%
Total assets	$ 201,147	$ 195,007	$ 6,140	3%
Liabilities and Surplus:				
Policyholders' reserves	$ 93,391	$ 91,334	$ 2,057	2%
Liabilities for deposit-type contracts	9,226	9,469	(243)	(3)%
Contract claims and other benefits	399	400	(1)	-%
Policyholders' dividends	1,529	1,497	32	2%
General expenses due or accrued	658	764	(106)	(14)%
Federal income taxes	147	-	147	NM
Asset valuation reserve	2,497	2,267	230	10%
Repurchase agreements	5,105	3,674	1,431	39%
Commercial paper	250	250	-	-%
Derivative collateral	966	679	287	42%
Derivatives	4,726	4,822	(96)	(2)%
Other liabilities	2,573	2,858	(285)	(10)%
Total liabilities excluding separate accounts	121,467	118,014	3,453	3%
Separate account liabilities	66,115	64,469	1,646	3%
Total liabilities	187,582	182,483	5,099	3%
Surplus	13,565	12,524	1,041	8%
Total liabilities and surplus	$ 201,147	$ 195,007	$ 6,140	3%

NM = not meaningful

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF INCOME (LOSS)
(UNAUDITED)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	$ Change	% Change
	($ In Millions)			
Revenue:				
Premium income	$ 8,913	$ 10,091	$ (1,178)	(12)%
Net investment income	3,393	2,810	583	21%
Fees and other income	470	460	10	2%
Total revenue	12,776	13,361	(585)	(4)%
Benefits and expenses:				
Policyholders' benefits	8,686	8,865	(179)	(2)%
Change in policyholders' reserves	2,488	3,203	(715)	(22)%
Change in reserves due to the RPG reinsurance agreement	(993)	(1,113)	120	11%
General insurance expenses	881	793	88	11%
Ceding commission on the RPG reinsurance agreement	-	355	(355)	(100)%
Commissions	389	360	29	8%
State taxes, licenses and fees	106	98	8	8%
Total benefits and expenses	11,557	12,561	(1,004)	(8)%
Net gain from operations before dividends and federal income taxes	1,219	800	419	52%
Dividends to policyholders	717	664	53	8%
Net gain from operations before federal income taxes	502	136	366	269%
Federal income tax expense	101	29	72	248%
Net gain from operations	401	107	294	275%
Net realized capital losses after tax and transfers to interest maintenance reserve	(16)	(193)	177	92%
Net income (loss)	$ 385	$ (86)	$ 471	548%

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF CHANGES IN SURPLUS
(UNAUDITED)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	$ Change	% Change
	($ In Millions)			
Surplus, beginning of year	$ 12,524	$ 12,687	$ (163)	(1)%
Increase (decrease) due to:				
Net income (loss)	385	(86)	471	548%
Change in net unrealized capital gains, net of tax	865	(301)	1,166	387%
Change in net unrealized foreign exchange capital losses and gains, net of tax	34	(59)	93	158%
Change in other net deferred income taxes	(48)	59	(107)	(181)%
Change in nonadmitted assets	12	8	4	50%
Change in reserve valuation basis	-	(31)	31	100%
Change in asset valuation reserve	(230)	(61)	(169)	(277)%
Prior period adjustments	(13)	34	(47)	(138)%
Change in minimum pension liability	-	44	(44)	(100)%
Other	36	-	36	NM
Net increase (decrease)	1,041	(393)	1,434	365%
Surplus, end of period	$ 13,565	$ 12,294	$ 1,271	10%

NM = not meaningful

See notes to condensed consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATUTORY STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2014	Year Ended December 31, 2013
	(In Millions)	
Cash from operations:		
Premium and other income collected	$ 9,363	$ 21,726
Net investment income	3,160	5,699
Benefit payments	(9,561)	(18,728)
Net transfers (to) from separate accounts	(57)	1,313
Commissions and other expenses	(555)	(650)
Dividends paid to policyholders	(675)	(1,377)
Federal and foreign income taxes recovered	237	64
Net cash provided from operations	1,912	8,047
Cash from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds	7,741	21,074
Preferred and common stocks - unaffiliated	129	688
Mortgage loans	896	2,365
Real estate	12	133
Partnerships and LLCs	899	1,465
Common stocks - affiliated	293	137
Derivatives	244	(639)
Other	(223)	(290)
Total investment proceeds	9,991	24,933
Cost of investments acquired:		
Bonds	(10,730)	(31,126)
Preferred and common stocks - unaffiliated	(294)	(567)
Mortgage loans	(2,059)	(5,010)
Real estate	(193)	111
Partnerships and LLCs	(623)	(2,129)
Common stocks - affiliated	(493)	(740)
Derivatives	(151)	(196)
Other	81	494
Total investments acquired	(14,462)	(39,163)
Net increase in policy loans	(116)	(563)
Net cash used in investing activities	(4,587)	(14,793)
Cash from financing and other sources:		
Net deposits (withdrawals) on deposit-type contracts	44	(144)
Change in repurchase and reverse repurchase agreements	1,431	(346)
Change in derivative collateral	280	(798)
Deposits for policyholders' reserves related to reinsurance agreement	-	5,298
Liabilities for deposit-type contracts related to reinsurance agreement	-	3,885
Other cash used	(423)	(55)
Net cash provided from financing and other sources	1,332	7,840
Net change in cash, cash equivalents and short-term investments	(1,343)	1,094
Cash, cash equivalents and short-term investments, beginning of year	4,504	3,410
Cash, cash equivalents and short-term investments, end of period	$ 3,161	$ 4,504

See notes to condensed consolidated statutory financial statements

1. *Nature of operations*

Massachusetts Mutual Life Insurance Company (MassMutual) and its subsidiaries provide life insurance, disability income insurance, long-term care insurance, annuities, retirement products, investment management, mutual funds and trust services to individual and institutional customers. MassMutual is organized as a mutual life insurance company.

2. *Summary of significant accounting policies*

a. Basis of presentation

The condensed consolidated statutory financial statements include the accounts of MassMutual and its wholly-owned United States of America (U.S.) domiciled life insurance subsidiary, C.M. Life Insurance Company, and its wholly-owned subsidiary, MML Bay State Life Insurance Company (collectively, the Company). All intercompany transactions and balances for these consolidated entities have been eliminated. Other subsidiaries and affiliates are accounted for under the equity method in accordance with statutory accounting principles. Statutory financial statements filed with regulatory authorities are not presented on a consolidated basis.

The condensed consolidated statutory financial statements and notes as of June 30, 2014, and for the six months ended June 30, 2014 and 2013, are unaudited. These condensed consolidated statutory financial statements, in the opinion of management, reflect the fair presentation of the financial position, results of operations, changes in surplus and cash flows for the interim periods. These condensed consolidated statutory financial statements and notes should be read in conjunction with the consolidated statutory financial statements and notes thereto included in the Company's 2013 audited year end financial statements as these condensed consolidated statutory financial statements disclose only significant changes from year end 2013. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year. The Condensed Consolidated Statutory Statements of Financial Position as of December 31, 2013 and the Condensed Consolidated Statutory Statements of Cash Flows for the year ended December 31, 2013 have been derived from the audited consolidated financial statements at that date, but do not include all of the information and footnotes required by statutory accounting practices for complete financial statements.

For the full description of accounting policies, see *Note 2. "Summary of significant accounting policies"* of Notes to Consolidated Statutory Financial Statements included in the Company's 2013 audited consolidated year end financial statements.

b. Corrections of errors and reclassifications

Under statutory accounting principles, corrections of prior year errors are recorded in current year surplus on a pretax basis with any associated tax impact reported through earnings. For the six months ended June 30, 2014, the Company recorded a net decrease to surplus of $13 million primarily related to policyholders' reserves.

The following summarizes corrections of prior year errors of the six months ended June 30, 2013:

	Increase (Decrease) to: Prior Year Income	Increase (Decrease) to: Current Year Surplus	Correction of Asset or Liability Balances
	(In Millions)		
Policyholders' reserves	$ 47	$ 47	$ (47)
Premium income (ceded)	(15)	(15)	15
Other invested assets	2	2	(2)
Total	$ 34	$ 34	$ (34)

3. New accounting standards

a. Adoption of new accounting standards

In December 2013, the National Association of Insurance Commissioners (NAIC) issued Statement of Statutory Accounting Principles (SSAP) No. 105, "Working Capital Finance Investments," which establishes statutory accounting principles for working capital finance investments. This statement also amends SSAP No. 20, "Nonadmitted Assets," to allow working capital finance investments as admitted assets to the extent they conform to the requirements of SSAP No. 105. This new guidance was effective January 1, 2014, and did not have an impact on the Company's financial statements.

In December 2013, the NAIC adopted modifications to SSAP No. 26, "Bonds, Excluding Loan-Backed and Structured Securities," to clarify the amortization requirements for bonds with make-whole call provisions and bonds that are continuously callable. These revisions do not allow insurers to consider make-whole call provisions in determining the timeframe for amortizing bond premium or discount unless information is known by the reporting entity indicating that the issuer is expected to invoke the provision. These clarifying changes were effective January 1, 2014, and did not have a significant impact on the Company's financial statements.

4. *Investments*

The Company maintains a diversified investment portfolio. Investment policies limit concentration in any asset class, geographic region, industry group, economic characteristic, investment quality or individual investment.

a. Bonds

The carrying value and fair value of bonds were as follows:

	June 30, 2014			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Millions)			
U.S. government and agencies	$ 7,276	$ 770	$ 4	$ 8,042
All other governments	372	39	4	407
States, territories and possessions	2,170	157	7	2,320
Special revenue	4,634	738	8	5,364
Industrial and miscellaneous	55,767	3,606	251	59,122
Parent, subsidiaries and affiliates	5,104	388	4	5,488
Total	$ 75,323	$ 5,698	$ 278	$ 80,743

Note: The unrealized losses exclude $24 million of losses embedded in the carrying value, which include $23 million from NAIC Category 6 bonds and $1 million from residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) whose ratings were obtained from outside modelers.

	December 31, 2013			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Millions)			
U.S. government and agencies	$ 6,895	$ 490	$ 53	$ 7,332
All other governments	214	24	8	230
States, territories and possessions	1,991	67	60	1,998
Special revenue	4,581	451	26	5,006
Industrial and miscellaneous	52,565	2,518	964	54,119
Parent, subsidiaries and affiliates	5,790	342	22	6,110
Total	$ 72,036	$ 3,892	$ 1,133	$ 74,795

Note: The unrealized losses exclude $41 million of losses embedded in the carrying value, which include $39 million from NAIC Category 6 bonds and $2 million from RMBS and CMBS whose ratings were obtained from outside modelers.

Sales proceeds and related gross realized capital gains (losses) from bonds were as follows:

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
	(In Millions)	
Proceeds from sales	$ 2,275	$ 4,053
Gross realized capital gains from sales	151	107
Gross realized capital losses from sales	(23)	(119)

The following is a summary of the fair values and gross unrealized losses aggregated by bond category and length of time that the securities were in a continuous unrealized loss position:

	June 30, 2014					
	Less Than 12 Months			12 Months or Longer		
	Fair Value	Unrealized Losses	Number of Issuers	Fair Value	Unrealized Losses	Number of Issuers
	($ In Millions)					
U.S. government and agencies	$ -	$ -	-	$ 188	$ 4	4
All other governments	31	1	4	64	3	23
States, territories and possessions	-	-	-	192	7	14
Special revenue	38	1	40	165	6	181
Industrial and miscellaneous	3,973	50	482	7,132	205	726
Parent, subsidiaries and affiliates	-	-	-	575	25	9
Total	$ 4,042	$ 52	526	$ 8,316	$ 250	957

Note: The unrealized losses include $24 million of losses embedded in the carrying value, which include $23 million from NAIC Category 6 bonds and $1 million from RMBS and CMBS whose ratings were obtained from outside modelers.

	December 31, 2013					
	Less Than 12 Months			12 Months or Longer		
	Fair Value	Unrealized Losses	Number of Issuers	Fair Value	Unrealized Losses	Number of Issuers
	($ In Millions)					
U.S. government and agencies	$ 1,820	$ 51	7	$ 53	$ 3	3
All other governments	48	5	27	29	4	18
States, territories and possessions	722	54	49	34	6	4
Special revenue	589	21	169	72	5	144
Industrial and miscellaneous	17,064	749	1,320	2,591	217	423
Parent, subsidiaries and affiliates	189	4	9	706	55	10
Total	$ 20,432	$ 884	1,581	$ 3,485	$ 290	602

Note: The unrealized losses include $41 million of losses embedded in the carrying value, which include $39 million from NAIC Category 6 bonds and $2 million from RMBS and CMBS whose ratings were obtained from outside modelers.

Based on the Company's policies, as of June 30, 2014 and December 31, 2013, the Company has not deemed these unrealized losses to be other than temporary because the investment's carrying value is expected to be realized based on the Company's analysis and the Company has the ability and intent not to sell these investments until recovery, which may be at maturity.

As of June 30, 2014, investments in structured and loan-backed securities that had unrealized losses, which were not recognized in earnings, had a fair value of $3,925 million. Securities in an unrealized loss position for less than 12 months had a fair value of $2,006 million and unrealized losses of $32 million. Securities in an unrealized loss position for greater than 12 months had a fair value of $1,919 million and unrealized losses of $54 million. These securities were primarily categorized as industrial and miscellaneous or parent, subsidiaries and affiliates.

As of December 31, 2013, investments in structured and loan-backed securities that had unrealized losses, which were not recognized in earnings, had a fair value of $4,964 million. Securities in an unrealized loss position for less than 12 months had a fair value of $3,685 million and unrealized losses of $76 million. Securities in an unrealized loss position for greater than 12 months had a fair value of $1,279 million and unrealized losses of $72 million. These securities were primarily categorized as industrial and miscellaneous or parent, subsidiaries and affiliates.

In the course of the Company's investment management activities, securities may be sold and reacquired within 30 days of the sale date to enhance the Company's yield on its investment portfolio. The Company did not sell any securities with the NAIC Designation 3 or below for the six months ended June 30, 2014 or the year ended December 31, 2013, that were reacquired within 30 days of the sale date.

Residential mortgage-backed exposure

RMBS are included in the U.S. government, special revenue, and industrial and miscellaneous bond categories. The Alt-A category includes option adjustable rate mortgages and the subprime category includes 'scratch and dent' or reperforming pools, high loan-to-value pools, and pools where the borrowers have very impaired credit but the average loan-to-value is low, typically 70% or below. In identifying Alt-A and subprime exposure, management used a combination of qualitative and quantitative factors, including FICO scores and loan-to-value ratios.

As of June 30, 2014 and December 31, 2013, RMBS had a total carrying value of $2,598 million and $2,963 million and a fair value of $2,955 million and $3,198 million, of which approximately 23% and 25%, based on carrying value, was classified as Alt-A, respectively. As of June 30, 2014 and December 31, 2013, Alt-A and subprime RMBS had a total carrying value of $1,174 million and $1,378 million and a fair value of $1,392 million and $1,587 million, respectively.

b. Common stocks - subsidiaries and affiliates

Common stocks of unconsolidated subsidiaries, primarily MassMutual Holding LLC (MMHLLC), are accounted for using the statutory equity method. The Company accounts for the value of MMHLLC at its underlying U.S. generally accepted accounting principles (GAAP) equity value adjusted to remove certain nonadmitted and intangible assets, as well as a portion of its noncontrolling interests (NCI) and appropriated retained earnings (ARE), after consideration of MMHLLC's fair value and the Company's capital levels. The Commonwealth of Massachusetts Division of Insurance has affirmed the statutory recognition of the Company's application of the NCI guidelines in MMHLLC's statutory carrying value. However, the Company has limited this recognition to $2,255 million and $2,157 million as of June 30, 2014 and December 31, 2013, respectively. The current fair value of MMHLLC remains significantly greater than its statutory carrying amount.

MassMutual received $50 million of cash dividends, recorded in net investment income, from MMHLLC through the six months ended June 30, 2014. No dividend was received from MMHLLC through the six months ended June 30, 2013.

MMHLLC's subsidiaries are involved in litigation and investigations arising in the ordinary course of their business, which seeks both compensatory, and punitive damages and equitable remedies. Although the Company is not aware of any actions or allegations that reasonably should give rise to a material adverse impact to the Company's Condensed Consolidated Statutory Statements of Financial Position or liquidity, the outcome of litigation cannot be foreseen with certainty. It is the opinion of management that the ultimate resolution of these matters will not materially impact the Company's Condensed Consolidated Statutory Statements of Financial Position or liquidity. However, the outcome of a particular proceeding may be material to the Company's Condensed Consolidated Statutory Statements of Changes in Surplus for a particular period depending upon, among other factors, the size of the loss or liability and the level of the Company's changes in surplus for the period.

On April 16, 2010, a lawsuit was filed in New York state court against OppenheimerFunds, Inc. (OFI), its subsidiary HarbourView Asset Management Corporation (HVAMC) and AAArdvark IV Funding Limited (AAArdvark IV) in connection with the investment made by TSL (USA) Inc., an affiliate of National Australia Bank Limited, in AAArdvark IV. The complaint alleges breach of contract, breach of the covenant of good faith and fair dealing, gross negligence, unjust enrichment and conversion. The complaint sought compensatory and punitive damages, along with attorney fees. The court has dismissed certain equitable claims against OFI and HVAMC, leaving only the claims for breach of contract. Plaintiffs filed an amended complaint with additional contractual claims. In October 2011, defendants moved to dismiss the complaint to the extent it sought damages in the form of a return of the plaintiffs' full principal investment. In December 2011, plaintiffs filed a motion for partial summary judgment. In January 2012, the court granted, in part, the defendants' motion to dismiss and denied plaintiffs' motion for partial summary judgment. In April 2012, plaintiffs filed a motion for leave to file a third amended complaint, which added a fraud claim and additional allegations in support of plaintiffs' contract claims. In August 2012, plaintiffs and defendants separately filed motions for partial summary judgment. In April 2013, the court (i) denied plaintiffs' motion for summary judgment; (ii) granted defendants' motion of summary judgment, dismissing plaintiffs' fraud claim with prejudice and dismissing their contract claim without prejudice and (iii) granted plaintiffs leave to replead to assert a cause of action for specific performance within 30 days. In May 2013, the plaintiffs filed a notice of appeal of the court's April 2013 order of dismissal. In January 2014, the appellate court affirmed the lower court's dismissal order. In March 2014, the parties executed an omnibus release and settlement agreement and filed a stipulation of discontinuance dismissing the lawsuit with prejudice. The settlement did not have an effect on the Company's financial statements.

On July 15, 2011, a lawsuit was filed in New York State Supreme Court against OFI, HVAMC and AAArdvark I Funding Limited (AAArdvark I), in connection with investments made by TSL (USA) Inc. and other investors in AAArdvark I. The complaint alleges breach of contract against each of the defendants and seeks compensatory damages and costs and disbursements, including attorney fees. In October 2011, defendants moved to dismiss the complaint to the extent it seeks damages in the form of a return of the plaintiffs' full principal investment. In January 2012, the court granted in part defendants' motion to dismiss. In July 2012, the parties participated in a mediation of their dispute, which did not result in a settlement. In March 2013, plaintiffs filed an amended complaint, which added a fraud claim and alleged additional facts in support of plaintiffs' contract claim. In March 2014, the parties executed an omnibus release and settlement agreement and filed a stipulation of discontinuance dismissing the lawsuit with prejudice. The settlement did not have an effect on the Company's financial statements.

c. Mortgage loans

Mortgage loans are comprised of commercial mortgage loans and residential mortgage loans. The Company's commercial mortgage loans primarily finance various types of real estate properties throughout the U.S., the United Kingdom and Canada. The Company holds commercial mortgage loans for which it is the primary lender and mezzanine loans that are subordinate to senior secured first liens. Residential mortgage loans are seasoned pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration (FHA) and Veterans Administration (VA) guarantees.

The carrying value and fair value of the Company's mortgage loans were as follows:

	June 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Millions)			
Commercial mortgage loans:				
Primary lender	$ 16,322	$ 16,727	$ 15,266	$ 15,411
Mezzanine loans	38	40	43	45
Total commercial mortgage loans	16,360	16,767	15,309	15,456
Residential mortgage loans:				
FHA insured and VA guaranteed	2,135	2,089	2,008	1,946
Other residential loans	13	13	14	15
Total residential mortgage loans	2,148	2,102	2,022	1,961
Total mortgage loans	$ 18,508	$ 18,869	$ 17,331	$ 17,417

The following presents a summary of the Company's impaired mortgage loans:

As of June 30, 2014, the Company had no impaired mortgage loans with or without a valuation allowance.

	June 30, 2013				
	Carrying Value	Average Carrying Value	Unpaid Principal Balance	Valuation Allowance	Interest Income
	(In Millions)				
With allowance recorded:					
Commercial mortgage loans:					
Primary lender	$ 92	$ 103	$ 130	$ (28)	$ 3
Mezzanine loans	2	2	12	(10)	-
Total	94	105	142	(38)	3
With no allowance recorded:					
Commercial mortgage loans:					
Mezzanine loans	-	-	13	-	-
Total impaired commercial mortgage loans	$ 94	$ 105	$ 155	$ (38)	$ 3

The following presents changes in the valuation allowance recorded for the Company's mortgage loans:

	Six Months Ended June 30,					
	2014			2013		
	Commercial					
	Primary Lender	Mezzanine	Total	Primary Lender	Mezzanine	Total
	(In Millions)					
Beginning balance	$ (9)	$ -	$ (9)	$ (5)	$ (10)	$ (15)
Additions	(2)	-	(2)	(23)	-	(23)
Decreases	1	-	1	-	-	-
Write-downs	10	-	10	-	-	-
Ending balance	$ -	$ -	$ -	$ (28)	$ (10)	$ (38)

d. Net investment income

Net investment income was comprised of the following:

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
	(In Millions)	
Bonds	$ 1,703	$ 1,685
Preferred stocks	12	10
Common stocks - subsidiaries and affiliates	54	1
Common stocks - unaffiliated	30	11
Mortgage loans	436	403
Policy loans	339	337
Real estate	98	100
Partnerships and LLCs[(1)]	756	311
Derivatives	134	95
Cash, cash equivalents and short-term investments	6	7
Other	2	5
Subtotal investment income	3,570	2,965
Amortization of the IMR	113	109
Investment expenses	(290)	(264)
Net investment income	$ 3,393	$ 2,810

[(1)]*During 2014, the Company received distributions from certain affiliated partnerships that generated net investment income. These distributions were related to the partnerships' leasing and sale of certain properties.*

e. Net realized capital gains (losses)

Net realized capital gains (losses) including other-than-temporary impairment(s) (OTTI) were comprised of the following:

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
	(In Millions)	
Bonds	$ 107	$ (36)
Preferred stocks	-	15
Common stocks - subsidiaries and affiliates	8	2
Common stocks - unaffiliated	2	34
Mortgage loans	(10)	3
Real estate	(6)	-
Partnerships and LLCs	14	(24)
Derivatives	132	(497)
Other	(45)	(35)
Net realized capital gains (losses) before federal and state taxes and deferral to the IMR	202	(538)
Net federal and state tax benefit	47	26
Net realized capital gains (losses) before deferral to the IMR	249	(512)
Net after tax (gains) losses deferred to the IMR	(265)	319
Net realized capital losses	$ (16)	$ (193)

The interest maintenance reserve (IMR) liability balance was $588 million as of June 30, 2014 and $491 million as of December 31, 2013 and was included in other liabilities on the Condensed Consolidated Statutory Statements of Financial Position.

OTTI, included in the net realized capital losses above, consisted of the following:

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
	(In Millions)	
Bonds	$ (21)	$ (24)
Common stocks	(3)	(2)
Mortgage loans	(10)	-
Partnerships and LLCs	(26)	(23)
Total OTTI	$ (60)	$ (49)

For the six months ended June 30, 2014 and 2013, the Company recognized $14 million and $12 million, respectively, of OTTI on structured and loan-backed securities primarily due to the present value of expected cash flows being less than the amortized cost.

f. Derivatives

The Company uses derivative financial instruments in the normal course of business to manage risks, primarily to reduce currency, interest rate and duration imbalances determined in asset/liability analyses. The Company also uses a combination of derivatives and fixed income investments to create synthetic investment positions. These combined investments are created opportunistically when they are economically more attractive than the actual instrument or when the simulated instruments are unavailable. Synthetic assets can be created either to hedge and reduce the Company's credit exposure or to create an investment in a particular asset. The Company held synthetic assets with a net notional amount of $6,182 million as of June 30, 2014 and $4,228 million as of December 31, 2013. Of this amount, $5,222 million as of June 30, 2014 and $3,068 million as of December 31, 2013, were considered replicated asset transactions as defined under statutory accounting principles as the pairing of a long derivative contract with a cash instrument held. The Company's derivative strategy employs a variety of derivative financial instruments, including interest rate swaps, currency swaps, equity and credit default swaps, options, interest rate caps and floors, forward contracts and financial futures. Investment risk is assessed on a portfolio basis and individual derivative financial instruments are not generally designated in hedging relationships; therefore, as allowed by accounting rules, the Company intentionally has not applied hedge accounting.

The Company's principal derivative market risk exposures are interest rate risk, which includes the impact of inflation, and credit risk. Interest rate risk pertains to the change in fair value of the derivative instruments as market interest rates move. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. To minimize credit risk, the Company and its derivative counterparties generally enter into master agreements that require collateral to be posted in the amount owed under each transaction, subject to minimum transfer amounts. These same master agreements allow for contracts in a positive position, in which the Company is due amounts, to be offset by contracts in a negative position. This right of offset, combined with collateral obtained from counterparties, reduces the Company's exposure. Net collateral pledged by the counterparties was $1,270 million as of June 30, 2014 and $739 million as of December 31, 2013. In the event of default the full market value exposure at risk in a net gain position, net of offsets and collateral, was $68 million as of June 30, 2014 and $59 million as of December 31, 2013. The statutory reporting rules define net amount at risk as net collateral pledged and statement values excluding accrued interest. The net amount at risk was $291 million as of June 30, 2014 and $358 million as of December 31, 2013. The Company regularly monitors counterparty credit ratings and exposures, derivative positions and valuations and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of exposure is minimized. The Company monitors this exposure as part of its management of the Company's overall credit exposures.

The following summarizes the carrying values and notional amounts of the Company's derivative financial instruments:

	June 30, 2014			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	$ 6,430	$ 61,449	$ 4,510	$ 58,883
Options	288	8,607	1	71
Currency swaps	90	718	179	2,780
Forward contracts	10	1,212	26	2,396
Credit default swaps	22	1,523	10	847
Financial futures - long positions	-	1,787	-	-
Financial futures - short positions	-	299	-	-
Total	$ 6,840	$ 75,595	$ 4,726	$ 64,977

	December 31, 2013			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	$ 6,191	$ 59,741	$ 4,626	$ 54,907
Options	231	9,984	1	83
Currency swaps	88	389	140	2,272
Forward contracts	13	472	42	3,483
Credit default swaps	13	1,148	13	797
Financial futures - long positions	-	2,220	-	-
Financial futures - short positions	-	479	-	-
Total	$ 6,536	$ 74,433	$ 4,822	$ 61,542

In most cases, the notional amounts are not a measure of the Company's credit exposure. The exceptions to this are credit default swaps that are in the form of a replicated asset and mortgage-backed forwards. In the event of default, the Company is fully exposed to the notional amounts of $2,723 million as of June 30, 2014 and $2,398 million as of December 31, 2013. Collateral is exchanged for all derivative types except mortgage-backed forwards. For all other contracts, the collateral amounts exchanged are calculated on the basis of the notional amounts and the other terms of the instruments, which relate to interest rates, exchange rates, security prices or financial or other indices.

The weighted average fair value of outstanding derivative financial instrument assets was $6,640 million for the six months ended June 30, 2014 and $8,429 million for the six months ended June 30, 2013. The weighted average fair value of outstanding derivative financial instrument liabilities was $4,719 million for the six months ended June 30, 2014 and $5,932 million for the six months ended June 30, 2013.

The following summarizes the Company's net realized gains (losses) on closed contracts and change in net unrealized gains (losses) related to market fluctuations on open contracts by derivative type:

	Six Months Ended June 30,			
	2014		2013	
	Net Realized Gains (Losses) on Closed Contracts	Change In Net Unrealized Gains (Losses) on Open Contracts	Net Realized Gains (Losses) on Closed Contracts	Change In Net Unrealized Gains (Losses) on Open Contracts
	(In Millions)			
Interest rate swaps	$ (61)	$ 356	$ (80)	$ (359)
Currency swaps	(4)	(36)	43	(2)
Options	(72)	30	(35)	(81)
Credit default swaps	10	1	(24)	9
Forward contracts	(5)	13	(9)	44
Financial futures - long positions	332	-	(318)	-
Financial futures - short positions	(68)	-	(74)	-
Total	$ 132	$ 364	$ (497)	$ (389)

The following summarizes gross and net information of derivative assets and liabilities, along with collateral posted in connection with master netting agreements:

	June 30, 2014					
	Gross	Due & Accrued	Gross Amounts Offset	Net	Collateral Posted	Net Amount
	(In Millions)					
Derivative assets	$ 6,840	$ 697	$ (3,544)	$ 3,993	$ (1,783)	$ 2,210
Derivative liabilities	4,726	1,329	(3,544)	2,511	(513)	1,998
Net	$ 2,114	$ (632)	$ -	$ 1,482	$ (1,270)	$ 212

	December 31, 2013					
	Gross	Due & Accrued	Gross Amounts Offset	Net	Collateral Posted	Net Amount
	(In Millions)					
Derivative assets	$ 6,536	$ 644	$ (4,292)	$ 2,888	$ (1,631)	$ 1,257
Derivative liabilities	4,822	1,246	(4,292)	1,776	(892)	884
Net	$ 1,714	$ (602)	$ -	$ 1,112	$ (739)	$ 373

5. *Fair value of financial instruments*

The following presents a summary of the carrying values and fair values of the Company's financial instruments:

	June 30, 2014				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Millions)				
Financial assets:					
Bonds:					
U. S. government and agencies	$ 7,276	$ 8,042	$ -	$ 8,033	$ 9
All other governments	372	407	-	333	74
States, territories and possessions	2,170	2,320	-	2,320	-
Special revenue	4,634	5,364	-	5,353	11
Industrial and miscellaneous	55,767	59,122	-	38,782	20,340
Parent, subsidiaries and affiliates	5,104	5,488	-	1,608	3,880
Preferred stocks	526	545	15	90	440
Common stocks - unaffiliated	1,164	1,164	489	484	191
Common stocks - subsidiaries and affiliates[(1)]	1,123	1,123	523	228	372
Mortgage loans - commercial	16,360	16,767	-	-	16,767
Mortgage loans - residential	2,148	2,102	-	-	2,102
Cash, cash equivalents and short-term investments	3,161	3,161	650	2,511	-
Separate account assets	66,125	66,157	42,914	22,702	541
Derivatives:					
Interest rate swaps	6,430	6,430	-	6,430	-
Options	288	288	-	288	-
Currency swaps	90	90	-	90	-
Forward contracts	10	10	-	10	-
Credit default swaps	22	40	-	40	-
Financial liabilities:					
Commercial paper	250	250	-	250	-
Repurchase agreements	5,105	5,105	-	5,105	-
Guaranteed investment contracts	4,127	4,215	-	-	4,215
Group annuity contracts and other deposits	16,836	18,109	-	-	18,109
Individual annuity contracts	9,486	10,479	-	-	10,479
Supplementary contracts	1,089	1,090	-	-	1,090
Derivatives:					
Interest rate swaps	4,510	4,711	-	4,711	-
Options	1	1	-	1	-
Currency swaps	179	179	-	179	-
Forward contracts	26	26	-	26	-
Credit default swaps	10	10	-	10	-

[(1)]*Common stocks - subsidiaries and affiliates do not include MMHLLC, which had a statutory carrying value of $4,968 million.*

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

	December 31, 2013				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Millions)				
Financial assets:					
Bonds:					
U. S. government and agencies	$ 6,895	$ 7,332	$ -	$ 7,322	$ 10
All other governments	214	230	-	200	30
States, territories and possessions	1,991	1,998	-	1,988	10
Special revenue	4,581	5,006	-	5,006	-
Industrial and miscellaneous	52,565	54,119	-	35,809	18,310
Parent, subsidiaries and affiliates	5,790	6,110	-	1,676	4,434
Preferred stocks	520	537	13	88	436
Common stocks - unaffiliated	931	931	321	424	186
Common stocks - subsidiaries and affiliates[(1)]	886	886	309	210	367
Mortgage loans - commercial	15,309	15,456	-	-	15,456
Mortgage loans - residential	2,022	1,961	-	-	1,961
Cash, cash equivalents and short-term investments	4,504	4,504	492	4,012	-
Separate account assets	64,478	64,494	41,707	22,273	514
Derivatives:					
Interest rate swaps	6,191	6,191	-	6,191	-
Options	231	231	-	231	-
Currency swaps	88	88	-	88	-
Forward contracts	13	13	-	13	-
Credit default swaps	13	22	-	22	-
Financial liabilities:					
Commercial paper	250	250	-	250	-
Repurchase agreements	3,674	3,674	-	3,674	-
Guaranteed investment contracts	4,028	4,067	-	-	4,067
Group annuity contracts and other deposits	17,267	18,603	-	-	18,603
Individual annuity contracts	9,480	10,396	-	-	10,396
Supplementary contracts	1,079	1,081	-	-	1,081
Derivatives:					
Interest rate swaps	4,626	5,024	-	5,024	-
Options	1	1	-	1	-
Currency swaps	140	140	-	140	-
Forward contracts	42	42	-	42	-
Credit default swaps	13	13	-	13	-

[(1)]*Common stocks - subsidiaries and affiliates do not include MMHLLC, which had a statutory carrying value of $4,491 million.*

For the six months ended June 30, 2014, there were no significant changes to the Company's valuation methodologies.

The following presents the Company's fair value hierarchy for assets and liabilities that are carried at fair value:

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Financial assets:				
Bonds:				
Industrial and miscellaneous	$ -	$ 8	$ 8	$ 16
Parent, subsidiaries and affiliates	-	120	-	120
Preferred stocks	1	-	1	2
Common stocks - unaffiliated	489	484	191	1,164
Common stocks - subsidiaries and affiliates(1)	523	228	372	1,123
Separate account assets(2)	42,910	21,605	519	65,034
Derivatives:				
Interest rate swaps	-	6,430	-	6,430
Options	-	288	-	288
Currency swaps	-	90	-	90
Forward contracts	-	10	-	10
Credit default swaps	-	14	-	14
Total financial assets carried at fair value	$ 43,923	$ 29,277	$ 1,091	$ 74,291
Financial liabilities:				
Repurchase agreements	$ -	$ 5,105	$ -	$ 5,105
Derivatives:				
Interest rate swaps	-	4,510	-	4,510
Options	-	1	-	1
Currency swaps	-	179	-	179
Forward contracts	-	26	-	26
Credit default swaps	-	10	-	10
Total financial liabilities carried at fair value	$ -	$ 9,831	$ -	$ 9,831

(1) *Common stocks - subsidiaries and affiliates do not include MMHLLC, which had a statutory carrying value of $4,968 million.*
(2) *Separate account assets do not include $1,091 million of book value, which are not carried at fair value.*

For the six months ended June 30, 2014, there were no significant transfers between Level 1 and Level 2. For the year ended December 31, 2013, $173 million of equity securities were transferred from Level 1 to Level 2 and $232 million were transferred from Level 2 to Level 1.

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Financial assets:				
Bonds:				
All other governments	$ -	$ 1	$ -	$ 1
Industrial and miscellaneous	-	5	25	30
Parent, subsidiaries and affiliates	-	190	-	190
Preferred stocks	1	-	1	2
Common stocks - unaffiliated	321	424	186	931
Common stocks - subsidiaries and affiliates(1)	309	210	367	886
Separate account assets(2)	41,697	21,254	490	63,441
Derivatives:				
Interest rate swaps	-	6,191	-	6,191
Options	-	231	-	231
Currency swaps	-	88	-	88
Forward contracts	-	13	-	13
Credit default swaps	-	2	-	2
Total financial assets carried at fair value	$ 42,328	$ 28,609	$ 1,069	$ 72,006
Financial liabilities:				
Repurchase agreements	$ -	$ 3,674	$ -	$ 3,674
Derivatives:				
Interest rate swaps	-	4,626	-	4,626
Options	-	1	-	1
Currency swaps	-	140	-	140
Forward contracts	-	42	-	42
Credit default swaps	-	8	-	8
Total financial liabilities carried at fair value	$ -	$ 8,491	$ -	$ 8,491

(1)Common stocks - subsidiaries and affiliates do not include MMHLLC, which had a statutory carrying value of $4,491 million.

(2)Separate account assets do not include $1,037 million of book value, which are not carried at fair value.

The following presents changes in the Company's Level 3 assets carried at fair value:

	Six Months Ended June 30, 2014					
	Bonds Industrial and Miscellaneous	Preferred Stock	Common Stock Unaffiliated	Common Stock Affiliated	Separate Account Assets	Total Level 3 Financial Assets Carried at Fair Value
	(In Millions)					
Balance as of January 1, 2014	$ 25	$ 1	$ 186	$ 367	$ 490	$ 1,069
Gains (losses) in net income	(1)	-	(1)	-	56	54
Gains (losses) in surplus	-	-	3	22	-	25
Purchases	1	-	4	1	26	32
Issuances	-	-	-	2	-	2
Sales	-	-	-	-	(137)	(137)
Settlements[(1)]	(1)	-	-	(20)	84	63
Other transfers	(16)	-	(1)	-	-	(17)
Balance as of June 30, 2014	$ 8	$ 1	$ 191	$ 372	$ 519	$ 1,091

[(1)] *The fair value of real estate separate accounts is carried net of encumbrances on the Condensed Consolidated Statutory Statements of Financial Position and the change in encumbrances is included in the settlements within separate account assets.*

	Year Ended December 31, 2013					
	Bonds Industrial and Miscellaneous	Preferred Stock	Common Stock Unaffiliated	Common Stock Affiliated	Separate Account Assets	Total Level 3 Financial Assets Carried at Fair Value
	(In Millions)					
Balance as of January 1, 2013	$ 16	$ -	$ 157	$ 180	$ 510	$ 863
Gains in net income	3	13	-	-	135	151
(Losses) gains in surplus	1	-	(14)	(2)	-	(15)
Purchases	9	-	52	15	103	179
Issuances	7	-	-	190	-	197
Sales	-	(14)	(8)	(1)	(461)	(484)
Settlements[(1)]	(42)	-	(1)	(15)	203	145
Other transfers	31	2	-	-	-	33
Balance as of December 31, 2013	$ 25	$ 1	$ 186	$ 367	$ 490	$ 1,069

[(1)] *The fair value of real estate separate accounts is carried net of encumbrances on the Condensed Consolidated Statutory Statements of Financial Position and the change in encumbrances is included in the settlements within separate account assets.*

6. Fixed assets

Beginning January 1, 2014, the Company changed its capitalization threshold policy on fixed assets from $2,000 to $5,000. This change was made in conjunction with changes in tax regulation.

7. Deferred and uncollected life insurance premium

No significant changes.

8. Surplus notes

No significant changes.

9. Related party transactions

No significant changes.

10. Reinsurance

No significant changes.

11. Policyholders' liabilities

a. Liabilities for deposit-type contracts

In April 2014, the Company issued a dual tranche $750 million funding agreement, which supports medium-term notes of $500 million having a 5-year maturity with a 2.35% fixed rate coupon and of $250 million having a 10-year maturity with a 3.6% fixed rate coupon.

In June 2014, the Company increased the authorized program amount for the Global Medium-Term Note Program to $17 billion from $12 billion.

b. Additional liability for annuity contracts

Certain variable annuity contracts include additional death or other insurance benefit features, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum income benefits (GMIBs), guaranteed minimum accumulation benefits (GMABs) and guaranteed minimum withdrawal benefits (GMWBs). In general, these benefit guarantees require the contract or policyholder to adhere to a company-approved asset allocation strategy. Election of these benefits on annuity contracts is generally only available at contract issue.

The following shows the liabilities for GMDBs, GMIBs, GMABs and GMWBs (in millions):

Liability as of January 1, 2013	$ 567
Incurred guarantee benefits	(286)
Paid guarantee benefits	(4)
Liability as of December 31, 2013	277
Incurred guarantee benefits	55
Paid guarantee benefits	(2)
Liability as of June 30, 2014	$ 330

The Company held reserves in accordance with the stochastic scenarios as of June 30, 2014 and December 31, 2013. As of June 30, 2014 and December 31, 2013, the Company held additional reserves above those indicated based on the stochastic scenarios in order to maintain a prudent level of reserve adequacy.

The following summarizes the account values, net amount at risk and weighted average attained age for variable annuity contracts with GMDBs, GMIBs, GMABs and GMWBs classified as policyholders' reserves and separate account liabilities. The net amount at risk is defined as the minimum guarantee less the account value calculated on a policy-by-policy basis, but not less than zero.

	June 30, 2014			December 31, 2013		
	Account Value	Net Amount at Risk	Weighted Average Attained Age	Account Value	Net Amount at Risk	Weighted Average Attained Age
	($ In Millions)					
GMDB	$ 21,240	$ 80	63	$ 21,746	$ 94	62
GMIB	4,681	258	64	4,678	294	64
GMAB	2,695	1	57	2,493	2	57
GMWB	235	3	68	234	3	67

The GMDB account value above consists of $4,067 million within the general account and $17,173 million within separate accounts that includes $5,041 million of modified coinsurance.

12. Debt

No significant changes.

13. Employee benefit plans

Net periodic cost

The net periodic cost represents the annual accounting income or expense recognized by the Company and included in general insurance expenses. The net periodic cost in the Condensed Consolidated Statutory Statements of Income (Loss) is as follows:

	Six Months Ended June 30,			
	2014	2013	2014	2013
	Pension Benefits		Other Postretirement/ Postemployment Benefits	
	(In Millions)			
Service cost	$ 36	$ 37	$ 7	$ 6
Interest cost	54	47	9	8
Expected return on plan assets	(72)	(68)	-	-
Amortization of unrecognized transition obligation	1	-	-	-
Amortization of unrecognized net actuarial and other losses	31	47	-	3
Amortization of unrecognized prior service cost	4	4	2	2
Total net periodic cost	$ 54	$ 67	$ 18	$ 19

14. Employee compensation plans

No significant changes.

15. Federal income taxes

No significant changes.

16. Transferable state tax credits

No significant changes.

17. Business risks, commitments and contingencies

a. Risks and uncertainties

The Company operates in a business environment subject to various risks and uncertainties. Such risks and uncertainties include, but are not limited to, currency exchange risk, interest rate risk and credit risk. Interest rate risk is the potential for interest rates to change, which can cause fluctuations in the value of investments and amounts due to policyholders. To the extent that fluctuations in interest rates cause the duration of assets and liabilities to differ, the Company manages its exposure to this risk by, among other things, asset/liability management techniques that account for the cash flow characteristics of the assets and liabilities. This condensed risks and uncertainties disclosure should be read in conjunction with the consolidated statutory disclosure in the Company's 2013 audited year end financial statements.

Currency exchange

The Company has currency risk due to its non-U.S. dollar investments and medium-term notes along with its indirect international subsidiaries. The Company mitigates currency risk through the use of cross-currency swaps and forward contracts. Cross-currency swaps are used to minimize currency risk for certain non-U.S. dollar assets and liabilities through a pre-specified exchange of interest and principal. Forward contracts are used to hedge movements in exchange rates.

Investment and interest rate risks

As interest rates increase, certain debt securities may experience slower amortization or prepayment speeds than assumed at purchase, impacting the expected maturity of these securities and the ability to reinvest the proceeds at the higher yields. Rising interest rates may also result in a decrease in the fair value of the investment portfolio. As interest rates decline, certain debt securities may experience accelerated amortization and prepayment speeds than what was assumed at purchase. During such periods, the Company is at risk of lower net investment income as it may not be able to reinvest the proceeds at comparable yields. Declining interest rates may also increase the fair value of the investment portfolio.

b. Litigation

The Company is involved in litigation arising in and out of the normal course of business, which seeks both compensatory and punitive damages and equitable remedies. Although the Company is not aware of any actions or allegations that reasonably should give rise to a material adverse impact to the Company's Condensed Consolidated Statutory Statements of Financial Position or liquidity, the outcome of litigation cannot be foreseen with certainty. It is the opinion of management that the ultimate resolution of these matters will not materially impact the Company's Condensed Consolidated Statutory Statements of Financial Position or liquidity. However, the outcome of a particular proceeding may be material to the Company's Condensed Consolidated Statutory Statements of Income (Loss) for a particular period depending upon, among other factors, the size of the loss or liability and the level of the Company's income for the period.

Since December 2008, MassMutual and MMHLLC have been named as defendants in a number of putative class action and individual lawsuits filed by investors seeking to recover losses from the Ponzi scheme ran by Bernard L. Madoff through his company, Bernard L. Madoff Investment Securities, LLC (BLMIS). The plaintiffs allege a variety of state law and federal securities claims against MassMutual and/or MMHLLC, and certain of its subsidiaries, seeking to recover losses arising from their investments in several funds managed by Tremont Group Holdings, Inc. (Tremont) or Tremont Partners, Inc., including Rye Select Broad Market Prime Fund, L.P., Rye Select Broad Market Fund, L.P., American Masters Broad Market Prime Fund, L.P., American Masters Market Neutral Fund, L.P. and/or Tremont Market Neutral Fund, L.P. Both Tremont and its subsidiary, Tremont Partners, Inc., are indirect subsidiaries of MMHLLC. Certain of the lawsuits have been consolidated into three groups of suits in the U.S. District Court for the Southern District of New York. In February 2011, the parties in the consolidated federal litigation submitted to the court a proposed settlement agreement. In August 2011, the court entered an order and final judgment approving the settlement. Appeals have been filed and remain pending. The settlement, if affirmed on appeal, will not have a significant financial impact on MassMutual.

Additionally, a number of other lawsuits were filed in state courts in California, Colorado, Florida, Massachusetts, New Mexico, New York and Washington by investors in Tremont funds against Tremont, and in certain cases against MassMutual, MMHLLC and other defendants, raising claims similar to those in the consolidated federal litigation. Those cases are in various stages of litigation. MassMutual believes it has substantial defenses and will continue to vigorously defend itself in these actions. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from these claims.

On October 19, 2011, Golden Star, Inc. (Golden Star), plan administrator of the Golden Star Administrative Associates 401(k) Plan and Golden Star Bargaining Associates 401(k) Plan, filed a putative class action lawsuit in the U.S. District Court for the District of Massachusetts against MassMutual. Golden Star alleges, among other things, that MassMutual breached its alleged fiduciary duties while performing services to 401(k) plans and that certain of its actions constituted "Prohibited Transactions" under the Employee Retirement Income Security Act of 1974. Oral argument on MassMutual's summary judgment motion was held in March 2014. In May 2014, the court denied MassMutual's motion for summary judgment on the issue of whether MassMutual acts as a fiduciary when it accepts revenue sharing payments. In May 2014, the parties participated in a mediation of their dispute. In June 2014, MassMutual recorded a liability for the estimated probable amount of the loss it expects to incur in connection with this lawsuit, which did not have a significant impact on MassMutual.

In April 2010, Christina Chavez (Chavez) filed a putative class action complaint against MassMutual. Chavez alleges that MassMutual breached its obligations to its term life policyholders in California by not paying dividends on those policies. The parties are engaged in active discovery. In June 2014, the parties participated in a mediation of their dispute, which did not result in a settlement. MassMutual believes it has substantial defenses and will continue to vigorously defend itself in this action. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In 2009, numerous lawsuits (the Rochester Suits) were filed as putative class actions in connection with the investment performance of certain municipal bond funds advised by OFI and distributed by its subsidiary, OppenheimerFunds Distributor, Inc. The Rochester Suits raise claims under federal securities laws alleging that, among other things, the disclosure documents of the funds contained misrepresentations and omissions, that the investment policies of the funds were not followed and that the funds and other defendants violated federal securities laws and regulations and certain state laws. The Rochester Suits have been consolidated into seven groups, one for each of the funds, in the U.S. District Court of Colorado. Amended complaints and motions to dismiss the suits were filed. In October 2011, the court issued an order granting and denying in part defendants' motion to dismiss the suits. In January 2012, the court granted a stipulated scheduling and discovery order in these actions. In September 2012, defendants opposed plaintiffs' July 2012 motion for class certification and filed motions for partial summary judgment in several of the Rochester Suits. In March 2013, the court denied one of the defendants' motions for partial summary judgment; defendants' second motion, which seeks dismissal of plaintiffs' "leverage ratio" claims, is still pending. In July 2013, the parties to six of the Rochester Suits reached an agreement, in principle, to settle those suits, and in August 2013, the parties executed a memorandum of understanding memorializing their agreement. In March 2014, the court issued an order granting preliminary approval of stipulations and agreements in these actions. The proposed settlements are subject to various contingencies, including final approval by the court. In the opinion of management, the settlement did not have a significant financial impact on the Company. The settlements, if given effect, would not settle a seventh suit. The court has stayed depositions in that suit pending approval of the settlements of the other suits. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this remaining suit.

In May 2009, MassMutual was named as a defendant in a lawsuit related to certain losses in a bank owned life insurance (BOLI) policy issued by MassMutual. The plaintiff alleges, among other things, fraud, breach of contract and breach of fiduciary duty claims against MassMutual, and it seeks to recover losses arising from investments pursuant to the BOLI policy. The parties have completed discovery and are now preparing for trial, scheduled for January 2015. MassMutual believes it has substantial defenses and will continue to vigorously defend itself in this action. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In July 2012, Karen Bacchi filed a putative class action complaint against MassMutual in federal court alleging that MassMutual breached its contracts by allegedly failing to distribute surplus in excess of the statutorily prescribed limit. The court denied MassMutual's motion to dismiss and the parties are engaged in active discovery. MassMutual believes that it has substantial defenses and will continue to vigorously defend itself in this action. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

In November 2013, seven participants in the MassMutual Thrift Plan (the Plan) filed a putative class action complaint in the U.S. District Court for the District of Massachusetts. The complaint alleges, among other things, that MassMutual, the Investment Fiduciary Committee, the Plan Administrative Committee and individually named "fiduciaries" breached their duties by allowing the Plan to pay excessive fees and by engaging in self-dealing by limiting investment options primarily to MassMutual proprietary products. All defendants filed a joint motion to dismiss in January 2014. MassMutual believes that it has substantial defenses and will continue to vigorously defend itself in this action. No reasonable estimate can be made at this time regarding the potential liability, if any, or the amount or range of any loss that may result from this claim.

c. Regulatory matters

The Company is subject to governmental and administrative proceedings and regulatory inquiries, examinations and investigations in the ordinary course of its business. In connection with regulatory inquiries, examinations and investigations, the Company has been contacted by various regulatory agencies including, among others, the Securities and Exchange Commission, the U.S. Department of Labor and various state insurance departments and state attorneys general. The Company has cooperated fully with these regulatory agencies with regard to their inquiries, examinations and investigations and has responded to information requests and comments.

Market volatility in the financial services industry over the last several years has contributed to increased scrutiny of the entire financial services industry. Therefore, the Company believes that it is reasonable to expect that proceedings, regulatory inquiries, examinations and investigations into the insurance and financial services industries will continue for the foreseeable future. Additionally, new industry-wide legislation, rules and regulations could significantly affect the insurance and financial services industries as a whole. It is the opinion of management that the ultimate resolution of these regulatory inquiries, examinations, investigations, legislative and regulatory changes of which we are aware will not materially impact the Company's financial position or liquidity. However, the outcome of a particular matter may be material to the Company's operating results for a particular period depending upon, among other factors, the financial impact of the matter and the level of the Company's income for the period.

18. Withdrawal characteristics

No significant changes.

19. Presentation of the Condensed Consolidated Statutory Statements of Cash Flows

The Company has included the following non-cash inflows (outflows) in the Condensed Consolidated Statutory Statements of Cash Flows:

	Six Months Ended June 30, 2014	Year Ended December 31, 2013
	(In Millions)	
Bond conversions and refinancing	$ 427	$ 699
Bank loan rollovers[1]	79	2,132
Other	42	25
Stock conversions	21	290
Other invested asset distributions to common stock	1	5
Bond conversions to other invested assets	-	210
Mortgages converted to other invested assets	-	42
Related to RPG reinsurance agreement:		
Deposits for policyholders' reserves related to reinsurance agreement	-	5,298
Liabilities for deposit-type contracts related to reinsurance agreement	-	3,885
Other liabilities	-	879
Bonds	-	(8,602)
Mortgage loans	-	(736)
Other assets	-	(383)
Preferred stock	-	(13)

[1]Bank loan rollovers represent transactions processed as the result of rate resets on existing bank loans and are included in the proceeds from investments sold, matured or repaid on bonds. In 2013, bank loan rollovers that were a result of rate resets were presented on a gross basis. In 2014, bank loan rollovers that are a result of rate resets are presented on a net basis.

Refer to *Note 10. "Reinsurance"* in the Company's 2013 audited year end financial statements for information about the Company's Retirement Plans Group reinsurance agreement.

20. Subsequent events

MassMutual has evaluated subsequent events through August 6, 2014, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheet date and before the date of evaluation that would require disclosure.