

**MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
AND SUBSIDIARIES**

INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS

As of March 31, 2022 and December 31, 2021 and for the three months ended
March 31, 2022 and 2021

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS
(UNAUDITED)

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

	March 31, 2022	December 31, 2021
(In Millions)		
Assets:		
Bonds	\$ 130,037	\$ 128,494
Preferred stocks	553	563
Common stocks – subsidiaries and affiliates	23,099	23,029
Common stocks – unaffiliated	1,460	1,284
Mortgage loans	26,600	27,394
Policy loans	16,431	16,356
Real estate	345	395
Partnerships and limited liability companies	13,112	12,724
Derivatives	15,270	17,008
Cash, cash equivalents and short-term investments	5,921	6,210
Other invested assets	1,989	1,577
Total invested assets	234,817	235,034
Investment income due and accrued	3,413	3,696
Federal income taxes	53	73
Net deferred income taxes	848	743
Other than invested assets	4,163	4,683
Total assets excluding separate accounts	243,294	244,229
Separate account assets	77,234	83,264
Total assets	\$ 320,528	\$ 327,493
 Liabilities and Surplus:		
Policyholders' reserves	\$ 144,602	\$ 142,293
Liabilities for deposit-type contracts	18,091	17,129
Contract claims and other benefits	709	800
Policyholders' dividends	1,849	1,828
General expenses due or accrued	994	1,385
Asset valuation reserve	6,297	6,525
Repurchase agreements	2,656	2,802
Commercial paper	250	250
Collateral	3,986	6,330
Derivatives	8,955	11,507
Funds held under coinsurance	19,842	19,255
Other liabilities	7,941	7,294
Total liabilities excluding separate accounts	216,172	217,398
Separate account liabilities	77,095	83,116
Total liabilities	293,267	300,514
Surplus	27,261	26,979
Total liabilities and surplus	\$ 320,528	\$ 327,493

See accompanying notes to interim consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
INTERIM CONSOLIDATED STATUTORY STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended	
	March 31,	
	2022	2021
	(In Millions)	
Revenue:		
Premium income	\$ 5,215	\$ 4,226
Net investment income	2,008	1,768
Fees and other income	262	292
Total revenue	7,485	6,286
Benefits, expenses and other deductions:		
Policyholders' benefits	3,839	3,460
Change in policyholders' reserves	2,196	1,434
General insurance expenses	511	437
Commissions	322	274
State taxes, licenses and fees	99	96
Other deductions	160	166
Total benefits and expenses	7,127	5,867
Net gain from operations before dividends and federal income taxes	358	419
Dividends to policyholders	419	394
Net (loss) gain from operations before federal income taxes	(61)	25
Federal income tax expense	40	79
Net loss from operations	(101)	(54)
Net realized capital losses	(118)	(487)
Net loss	\$ (219)	\$ (541)

See accompanying notes to interim consolidated statutory financial statements

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

	Three Months Ended	
	March 31,	
	2022	2021
	<u>(In Millions)</u>	
Surplus, beginning of year	<u>\$ 26,979</u>	<u>\$ 24,327</u>
Net increase/(decrease) due to:		
Net loss	(219)	(541)
Change in net unrealized capital gains, net of tax	547	275
Change in net unrealized foreign exchange capital losses, net of taxes	(364)	(228)
Change in other net deferred income taxes	157	315
Change in nonadmitted assets	(9)	(2)
Change in asset valuation reserve	228	(228)
Change in surplus notes	(25)	233
Other	<u>(33)</u>	<u>(24)</u>
Net increase/(decrease)	<u>282</u>	<u>(200)</u>
Surplus, end of period	<u><u>\$ 27,261</u></u>	<u><u>\$ 24,127</u></u>

See accompanying notes to interim consolidated statutory financial statements

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

	Three Months Ended March 31,	
	2022	2021
	(\$ In Millions)	
Cash from operations:		
Premium and other income collected	\$ 5,771	\$ 4,646
Net investment income	2,206	2,915
Benefit payments	(3,903)	(3,482)
Net transfers from separate accounts	423	219
Commissions and other expenses	(1,554)	(1,276)
Dividends paid to policyholders	(401)	(377)
Federal and foreign income taxes recovered	(2)	33
Net cash from operations	2,690	2,678
Cash from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds	8,362	10,184
Preferred and common stocks – unaffiliated	90	121
Common stocks – affiliated	1	6
Mortgage loans	1,480	693
Real estate	97	-
Partnerships and limited liability companies	248	112
Derivatives	(307)	(937)
Other	(269)	(611)
Total investment proceeds	9,702	9,568
Cost of investments acquired:		
Bonds	(10,680)	(8,641)
Preferred and common stocks – unaffiliated	(128)	(88)
Common stocks – affiliated	(95)	(59)
Mortgage loans	(761)	(1,101)
Real estate	(14)	(57)
Partnerships and limited liability companies	(779)	(419)
Derivatives	(41)	(17)
Other	289	638
Total investments acquired	(12,209)	(9,744)
Net increase in policy loans	(74)	(20)
Net cash used in investing activities	(2,581)	(196)
Cash from financing and miscellaneous sources:		
Net deposits on deposit-type contracts	910	778
Change in repurchase agreements	(319)	(891)
Change in collateral	(2,314)	(2,422)
Other cash provided	1,350	816
Net cash applied to financing and miscellaneous sources	(398)	(1,719)
Net change in cash, cash equivalents and short-term investments	(289)	763
Cash, cash equivalents and short-term investments:		
Beginning of year	6,210	6,176
End of period	\$ 5,921	\$ 6,939

See accompanying notes to interim consolidated statutory financial statements

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS
(UNAUDITED)

1. *Nature of operations*

Massachusetts Mutual Life Insurance Company (MassMutual), a mutual life insurance company domiciled in the Commonwealth of Massachusetts, and its domestic life insurance subsidiaries domiciled in the State of Connecticut (collectively, the Company), provide individual and group life insurance, disability insurance (DI), individual and group annuities and guaranteed interest contracts (GIC) to individual and institutional customers in all 50 states of the United States of America (U.S.), the District of Columbia and Puerto Rico. Products and services are offered primarily through the Company's MassMutual Financial Advisors (MMFA), MassMutual Strategic Distributors (MMSD), Digital Distribution (DD), Institutional Solutions (IS) and Worksite distribution channels.

MMFA is a sales force that includes financial professionals that operate in the U.S. MMFA sells individual life, individual annuities, long term care (LTC) and DI. The Company's MMSD channel sells life insurance, disability, annuity, and hybrid life and LTC solutions through a network of third-party distribution partners. The Company's DD channel sells individual life and supplemental health insurance primarily through direct response television advertising, digital media, search engine optimization and search engine marketing. The Company's IS distribution channel sells group annuities, group life and GIC primarily through retirement advisory firms, actuarial consulting firms, investment banks, insurance benefit advisors and investment management companies. The Company's Worksite channel works with advisors and employers across the country to provide American workers with voluntary and executive benefits such as group whole life, critical illness, accident insurance and executive variable life and disability, through the workplace.

2. *Summary of significant accounting policies*

a. *Basis of presentation*

These interim consolidated statutory financial statements include MassMutual and its wholly-owned U.S. domiciled life insurance subsidiary C.M. Life Insurance Company (C.M. Life), and C.M. Life's wholly-owned U.S. domiciled life insurance subsidiary, MML Bay State Life Insurance 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 practices. Statutory financial statements filed with regulatory authorities are not presented on a consolidated basis.

The interim consolidated statutory financial statements have been prepared in conformity with the statutory accounting practices of the National Association of Insurance Commissioners (NAIC) and the accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance; and for the wholly-owned U.S. domiciled life insurance subsidiaries, the State of Connecticut Insurance Department.

The interim consolidated statutory financial statements and notes as of March 31, 2022 and December 31, 2021 and for the three months ended March 31, 2022 and 2021 are unaudited. The Interim Consolidated Statutory Statement of Financial Position as of December 31, 2021 has 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. These interim 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 interim 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 2021 audited yearend financial statements as these interim consolidated statutory financial statements disclose only significant changes from yearend 2021. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year.

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 2021 audited consolidated yearend financial statements.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

b. Common stocks - subsidiaries and affiliates

Common stocks of unconsolidated subsidiaries, primarily MassMutual Holding LLC (MMHLLC), Glidepath Holdings Inc. (Glidepath) and MM Investment Holding (MMIH), 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 (U.S. GAAP) equity value less adjustments for the limited statutory basis of accounting related to foreign insurance subsidiaries and controlled affiliates entities as well as an adjustment of \$613 million as of March 31, 2022 for a portion of its noncontrolling interests. Glidepath is valued on its underlying GAAP equity with adjustment to recognize its investment in Great American Life Insurance Company and other subsidiaries and affiliated entities (GALIC) based on GALIC's underlying statutory surplus, adjusted for any unamortized goodwill that would have been recognized under the statutory purchase method. Operating results, less dividends declared, for MMHLLC, Glidepath and MMIH are reflected as net unrealized capital gains in the Statutory Statements of Changes in Surplus. Dividends declared from MMHLLC, Glidepath and MMIH are recorded in net investment income when declared and are limited to MMHLLC, Glidepath and MMIH's U.S. GAAP retained earnings. The cost basis of common stocks – subsidiaries and affiliates is adjusted for impairments deemed to be other than temporary.

3. New accounting standards

a. Future adoption of new accounting standards

In November 2021, the NAIC adopted modifications to SSAP No. 43R, *Loan-Backed and Structured Securities*, effective December 31, 2022. The modifications require investments in residual tranches to be reported on Schedule BA as Other Invested Assets. Residual tranches will be carried at the lower of amortized cost or fair value, with changes in value recorded as unrealized gains or losses. The modifications are not expected to have a material effect on the Company's consolidated financial statements.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

4. Fair value of financial instruments

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

	March 31, 2022				
	Carrying	Fair			
	Value	Value	Level 1	Level 2	Level 3
(In Millions)					
Financial assets:					
Bonds:					
U. S. government and agencies	\$ 4,321	\$ 4,622	\$ -	\$ 4,622	\$ -
All other governments	1,823	1,778	-	1,719	59
States, territories and possessions	281	308	-	308	-
Political subdivisions	437	466	-	466	-
Special revenue	4,346	4,779	-	4,770	9
Industrial and miscellaneous	111,424	110,755	-	52,197	58,558
Parent, subsidiaries and affiliates	7,405	7,338	-	46	7,292
Preferred stocks	553	556	39	-	517
Common stocks - subsidiaries and affiliates	484	484	340	-	144
Common stocks - unaffiliated	1,460	1,460	561	-	899
Mortgage loans - commercial	22,198	21,930	-	-	21,930
Mortgage loans - residential	4,402	4,279	-	-	4,279
Derivatives:					
Interest rate swaps	13,401	13,567	-	13,567	-
Options	511	511	13	498	-
Currency swaps	1,234	1,234	-	1,234	-
Forward contracts	109	109	-	109	-
Credit default swaps	-	1	-	1	-
Financial futures	15	15	15	-	-
Cash, cash equivalents and short-term investments	5,921	5,921	-	5,921	-
Separate account assets	77,234	77,204	50,388	25,060	1,756
Financial liabilities:					
GICs	14,738	14,302	-	-	14,302
Group annuity contracts and other deposits	1,937	1,909	-	-	1,909
Individual annuity contracts	15,550	18,616	-	-	18,616
Supplementary contracts	1,252	1,254	-	-	1,254
Repurchase agreements	2,656	2,656	-	2,656	-
Commercial paper	250	250	-	250	-
Derivatives:					
Interest rate swaps	8,583	10,788	-	10,788	-
Options	6	6	3	3	-
Currency swaps	113	113	-	113	-
Forward contracts	84	84	-	84	-
Credit default swaps	2	2	-	2	-
Financial futures	166	166	166	-	-

Common stocks - subsidiaries and affiliates do not include unconsolidated subsidiaries, which had statutory carrying values of \$22,615 million.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

	December 31, 2021				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Millions)				
Financial assets:					
Bonds:					
U. S. government and agencies	\$ 4,133	\$ 4,776	\$ -	\$ 4,776	\$ -
All other governments	1,846	1,970	-	1,909	61
States, territories and possessions	311	367	-	367	-
Political subdivisions	457	523	-	523	-
Special revenue	4,835	5,694	-	5,685	9
Industrial and miscellaneous	110,186	116,603	36	58,002	58,565
Parent, subsidiaries and affiliates	6,726	6,761	-	50	6,711
Preferred stocks	563	679	43	-	636
Common stocks - subsidiaries and affiliates	414	414	157	-	257
Common stocks - unaffiliated	1,284	1,284	526	-	758
Mortgage loans - commercial	22,308	23,060	-	-	23,060
Mortgage loans - residential	5,086	5,128	-	-	5,128
Derivatives:					
Interest rate swaps	15,556	16,794	-	16,794	-
Options	354	354	15	339	-
Currency swaps	984	984	-	984	-
Forward contracts	69	69	-	69	-
Credit default swaps	-	1	-	1	-
Financial futures	45	45	45	-	-
Cash, cash equivalents and short-term investments	6,210	6,210	1,552	4,658	-
Separate account assets	83,264	83,283	55,912	25,468	1,903
Financial liabilities:					
GICs	13,832	13,828	-	-	13,828
Group annuity contracts and other deposits	1,755	1,812	-	-	1,812
Individual annuity contracts	15,151	18,169	-	-	18,169
Supplementary contracts	1,246	1,248	-	-	1,248
Repurchase agreements	2,802	2,802	-	2,802	-
Commercial paper	250	250	-	250	-
Derivatives:					
Interest rate swaps	11,210	12,043	-	12,043	-
Options	14	14	4	10	-
Currency swaps	206	206	-	206	-
Forward contracts	71	71	-	71	-
Credit default swaps	1	2	-	2	-
Financial futures	5	5	5	-	-

Common stocks - subsidiaries and affiliates do not include unconsolidated subsidiaries, which had statutory carrying values of \$22,615 million.

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

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

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

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Financial assets:				
Bonds:				
Special revenue	\$ -	\$ 1	\$ -	\$ 1
Industrial and miscellaneous	-	315	225	540
Preferred stocks	40	-	19	59
Common stocks - subsidiaries and affiliates	340	-	144	484
Common stocks - unaffiliated	561	-	899	1,460
Derivatives:				
Interest rate swaps	-	13,401	-	13,401
Options	13	498	-	511
Currency swaps	-	1,234	-	1,234
Forward contracts	-	109	-	109
Financial futures	15	-	-	15
Separate account assets	50,388	23,890	1,748	76,026
Total financial assets carried at fair value	\$ 51,357	\$ 39,448	\$ 3,035	\$ 93,840
Financial liabilities:				
Derivatives:				
Interest rate swaps	\$ -	\$ 8,583	\$ -	\$ 8,583
Options	3	3	-	6
Currency swaps	-	113	-	113
Forward contracts	-	84	-	84
Credit default swaps	-	2	-	2
Financial futures	166	-	-	166
Total financial liabilities carried at fair value	\$ 169	\$ 8,785	\$ -	\$ 8,954

The Company does not have any financial instruments that were carried at net asset value as a practical expedient.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

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

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
	(In Millions)			
Financial assets:				
Bonds:				
Special revenue	\$ -	\$ 2	\$ -	\$ 2
Industrial and miscellaneous	45	252	206	503
Preferred stocks	43	-	18	61
Common stocks - subsidiaries and affiliates	157	-	257	414
Common stocks - unaffiliated	526	-	758	1,284
Derivatives:				
Interest rate swaps	-	15,556	-	15,556
Options	15	339	-	354
Currency swaps	-	984	-	984
Forward contracts	-	69	-	69
Financial futures	45	-	-	45
Separate account assets	55,912	24,226	1,894	82,032
Total financial assets carried at fair value	\$ 56,743	\$ 41,428	\$ 3,133	\$ 101,304
Financial liabilities:				
Derivatives:				
Interest rate swaps	\$ -	\$ 11,210	\$ -	\$ 11,210
Options	4	10	-	14
Currency swaps	-	206	-	206
Forward contracts	-	71	-	71
Credit default swaps	-	1	-	1
Financial futures	5	-	-	5
Total financial liabilities carried at fair value	\$ 9	\$ 11,498	\$ -	\$ 11,507

The Company reviews the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes and the level of market activity may result in a reclassification of certain financial assets or liabilities between fair value hierarchy classifications. Such reclassifications are reported as transfers between levels in the beginning fair value for the reporting period in which the changes occur.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

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

	Balance as of 1/1/22	Gains (Losses) in Net Income	Losses (Gains) in Surplus	Purchases	Issuances	Sales	Settlements	Transfers			Balance as of 03/31/22
								In	Out	Other	
(In Millions)											
Financial assets:											
Bonds:											
Industrial and miscellaneous	\$ 206	\$ (4)	\$ (13)	\$ 3	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 225
Preferred stocks	18	-	(4)	5	-	-	-	-	-	-	19
Common stocks - subsidiaries and affiliates	257	-	(206)	70	25	-	(2)	-	-	-	144
Common stocks - unaffiliated	758	28	64	88	-	(1)	(60)	22	-	-	899
Separate account assets	1,894	(71)	-	25	-	(87)	-	-	(13)	-	1,748
Total financial assets	\$ 3,133	\$ (47)	\$ (159)	\$ 191	\$ 28	\$ (88)	\$ (62)	\$ 22	\$ (13)	\$ 30	\$ 3,035

	Balance as of 1/1/21	Gains (Losses) in Net Income	Losses (Gains) in Surplus	Purchases	Issuances	Sales	Settlements	Transfers			Balance as of 12/31/21
								In	Out	Other	
(In Millions)											
Financial assets:											
Bonds:											
Industrial and miscellaneous	\$ 122	\$ (23)	\$ 4	\$ -	\$ 109	\$ -	\$ (1)	\$ -	\$ -	\$ (5)	\$ 206
Preferred stocks	19	-	(1)	-	-	-	-	-	-	-	18
Common stocks - subsidiaries and affiliates	193	1	(378)	26	421	-	(6)	-	-	-	257
Common stocks - unaffiliated	417	8	117	244	4	(29)	(3)	-	-	-	758
Separate account assets	1,834	15	-	363	-	(294)	-	2	(26)	-	1,894
Total financial assets	\$ 2,585	\$ 1	\$ (258)	\$ 633	\$ 534	\$ (323)	\$ (10)	\$ 2	\$ (26)	\$ (5)	\$ 3,133

Other transfers include assets that are either no longer carried at fair value, or have just begun to be carried at fair value, such as assets with no level changes but a change in the lower of cost or market carrying basis. Industrial and miscellaneous bonds in other contain assets that are now carried at fair value due to ratings changes and assets are no longer carried at fair value where the fair value is now higher than the book value.

Level 3 transfers in are assets that are consistently carried at fair value but have had a level change. Common stocks unaffiliated assets were transferred from Level 2 to Level 3 due to a change in the observability of pricing inputs, at the beginning fair value for the reporting period.

5. 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.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

a. Bonds

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

	March 31, 2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In Millions)				
U.S. government and agencies	\$ 4,321	\$ 350	\$ 49	\$ 4,622
All other governments	1,823	54	99	1,778
States, territories and possessions	281	28	1	308
Political subdivisions	437	30	1	466
Special revenue	4,346	462	29	4,779
Industrial and miscellaneous	111,424	2,453	3,126	110,751
Parent, subsidiaries and affiliates	7,405	19	86	7,338
Total	<u>\$ 130,037</u>	<u>\$ 3,396</u>	<u>\$ 3,391</u>	<u>\$ 130,042</u>

The March 31, 2022 gross unrealized losses exclude \$113 million of losses included in the carrying value. These losses include \$107 million from NAIC Class 6 bonds and \$6 million from residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) whose ratings were obtained from third-party modelers. These losses were primarily included in industrial and miscellaneous or parent, subsidiaries and affiliates.

	December 31, 2021			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In Millions)				
U.S. government and agencies	\$ 4,133	\$ 655	\$ 12	\$ 4,776
All other governments	1,846	144	20	1,970
States, territories and possessions	311	56	-	367
Political subdivisions	457	66	-	523
Special revenue	4,835	863	4	5,694
Industrial and miscellaneous	110,186	7,072	655	116,603
Parent, subsidiaries and affiliates	6,726	56	21	6,761
Total	<u>\$ 128,494</u>	<u>\$ 8,912</u>	<u>\$ 712</u>	<u>\$ 136,694</u>

The December 31, 2021 gross unrealized losses exclude \$76 million of losses included in the carrying value. These losses include \$75 million from NAIC Class 6 bonds and \$1 million from RMBS and CMBS whose ratings were obtained from outside modelers. These losses were primarily included in industrial and miscellaneous or parent, subsidiaries and affiliates.

As of March 31, 2022, investments in structured and loan-backed securities that had unrealized losses, which were not recognized in earnings, had a fair value of \$16,078 million. Securities in an unrealized loss position for less than 12 months had a fair value of \$13,655 million and unrealized losses of \$340 million. Securities in an unrealized loss position for greater than 12 months had a fair value of \$2,422 million and unrealized losses of \$230 million. These securities were primarily categorized as industrial and miscellaneous or parent, subsidiaries and affiliates.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
(UNAUDITED)

As of December 31, 2021, investments in structured and loan-backed securities that had unrealized losses, which were not recognized in earnings, had a fair value of \$8,463 million. Securities in an unrealized loss position for less than 12 months had a fair value of \$6,536 million and unrealized losses of \$67 million. Securities in an unrealized loss position for greater than 12 months had a fair value of \$1,926 million and unrealized losses of \$136 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 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 three months ended March 31, 2022 or 2021 that were reacquired within 30 days of the sale date.

Residential mortgage-backed exposure

RMBS are included in the U.S. government and agencies, 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 March 31, 2022, RMBS had a total carrying value of \$1,723 million and a fair value of \$1,762 million, of which approximately 19%, based on carrying value, was classified as Alt-A. Alt-A and subprime RMBS had a total carrying value of \$960 million and a fair value of \$993 million. As of December 31, 2021, RMBS had a total carrying value of \$2,108 million and a fair value of \$2,199 million, of which approximately 16%, based on carrying value, was classified as Alt-A. Alt-A and subprime RMBS had a total carrying value of \$1,000 million and a fair value of \$1,052 million.

b. Common stocks – subsidiaries and affiliates

MMHLLC paid \$344 million in dividends to MassMutual for the three months ended March 31, 2022, which were declared in 2021, and paid \$1,000 million in dividends to MassMutual for the three months ended March 31, 2021, which were declared in 2020.

MassMutual contributed capital of \$65 million to MMHLLC for the three months ended March 31, 2022 and \$22 million for the three months ended March 31, 2021.

Subsidiaries of MMHLLC are involved in litigation and investigations arising in the ordinary course of their business, which seek compensatory damages, punitive damages and equitable remedies. Although the Company is not aware of any actions or allegations that reasonably could give rise to a material adverse impact to the Company's 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 financial position or liquidity. However, the outcome of a particular proceeding may be material to the Company's Interim Consolidated Statutory Statements of Changes in Surplus for a particular period depending upon, among other factors, the size of the loss and the level of the Company's changes in surplus for the period.

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 or a participant or co-lender in a mortgage loan agreement and mezzanine loans that are subordinate to senior secured first liens. Residential mortgage loans are primarily seasoned pools of homogeneous residential mortgage loans substantially backed by Federal Housing Administration (FHA) and Veterans Administration (VA) guarantees.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
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The carrying value and fair value of the Company's mortgage loans were as follows:

	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In Millions)				
Commercial mortgage loans:				
Primary lender	\$ 22,081	\$ 21,813	\$ 22,192	\$ 22,942
Mezzanine loans	117	117	117	118
Total commercial mortgage loans	22,198	21,930	22,309	23,060
Residential mortgage loans:				
FHA insured and VA guaranteed	3,486	3,395	4,348	4,381
Other residential loans	916	884	737	746
Total residential mortgage loans	4,402	4,279	5,085	5,127
Total mortgage loans	\$ 26,600	\$ 26,209	\$ 27,394	\$ 28,187

As of March 31, 2022, the Company had impaired mortgage loans with or without a valuation allowance or mortgage loans derecognized as a result of foreclosure, including mortgage loans subject to a participant or co-lender mortgage loan agreement with a unilateral mortgage loan foreclosure restriction or mortgage loan derecognized as a result of a foreclosure.

The following presents a summary of the Company's impaired mortgage loans as of March 31, 2022 and as of December 31, 2021:

	March 31, 2022				
	Average Carrying Value	Unpaid Carrying Value	Principal Balance	Valuation Allowance	Interest Income
(In Millions)					
With no allowance recorded:					
Commercial mortgage loans:					
Primary lender	\$ 52	\$ 52	\$ 113	\$ -	\$ -
Total	52	52	113	-	-
Total impaired commercial mortgage loans	\$ 52	\$ 52	\$ 113	\$ -	\$ -
	December 31, 2021				
	Average Carrying Value	Unpaid Carrying Value	Principal Balance	Valuation Allowance	Interest Income
(In Millions)					
With no allowance recorded:					
Commercial mortgage loans:					
Primary lender	\$ 52	\$ 55	\$ 113	\$ -	\$ -
Total	52	55	113	-	-
Total impaired commercial mortgage loans	\$ 52	\$ 55	\$ 113	\$ -	\$ -

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
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d. Partnerships and limited liability companies

No significant changes.

e. 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 replicated synthetic investments. These replicated synthetic investments are created when they are economically more attractive than the actual instrument or when similar instruments are unavailable. Replicated synthetic investments are created either to hedge and reduce the Company's credit exposure or to create an investment in a particular asset. The Company held replicated synthetic investments with a notional amount of \$20,354 million as of March 31, 2022 and \$22,623 million as of December 31, 2021, as defined under statutory accounting practices as the result of pairing of a long derivative contract with cash instruments.

The Company's principal derivative exposures to market risk are interest rate risk, which includes inflation and credit risk. Interest rate risk pertains to the change in fair value of the derivative instruments as a result of changes in market interest rates. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. The Company regularly monitors counterparty credit ratings, derivative positions, valuations and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of exposure is minimized, and monitors its derivative credit exposure as part of its overall risk management program.

The Company enters derivative transactions through bilateral derivative agreements with counterparties, or through over the counter cleared derivatives with a counterparty and the use of a clearinghouse. To minimize credit risk for bilateral transactions, the Company and its counterparties generally enter into master netting agreements based on agreed upon requirements that outline the framework for how collateral is to be posted in the amount owed under each transaction, subject to certain minimums. For over the counter cleared derivative transactions between the Company and a counterparty, the parties enter into a series of master netting and other agreements that govern, among other things, clearing and collateral requirements. These transactions are cleared through a clearinghouse and each derivative counterparty is only exposed to the default risk of the clearinghouse. Certain interest rate swaps and credit default swaps are considered cleared transactions. These cleared transactions require initial and daily variation margin collateral postings. These agreements allow for contracts in a positive position, in which amounts are due to the Company, to be offset by contracts in a negative position. This right of offset, combined with collateral obtained from counterparties, reduces the Company's credit exposure.

Net collateral pledged by the counterparties was \$3,063 million as of March 31, 2022 and \$5,288 million as of December 31, 2021. In the event of default, the full market value exposure at risk in a net gain position, net of offsets and collateral, was \$559 million as of March 31, 2022 and \$238 million as of December 31, 2021. The statutory net amount at risk, defined as net collateral pledged and statement values excluding accrued interest, was \$2,786 million as of March 31, 2022 and \$616 million as of December 31, 2021.

The Company had the right to rehypothecate or repledge securities totaling \$1,039 million of the \$3,063 million as of March 31, 2022 and \$718 million of the \$5,288 million as of December 31, 2021 of net collateral pledged by counterparties. There were no securities rehypothecated to other counterparties as of March 31, 2022 or December 31, 2021.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
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The following summarizes the carrying values and notional amounts of the Company's derivative financial instruments:

	March 31, 2022			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	\$ 13,401	\$ 122,306	\$ 8,583	\$ 133,738
Options	511	17,192	6	354
Currency swaps	1,234	15,842	113	3,359
Forward contracts	109	5,032	84	4,165
Credit default swaps	-	40	2	75
Financial futures	15	707	166	2,410
Total	\$ 15,270	\$ 161,119	\$ 8,954	\$ 144,101

	December 31, 2021			
	Assets		Liabilities	
	Carrying Value	Notional Amount	Carrying Value	Notional Amount
	(In Millions)			
Interest rate swaps	\$ 15,556	\$ 119,034	\$ 11,210	\$ 129,332
Options	354	16,388	14	356
Currency swaps	984	13,167	206	5,535
Forward contracts	69	4,634	71	5,230
Credit default swaps	-	60	1	35
Financial futures	45	2,753	5	373
Total	\$ 17,008	\$ 156,036	\$ 11,507	\$ 140,861

The average fair value of outstanding derivative assets was \$15,640 million for the three months ended March 31, 2022 and \$17,677 million for the three months ended March 31, 2021. The average fair value of outstanding derivative liabilities was \$9,564 million for the three months ended March 31, 2022 and \$14,223 million for the three months ended March 31, 2021.

The following summarizes the notional amounts of the Company's credit default swaps by contractual maturity:

	March 31, 2022	December 31, 2021
	(In Millions)	
Due after one year through five years	\$ 115	\$ 95
Total	\$ 115	\$ 95

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

	Three Months Ended March 31,			
	2022		2021	
	Net Realized (Losses) Gains on Closed Contracts	Change In Net Unrealized (Losses) Gains on Open Contracts	Net Realized Gains (Losses) on Closed Contracts	Change In Net Unrealized Gains (Losses) on Open Contracts
	(In Millions)			
Interest rate swaps	\$ 24	\$ 472	\$ (114)	\$ (468)
Currency swaps	12	344	(36)	33
Options	(4)	131	(71)	129
Credit default swaps	(10)	-	1	-
Forward contracts	48	26	(235)	331
Financial futures	(193)	(192)	(477)	(125)
Total	<u>\$ (123)</u>	<u>\$ 781</u>	<u>\$ (932)</u>	<u>\$ (100)</u>

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

	March 31, 2022			December 31, 2021		
	Derivative Assets	Derivative Liabilities	Net	Derivative Assets	Derivative Liabilities	Net
	(In Millions)					
Gross	\$ 15,269	\$ 8,955	\$ 6,314	\$ 17,008	\$ 11,507	\$ 5,501
Due and accrued	950	1,902	(952)	1,142	1,911	(769)
Gross amounts offset	(12,320)	(12,320)	-	(13,023)	(13,023)	-
Net asset	3,899	(1,463)	5,362	5,127	395	4,732
Collateral posted	(5,011)	(1,948)	(3,063)	(7,046)	(1,759)	(5,287)
Net	<u>\$ (1,112)</u>	<u>\$ (3,411)</u>	<u>\$ 2,299</u>	<u>\$ (1,919)</u>	<u>\$ (1,364)</u>	<u>\$ (555)</u>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
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f. Net investment income

Net investment income, including interest maintenance reserve (IMR) amortization, comprised the following:

	Three Months Ended	
	March 31,	
	2022	2021
	<u>(In Millions)</u>	
Bonds	\$ 1,171	\$ 1,113
Preferred stocks	11	4
Common stocks - unaffiliated	30	10
Mortgage loans	312	240
Policy loans	285	264
Real estate	56	44
Partnerships and limited liability companies	156	128
Derivatives	123	132
Cash, cash equivalents and short-term investments	11	5
Other	35	(3)
Subtotal investment income	<u>2,190</u>	<u>1,937</u>
Amortization of the IMR	24	31
Investment expenses	<u>(206)</u>	<u>(200)</u>
Net investment income	<u>\$ 2,008</u>	<u>\$ 1,768</u>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
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g. Net realized capital losses

Net realized capital losses, which include OTTI and are net of deferral to the IMR, comprised the following:

	Three Months Ended	
	March 31,	
	2022	2021
	<u>(In Millions)</u>	
Bonds	\$ (367)	\$ 79
Preferred stocks	(6)	-
Common stocks - subsidiaries and affiliates	-	1
Common stocks - unaffiliated	31	7
Mortgage loans	(1)	(2)
Real estate	55	-
Partnerships and limited liability companies	(3)	(22)
Derivatives	(123)	(932)
Other	<u>(19)</u>	<u>-</u>
Net realized capital losses before federal and state taxes and deferral to the IMR	(433)	(869)
Net federal and state tax benefit (expense)	<u>15</u>	<u>(23)</u>
Net realized capital losses before deferral to the IMR	(418)	(892)
Net after tax losses deferred to the IMR	<u>300</u>	<u>405</u>
Net realized capital losses	<u>\$ (118)</u>	<u>\$ (487)</u>

The IMR liability balance was \$1,389 million as of March 31, 2022 and \$1,713 million as of December 31, 2021 and was included in other liabilities on the Interim Consolidated Statutory Statements of Financial Position.

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

	Three Months Ended	
	March 31,	
	2022	2021
	<u>(In Millions)</u>	
Bonds	\$ (236)	\$ (32)
Common stocks - unaffiliated	-	(7)
Preferred stocks	(6)	-
Mortgage loans	-	(4)
Partnerships and limited liability companies	<u>(7)</u>	<u>(20)</u>
Total OTTI	<u>\$ (249)</u>	<u>\$ (63)</u>

The Company recognized OTTI of \$8 million for the three months ended March 31, 2022 and \$6 million for the three months ended March 31, 2021 on structured and loan-backed securities, which are included in bonds, primarily due to the present value of expected cash flows being less than the amortized cost.

Refer to Note 16. "Risk and uncertainties" for further information on realized losses from Russia and Ukraine exposure.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
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6. Federal income taxes

No significant changes.

7. Other than invested assets

No significant changes.

8. Policyholders' liabilities

a. Liabilities for deposit-type contracts

On February 1, 2022, MassMutual issued a \$300 million funding agreement with a 2.11% fixed rate and a 6.5-year maturity.

On February 1, 2022, MassMutual issued a \$300 million funding agreement with a 2.26% fixed rate and a 9-year maturity.

On March 16, 2022, MassMutual issued a \$600 million funding agreement with \$300 million at a fixed rate of treasury rate plus 0.75% and \$300 million with a floating rate based on the Secured Overnight Financing Rate plus 0.87% and a 3-year maturity.

b. Additional liability for annuity contracts

Certain variable annuity contracts include additional death or other insurance benefit features, such as guaranteed minimum death benefits (GMDB), guaranteed minimum income benefits (GMIB), guaranteed minimum accumulation benefits (GMAB) and guaranteed lifetime withdrawal benefits (GLWB). In general, living benefit guarantees require the contract holder or policyholder to adhere to a company approved asset allocation strategy. Election of these benefit guarantees is generally only available at contract issue.

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The following shows the changes in the liabilities for GMDB, GMIB, GMAB and GLWB (in millions):

Liability as of January 1, 2021	\$ 212
Incurred guarantee benefits	(165)
Paid guarantee benefits	(3)
Liability as of December 31, 2021	44
Incurred guarantee benefits	(21)
Paid guarantee benefits	(1)
Liability as of March 31, 2022	\$ 22

The following summarizes the account values, net amount at risk and weighted average attained age for variable annuity contracts with GMDB, GMIB, GMAB and GLWB 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.

Account Value	March 31, 2022			December 31, 2021		
	Net	Weighted	Average Attained Age	Net	Weighted	Average Attained Age
	Amount	Amount		Amount	Amount	
at Risk	at Risk	at Risk	at Risk	at Risk		
(\$ In Millions)						
GMDB	\$ 12,121	\$ 97	66	\$ 13,191	\$ 60	66
GMIB Basic	598	7	71	675	4	71
GMIB Plus	1,444	265	67	1,565	158	68
GMAB	2,003	19	61	2,219	1	62
GLWB	123	11	73	136	6	73

9. Reinsurance

For the three months ended March 31, 2022, the Company increased its gross LTC policyholders' reserve by \$40 million through a combination of various assumption changes to reflect the risk inherent in the cash flows of this business. The majority of the risk is ceded to an unaffiliated reinsurer resulting in the ceded policyholders' reserves decreasing by \$10 million. The total net impact of the change is \$50 million.

Effective February 1, 2022, approximately \$14.2 billion of in force statutory reserves of certain GALIC's fixed and fixed indexed annuities had been reinsured, on a coinsurance with funds withheld basis to Martello Re, a Bermuda reinsurer focusing on annuities and other investment returns driven products. MassMutual has a noncontrolling interest in Martello Re.

10. Withdrawal characteristics

No significant changes.

11. Debt

No significant changes.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
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12. Employee benefit plans

The Company sponsors multiple employee benefit plans providing retirement, life, health and other benefits to employees, certain employees of unconsolidated subsidiaries, agents, general agents and retirees who meet plan eligibility requirements.

Net periodic cost

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

	Three Months Ended March 31,			
	2022	2021	2022	2021
	Pension Benefits		Other Postretirement Benefits	
	(In Millions)			
Service cost	\$ 24	\$ 28	\$ 2	\$ 3
Interest cost	21	19	3	2
Expected return on plan assets	(48)	(46)	-	-
Amortization of unrecognized net actuarial and other losses	2	10	-	-
Amortization of unrecognized prior service cost	-	-	(1)	(1)
Total net periodic cost	<u>\$ (1)</u>	<u>\$ 11</u>	<u>\$ 4</u>	<u>\$ 4</u>

13. Employee compensation plans

No significant changes.

14. Surplus notes

No significant changes.

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15. Presentation of the Interim Consolidated Statutory Statements of Cash Flows

The following table presents those transactions that have affected the Company's recognized assets or liabilities but have not resulted in cash receipts or payments during the three months ended March 31, 2022 and 2021. Accordingly, the Company has excluded these non-cash activities from the Interim Consolidated Statutory Statements of Cash Flows for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
	(In Millions)	
Bond conversions and refinancing	\$ 127	\$ 170
Stock conversion	52	-
Change in market value of corporate owned life insurance asset	(19)	60
Net investment income payment-in-kind bonds	5	7
Transfer of stocks to partnerships	5	-
Surplus notes issued in exchange for bonds	-	233
Bonds received as consideration for surplus notes	-	(233)
Premium income recognized for group annuity contracts	-	54
Bonds received as consideration for group annuity contracts	-	(53)
Exchange of mortgage loans for other assets	-	18
Transfer of mortgage loans to partnerships and limited liability companies	-	11
Common stock received as consideration for group annuity contracts	-	(1)

16. Business risks, commitments and contingencies

a. Risks and uncertainties

The Company operates in a business environment subject to various risks and uncertainties. The principal risks include insurance and underwriting risks, investment and interest rate risks, currency exchange risk and credit risk. The combined impact of these risks could have a material, adverse effect on the Company's financial statements or result in operating losses in future periods. The Company employs the use of reinsurance, portfolio diversification, asset/liability management processes and other risk management techniques to mitigate the impact of these risks. The interim risks and uncertainties disclosure should be read in conjunction with the consolidated statutory disclosure in the Company's 2021 audited yearend financial statements.

Insurance and underwriting risks

The Company prices its products based on estimated benefit payments reflecting assumptions with respect to mortality, morbidity, longevity, persistency, interest rates and other factors. If actual policy experience emerges that is significantly and adversely different from assumptions used in product pricing, the effect could be material to the profitability of the Company. For participating whole life products, the Company's dividends to policyholders primarily reflect the difference between actual investment, mortality, expense and persistency experience and the experience embedded in the whole life premiums and guaranteed elements. The Company also reinsures certain life insurance and other LTC insurance policies to mitigate the impact of its underwriting risk.

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Investment and interest rate risks

The fair value, cash flows and earnings of investments can be influenced by a variety of factors including changes in interest rates, credit spreads, equity markets, portfolio asset allocation and general economic conditions. The Company employs a rigorous asset/liability management process to help mitigate the economic impacts of various investment risks, in particular, interest rate risk. By effectively matching the market sensitivity of assets with the liabilities they support, the impact of interest rate changes is addressed, on an economic basis, as the change in the value of the asset is offset by a corresponding change in the value of the supported liability. The Company uses derivatives, such as interest rate swaps and swaptions, as well as synthetic assets to reduce interest rate and duration imbalances determined in asset/liability analyses.

The levels of U.S. interest rates are influenced by U.S. monetary policies and by the relative attractiveness of U.S. markets to investors versus other global markets. As interest rates increase, certain debt securities may experience amortization or prepayment speeds that are slower than those 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.

Interest rates also have an impact on the Company's products with guaranteed minimum payouts and on interest credited to account holders. As interest rates decrease, investment spreads may contract as crediting rates approach minimum guarantees, resulting in an increased liability.

In periods of increasing interest rates, policy loans, surrenders and withdrawals may increase as policyholders seek investments with higher perceived returns. This could result in cash outflows requiring the Company to sell invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which could cause the Company to realize investment losses.

Currency exchange risk

The Company has currency risk due to its non-U.S. dollar denominated investments and medium-term notes along with its indirect international operations. The Company mitigates a portion of its 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.

Credit and other market risks

The Company manages its investments to limit credit and other market risks by diversifying its portfolio among various security types and industry sectors as well as purchasing credit default swaps to transfer some of the risk.

Stressed conditions, volatility and disruptions in global capital markets or in particular markets or financial asset classes can have an adverse effect on the Company, in part because the Company has a large investment portfolio and assets supporting the Company's insurance liabilities are sensitive to changing market factors. Global market factors, including interest rates, credit spread, equity prices, real estate markets, foreign currency exchange rates, consumer spending, business investment, government spending, the volatility and strength of the capital markets, deflation and inflation, all affect the business and economic environment and, ultimately, the profitability of the Company's business. Disruptions in one market or asset class can also spread to other markets or asset classes. Upheavals in the financial markets can also affect the Company's business through their effects on general levels of economic activity, employment and customer behavior.

Asset-based fees calculated as a percentage of the separate account assets are a source of revenue to the Company. Gains and losses in the investment markets may result in corresponding increases and decreases in the Company's separate account assets and related revenue.

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The spread of the coronavirus, causing increased cases of COVID-19, has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. At this time, the Company is not able to reliably estimate the length and severity of the COVID-19 public health crises and, as such, cannot quantify its impact on the financial results, liquidity and capital resources and its operations in future periods.

Political Uncertainties

Political events, domestically or internationally, may directly or indirectly trigger or exacerbate risks related to product offerings, profitability, or any of the risk factors described above. Whether those underlying risk factors are driven by politics or not, the Company's dynamic approach to managing risks enables management to identify risks, internally and externally, develop mitigation plans, and respond to risks in an attempt to proactively reduce the potential impact of each underlying risk factor on the Company.

Total realized loss from Russian exposure for the quarter was \$320 million. On March 25, 2022, all Russia securities and Ukraine sovereign investments were impaired to market value due to intent to sell. This resulted in an impaired realized loss of \$225 million. Some Russia related securities were sold during the quarter resulting in a realized loss of \$95 million. Total statutory surplus decreased by \$320 million. Ukraine corporate bonds were not impaired as the current plan is to not sell and hold to recovery.

b. *Litigation and regulatory matters*

In the normal course of business, the Company is involved in disputes, litigation and governmental or regulatory inquiries, administrative proceedings, examinations and investigations, both pending and threatened. These matters, if resolved adversely against the Company or settled, may result in monetary damages, fines and penalties or require changes in the Company's business practices. The resolution or settlement of these matters is inherently difficult to predict. Based upon the Company's assessment of these pending matters, the Company does not believe that the amount of any judgment, settlement or other action arising from any pending matter is likely to have a material adverse effect on the consolidated statement of financial position. However, an adverse outcome in certain matters could have a material adverse effect on the consolidated results of operations for the period in which such matter is resolved, or an accrual is determined to be required, on the consolidated financial statement financial position, or on our reputation.

The Company evaluates the need for accruals of loss contingencies for each matter. When a liability for a matter is probable and can be estimated, the Company accrues an estimate of the loss offset by related insurance recoveries or other contributions, if any. An accrual may be subject to subsequent adjustment as a result of additional information and other developments. The resolution of matters is inherently difficult to predict, especially in the early stages of matter. Even if a loss is probable, due to many complex factors, such as speed of discovery and the timing of court decisions or rulings, a loss or range of loss may not be reasonably estimated until the later stages of the matter. For matters where a loss is material and it is either probable or reasonably possible then it is disclosed. For matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimated, no accrual is established, but the matter, if material, is disclosed.

In connection with the May 24, 2019 sale of Oppenheimer Acquisition Corp. (OAC) to Invesco Ltd (Invesco), Invesco identified an accounting matter related to four Master Limited Partnership funds managed by a subsidiary of OAC prior to the sale that Invesco has stated may result in an indemnification claim against MassMutual under the terms of the acquisition agreement. Under the terms of the agreement, MassMutual may be liable to Invesco under the acquisition agreement for a portion of any actual losses incurred by Invesco in excess of \$173 million and up to a cap of \$575 million. There are currently considerable uncertainties as to the nature, scope and amount of the potential losses for which Invesco may seek indemnity. In addition to the \$173 million deductible, it is uncertain whether the indemnification obligations set forth in the acquisition agreement would apply to this situation and MassMutual believes it has a number of defenses available that may mitigate or eliminate its exposure to any losses claimed by Invesco should such obligations apply. However, the outcome of any indemnification dispute (including any resulting litigation), should Invesco assert such a claim, and its potential impact on MassMutual's financial position cannot be foreseen with certainty at this time.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
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17. *Related party transactions*

No significant changes.

18. *Subsequent events*

Management of the Company has evaluated subsequent events through May 13, 2022, the date the financial statements were available to be issued to state regulators and subsequently on the Company's website. No events have occurred subsequent to the date of the financial statements.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED STATUTORY FINANCIAL STATEMENTS, continued
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Glossary of Terms

<u>Term</u>	<u>Description</u>
CMBS	Commercial mortgage-backed securities
C.M. Life	C.M. Life Insurance Company
DD	Digital Distribution
DI	Disability Insurance
FHA	Federal Housing Administration
GALIC	Great American Life Insurance Company and other subsidiaries and affiliated
GIC	Guaranteed interest contracts
GMAB	Guaranteed minimum accumulation benefits
GMDB	Guaranteed minimum death benefits
GMI	Guaranteed minimum income benefits
Glidepath	Glidepath Holdings Inc.
GLWB	Guaranteed lifetime withdrawal benefits
IMR	Interest maintenance reserve
Invesco	Invesco Ltd
IS	Institutional Solutions
LLC	Limited liability companies
LTC	Long-term care
MassMutual	Massachusetts Mutual Life Insurance Company
MMFA	MassMutual Financial Advisors
MMHLLC	MassMutual Holding LLC
MMIH	MM Investment Holding
MMSD	MassMutual Strategic Distributors
NAIC	National Association of Insurance Commissioners
OAC	Oppenheimer Acquisition Corporation
OTTI	Other-than-temporary impairment(s)
RMBS	Residential mortgage-backed securities
SSAP	Statements of Statutory Accounting Principles
The Company	Massachusetts Mutual Life Insurance Company, a mutual life insurance company domiciled in the Commonwealth of Massachusetts, and its domestic life insurance subsidiaries domiciled in the State of Connecticut
U.S.	United States of America
U.S. GAAP	U.S. generally accepted accounting principles
VA	Veterans Administration