New York Life Global Funding

$11,000,000,000
GLOBAL DEBT ISSUANCE PROGRAM

This supplement ("Base Prospectus Supplement") is supplemental to and must be read in conjunction with the Offering Memorandum dated November 27, 2006 (the "Offering Memorandum"), as supplemented by base prospectus supplements dated December 1, 2006, March 8, 2007 and April 2, 2007 (collectively, the "base prospectus supplements") prepared by New York Life Global Funding (the "Issuer") under the Issuer's global medium-term note program for the issuance of senior secured medium-term notes (the "Notes").

Application has been made to the Irish Financial Services Regulatory Authority as competent authority for the purposes of Directive 2003/71/EC (the "Prospectus Directive") for this Base Prospectus Supplement to be approved.

This document constitutes a Base Prospectus Supplement for the purposes of the Prospectus Directive. References herein to this document are to this Base Prospectus Supplement incorporating Annex 1 hereto.

On April 18, 2007, New York Life published its Management's Discussion and Analysis of Financial Condition and Results of Operations of New York Life, Certain Financial and Accounting Matters, Statutory Capitalization of New York Life and Selected Historical Statutory Financial Information of New York Life (collectively, the "Financial Information") the text of which is set out in Annex 1 to this document. Copies of such Financial Information will be made available for inspection at the offices of the parties at whose offices documents are to be available for inspection as identified in "General Information" in the Offering Memorandum.

Except as disclosed in this document, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Offering Memorandum or the base prospectus supplements since the publication of the Offering Memorandum.

Each of the Issuer and New York Life accepts responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge of each of the Issuer and New York Life (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Base Prospectus Supplement dated April 27, 2007

ANNEX 1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF NEW YORK LIFE

Prospective investors should read the following discussion in conjunction with "Certain Financial and Accounting Matters", "Selected Historical Statutory Financial Information of New York Life" and the audited statutory financial statements of New York Life and the notes thereto contained elsewhere in this Offering Memorandum.

Unless the context otherwise requires, (i) references to "New York Life" are to New York Life Insurance Company on a stand-alone, non consolidated basis and (ii) references to "The Company" are to New York Life Insurance Company, together with its domestic and international subsidiaries.

OVERVIEW

General

Based on data compiled by the National Underwriter Insurance Data Services and analyzed by New York Life, New York Life is one of the largest mutual life insurance companies in the United States in terms of both total assets, of which New York Life had $113,704 million at December 31, 2006, and total life insurance in-force, of which New York Life had $752,805 million at December 31, 2006. The wide range of insurance and investment products and services offered through New York Life and its subsidiaries includes life and health insurance, long term care, annuities (including lifetime income annuities), pension products, mutual funds and other investments, and investment advisory services. The Company owned or had under management $264,910 million in total assets at December 31, 2006.

The Company's four principal lines of business are Life and Annuity, Investment Management, Special Markets and International operations. Life and Annuity operations are conducted primarily through New York Life and its wholly-owned insurance subsidiaries, New York Life Insurance and Annuity Corporation ("NYLIAC") and NYLIFE Insurance Company of Arizona. Investment Management operations are conducted through New York Life and various registered investment advisory subsidiaries of its wholly-owned investment management subsidiary, New York Life Investment Management Holdings LLC ("NYLIM"). Special Markets is a niche business of New York Life that markets group life and health insurance to membership associations and long-term care ("LTC") insurance and is the exclusive provider of life insurance to the American Association of Retired Persons ("AARP"). New York Life markets insurance and investment products in Asia and Latin America through its wholly-owned subsidiary New York Life International, LLC and its affiliates. Operations in China are conducted through New York Life. NYLIFE LLC is a wholly owned subsidiary of New York Life, and is a holding company for certain subsidiaries of New York Life. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

For the year ended December 31, 2006, New York Life had total premiums and annuity considerations of $9,301 million. Of this total, $5,869 million was attributable to Life and Annuity, $2,008 million to Investment Management and $1,424 million to Special Markets.

Basis of Financial Presentation

The discussion below for the years ended December 31, 2006 and 2005 is based on the 2006 and 2005 audited Statutory Financial Statements. Those financial statements have been prepared on the basis of Statutory Accounting Practices ("SAP") prescribed or permitted by the New York State Insurance Department. Under SAP, results of subsidiaries are not consolidated with the results of New York Life on a line-by-line basis, but rather are generally recorded at their underlying net equity value as affiliated common stock investments, with the current year change in net equity value, less dividends paid and contributions from New York Life reflected in unrealized capital gains and losses through surplus. Dividends received from subsidiaries are included in New York Life's net investment income. During 2006 and 2005, New York Life received $20 million in dividends each year from its subsidiaries.

Financial statements prepared on the basis of SAP vary in certain significant respects from financial statements prepared on the basis of Generally Accepted Accounting Principles ("GAAP"). See "Selected Historical Statutory Financial Information of New York Life."

Income, Benefits and Expenses

New York Life derives its income principally from premiums on life contracts and net investment income from general account assets. New York Life's benefits and expenses consist principally of insurance benefits provided to policyholders and beneficiaries; additions to reserves; and operating expenses, including marketing, administrative and distribution costs. In addition, New York Life has historically focused, and expects to continue to focus, on participating life insurance products, which typically pay annual policyholder dividends. As a result, a significant deduction from income is represented, and likely will continue to be represented, by policyholder dividends. New York Life reflected total policyholder dividends of $1,546 million, $1,477 million and $1,413 million for each of the years ended December 31, 2006, 2005 and 2004.

New York Life's profitability depends primarily on the adequacy of its product pricing, which is a function of its ability to select underwriting risk, its mortality and persistency experience, its ability to generate earnings on the investments supporting its products and its ability to control expenses in accordance with its pricing assumptions.

Results of Operations – Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Net Income

Gain from Operations <u>before</u> federal income taxes for the year ended December 31, 2006 was $736 million, $118 million or 19.1% above the $618 million reported at December 31, 2005, primarily due to higher investment income associated with limited partnership distributions ($137 million, pre-tax). Net Gain from Operations <u>after</u> federal income taxes of $494 million was $225 million, or 31.3%, below December 31, 2005, as a result of a federal income tax <u>expense</u> of $242 million in 2006, compared to a federal income tax <u>benefit</u> of $101 million in 2005. The 2005 income tax benefit was influenced by tax deductions resulting from pension plan contributions.

Net income represents net gain after taxes plus net realized capital gains, after tax and transfers to the Interest Maintenance Reserve ("IMR"). Net income of $794 million for the year ended December 31, 2006 was $404 million, or 33.7%, lower than the $1,198 million reported for 2005. The decrease is primarily associated with the decrease in net gain from operations of $225 million (discussed above), and a decrease in net realized capital gains of $179 million. 2005 net realized capital gains included a one-time gain of $415 million associated with the sale of a large real estate property. 2006 net realized capital gains included a $110 million after-tax gain on the sale of 4 million shares of ESI common stock in 2006.

Premium Income

Premiums are generated from sales of life and health insurance and annuities. Additionally, Guaranteed Interest Contracts ("GICs") that include annuity purchase rate guarantees are counted as premium, since there is exposure to mortality risk in the product. Premium income for the year ended December 31, 2006 was $9,301 million, $28 million, or 0.3%, higher than the $9,273 million reported for the year ended December 31, 2005.

Positive premium growth was generated from New York Life's life insurance operations. Premium income for the year ended December 31, 2006 for **Individual Life** was $5,467 million, an increase of $229 million, or 4%, over the prior year. Life insurance premium from **Special Markets** of $949 million was $118 million, or 14%, higher than the prior year.

Offsetting these positive variances was a decrease of $231 million in **Individual Annuity** premiums, primarily associated with a shift in sales of Single Premium Immediate Annuities ("SPIA's"), beginning in 2005, from New York Life to its subsidiary, NYLIAC. This shift resulted in a decline in SPIA sales from New York Life that was more than offset by higher SPIA sales in NYLIAC (SPIA revenue is up $199 million, or 45%, on a combined basis). **Guaranteed Products'** premiums also decreased $66 million, primarily associated with the continued pricing discipline of GICs with annuity purchase rate guarantees. In addition, premium income from LTC and other health products sold through Special Markets was $475 million in 2006, a decrease of $22 million, or 4%, from the prior year. This was due to an intentional reduction of poorly performing major medical policies in Membership Association, as Long Term Care premiums of $125 million, were $14 million, or 13%, higher than 2005.

At December 31, 2006, 59% of premium income was provided from the Individual Life business segment, 22% was from the Investment Management business segment, 15% was from the Special Markets business segment and the Individual Annuity business segment contributed the remaining 4%.

Net Investment Income

Net investment income for the year ended December 31, 2006 was $5,331 million, an increase of $497 million, or 10.3% higher than the $4,834 million reported for the prior year. The increase is primarily associated with growth in the number of bond holdings, resulting in $373 million of increased income, and higher limited partnership income of $137 million primarily due to capital gain distributions, which are included in net investment income for statutory reporting.

Benefit Payments

Benefit payments of $8,840 million for the year ended December 31, 2006 were $326 million, or 3.8% higher than the $8,514 million reported for 2005. The increase is primarily due to (1) higher interest credited on deposit funds ($268 million), (2) normal aging of policyholders and inforce growth ($85 million), and (3) an increase in surrender benefits ($68 million) related to life insurance policies. These increases were partially offset by a decrease in withdrawals on GICs with annuity purchase rate guarantees.

Net Transfers from Separate Accounts

Net transfers from Separate Accounts of $193 million for the year ended December 31, 2006 were more than double the $95 million reported for the year ended December 31, 2005. This was primarily related to higher net withdrawals in 2006.

Operating Expenses

New York Life’s operating expenses primarily include general insurance expenses, taxes, licenses, fees and commissions. For the year ended December 31, 2006, total operating expenses of $1,960 million reflected a $143 million, or 7.9%, increase from the $1,817 million reported for the year ended December 31, 2005. The increase is primarily due to (1) higher Special Markets’ expenses of $45 million, primarily related to increased marketing in the AARP Life Insurance Program, (2) higher postretirement benefit costs of $43 million, and (3) higher Life & Annuity expenses of $39 million, primarily related to the expansion of marketing programs, higher field office rent expense and higher expense allowance due to increased agent production.

Dividends to Policyholders

Dividends to policyholders for the year ended December 31, 2006 were $1,546 million, $69 million or 4.7% higher than the $1,477 million reported for the year ended December 31, 2005. The increase results from maintaining dividend scales in 2006, despite the negative effects of a continuing low interest rate environment.

Federal Income Taxes

New York Life had a net federal income tax expense for the year ended December 31, 2006 of $242 million compared to a $101 million federal income tax benefit for the year ended December 31, 2005. The 2005 income tax benefit was influenced by tax deductions resulting from pension plan contributions and reserve strengthening associated with structured settlements.

The following table presents the key components impacting federal income taxes ("FIT") in 2006 and 2005:

Explanation of variance:	2006 (in millions)	2006 Effective Rate	2005 (in millions)	2005 Effective Rate
FIT at 35% of net gain	**$258**	**35%**	**$216**	**35%**
Pension contributions*	44	6%	(174)	(28)%
Tax over statutory reserves	(76)	(10)%	(120)	(19)%
Tax exempt income	(64)	(9)%	(71)	(11)%
Tax credits	(42)	(6)%	(51)	(8)%
Structured Settlement Reserve basis change	0	0%	(42)	(7)%
Postretirement costs	85	12%	77	12%
Deferred compensation	20	3%	32	5%
Non-deductible dividend reserve	15	2%	16	3%
Other	2	0%	16	3%
Total Federal Income Tax	**$242**	**33%**	**($101)**	**(16)%**

*The 2005 impact represents the tax benefit related to the $240 million contribution in 2005 and $257 million expected to be contributed in 2006 and deductible on the 2005 tax return.

BALANCE SHEET – AT DECEMBER 31, 2006 COMPARED TO DECEMBER 31, 2005

Assets

New York Life's total assets at December 31, 2006 were $113,704 million, $5,822 million, or 5.4%, higher than the $107,882 million at December 31, 2005. The increase in assets is primarily due to: (1) strong cash flow from operating activities of $2,718 million and financing activities of $1,087 million primarily from an increase in net deposits on funding agreements, (2) appreciation on unaffiliated common stock of $509 million, (3) an increase in derivative instruments of $484 million, (4) an increase of $258 million associated with cash value of corporate owned life insurance, and (5) an increase in NYLIAC's equity of $166 million.

Liabilities

New York Life's total liabilities (including the Asset Valuation Reserve) at December 31, 2006 were $102,404 million, $5,071 million, or 5.2% higher than the $97,333 million at December 31, 2005. The increase in liabilities is primarily attributed to higher policy reserves of $2,158 million and a higher liability for deposit type-contracts of $2,394 million.

New York Life's Asset Valuation Reserve ("AVR") at December 31, 2006 was $2,087 million, an increase of $210 million from December 31, 2005, primarily due to absorption of capital gains. However, since New York Life's maximum reserve is $2,087 million, $94 million of primarily capital gains was released back into surplus.

Surplus

Statutory surplus was $11,300 million at December 31, 2006, an increase of $751 million, or 7.1% from the $10,549 million at December 31, 2005. The main drivers of surplus are presented in the following table:

(In millions)		**2006**
Beginning surplus	$	10,549
Net income		794
Change in non-admitted assets*		146
Change in deferred taxes		25
Change in asset valuation reserve		(210)
Unrealized capital gains/(losses)**		(15)
Other		11
Ending surplus		11,300
Asset Valuation Reserve		2,087
Surplus and Asset Valuation Reserve ***	$	13,387

* Excludes the decrease in non-admitted deferred taxes of $(72) million reclassified to "Change in deferred taxes".
* * Excludes deferred tax expense on unrealized gains/(losses) of $(31) million reclassified to "Change in deferred taxes".
*** Consolidated Statutory Surplus and Asset Valuation Reserve, which includes the AVR of the Company's wholly-owned domestic insurance subsidiaries (New York Life Insurance and Annuity Corporation and NYLIFE Insurance Company of Arizona), totaled $13,859 million at December 31, 2006.

Positive impacts to surplus primarily include net income of $794 million (see "Net Income" for a detailed discussion). Other items impacting New York Life's 2006 surplus position, both positively and negatively, include the following:

Change in Non-Admitted Assets. Certain assets are non-admitted under statutory accounting, which reduces statutory capital. Generally these are assets having economic value but cannot be readily used to pay policyholder obligations. A decrease in non-admitted assets increased surplus by $146 million primarily due to a decrease in the overfunded pension asset from 2005 to 2006.

Change in Deferred Taxes. Change in deferred taxes of $25 million represents the net positive impact on surplus in 2006. The following table details the components of the change in deferred taxes.

(In millions)		**2006**
Deferred taxes on operating results	$	128
Deferred taxes on net unrealized gains/(losses)		(31)
Decrease in deferred taxes non-admitted		(72)
Total change in deferred taxes	$	25

Change in Asset Valuation Reserve. The AVR is an investment reserve established to provide for default risk on fixed income assets and market value fluctuation on equity-type investments. In 2006, the AVR increased by $210 million due to the absorption of capital gains, primarily market appreciation on equity investments.

Unrealized Capital Gains/(Losses). Net unrealized capital losses resulted in a decrease in surplus of $15 million at December 31, 2006. Unrealized capital gains of $317 million from unaffiliated investments, primarily equities, due to favorable market conditions, were more than offset by net unrealized capital losses from affiliates of $332 million. The main drivers of the decrease in the equity of subsidiaries include (1) the depreciation of ESI stock of $245 million, and (2) the non-admittance of goodwill and intangibles associated with NYLIM's acquisition of Institutional Capital LLC in 2006 of $191 million. The goodwill and intangibles represent the excess of the purchase price over the book value. This approach is consistent with the New York State Insurance Department's position that goodwill should be non-admitted in statutory surplus.

Liquidity and Capital Resources

Liquidity Sources and Requirements

Liquidity Sources. New York Life's principal cash inflows from its insurance activities come from life insurance premiums, annuity considerations, GICs and deposit funds.

New York Life's principal cash inflows from investments result from proceeds on repayments of principal and from maturities of invested assets and investment income.

Additional sources of liquidity to meet unexpected cash outflows are available from New York Life's portfolio of liquid assets. These liquid assets include cash equivalents, short-term investments, U.S. Treasury and Agency securities, publicly traded common stocks as well as investments in the New York Life Short Term Investment Fund, LP an affiliate (see "Limited Partnerships, including Limited Liability Companies and Other Long-Term Investments" section). New York Life's available portfolio of liquid assets was approximately $55,622 million and $53,552 million at December 31, 2006 and 2005, respectively.

New York Life's domestic insurance subsidiaries are subject to certain insurance department regulatory restrictions as to the payment of dividends to New York Life. In general, a dividend may be paid without prior approval from the domiciliary state insurance department provided that the subsidiary's statutory earned surplus is positive. Additionally, dividends paid in any twelve month period cannot exceed the greater of (1) 10% of the subsidiary's surplus, or (2) the subsidiary's net gain from operations, both based on the preceding December 31st statutory financial statements. These restrictions pose no short-term or long-term liquidity concerns for New York Life as it does not rely on subsidiary dividends as a primary source of liquidity.

Sources of liquidity also include a facility for short-term borrowing arranged through New York Life's subsidiary New York Life Capital Corporation ("NYLCC"). (See "Financing" below for a comprehensive discussion.)

Liquidity Uses. New York Life's principal cash outflows primarily relate to the payment of liabilities associated with its various life insurance, annuity and group pension products, GICs and funding agreements, operating expenses and income taxes. Liabilities arising from its insurance activities primarily relate to benefit payments, policy surrenders, withdrawals associated with GICs and funding agreements, loans and dividends. See "Investment Risk Management" section for a comprehensive discussion regarding liquidity risk.

New York Life is committed to maintaining surplus levels for its insurance and non-insurance subsidiaries to fund growth opportunities, support new products, reduce surplus strain or maintain targeted risk-based capital ("RBC") levels. New York Life believes it is unlikely that any required contributions to subsidiaries would have a material effect on either short-term or long-term liquidity.

The following table summarizes New York Life's annuity contract reserves and deposit fund liabilities in terms of contractholders' ability to withdraw funds for the indicated periods:

Withdrawal Characteristics of Annuity Contract Reserves and Deposit Fund Liabilities[(1)]

	2006		2005	
	Amount	**% of Total**	**Amount**	**% of Total**
	(Dollars in millions)			
Subject to discretionary withdrawal:				
With market value adjustment	$ 7,295	18%	$ 7,486	19%
At fair value	3,652	9	3,503	9
Total with adjustment or at market value	10,947	27	10,989	28
Not subject to discretionary withdrawal provisions	28,376	68	25,631	67
At book value without adjustment	1,977	5	1,974	5
Total annuity reserves and deposit fund liabilities	$ 41,300	100%	$ 38,594	100%

(1) Annuity contract reserves and deposit fund liabilities are monetary amounts that an insurer must have available to provide for future obligations with respect to annuities and deposit funds. These are liabilities on the balance sheet of financial statements prepared in conformity with statutory accounting practices. These amounts are at least equal to the values available to be withdrawn by policyholders.

Individual life insurance policies are less susceptible to withdrawal than are annuity contracts because policyholders may incur surrender charges and be required to undergo a new underwriting process in order to obtain a new insurance policy.

Individual life insurance policies, other than term life insurance policies, generally increase in cash values over their lives. Policyholders have the right to borrow from New York Life an amount generally up to the cash value of their policies at any time. As of December 31, 2006, New York Life had approximately $37.9 billion in cash values with respect to which policyholders had rights to take policy loans. The majority of cash values eligible for policy loans are at variable interest rates which are reset annually on the policy anniversary.

Cash Flows

Net cash provided from operating activities for the years ended December 31, 2006 and 2005 were $2,718 million and $2,860 million, respectively.

Net cash used by investing activities was $3,946 million and $4,898 million for the years ended December 31, 2006 and 2005, respectively. While cash used to acquire new investments was higher in 2006, proceeds from the sale of investments were also higher in 2006. In both 2006 and 2005, New York Life used the cash flow generated by its operations and amounts received from financing activities to invest primarily in fixed income securities.

Net cash provided by financing activities and miscellaneous sources was $1,087 million and $2,536 million for the years ended December 31, 2006 and 2005, respectively. The net cash provided in 2006 was primarily due to net deposit funds of $931 million, the settlement of prior year trade sale positions of $26 million and withheld cash of $195 million by NYLIAC under a reinsurance agreement. The increase was partly offset by a decrease in borrowed money of $51 million primarily due to lower dollar roll activity. In 2005, an increase in deposit type contracts of $2,426 million, the settlement of prior year trade sale positions of $416 million and withheld cash of $143 million by NYLIAC under a reinsurance agreement, were partly offset by a decrease in borrowed money of $347 million primarily due to lower dollar roll activity and the retirement of a surplus note of $125 million.

Financing

NYLCC serves as a conduit for New York Life to the credit markets by issuing commercial paper. Although authorized to issue up to $3 billion, NYLCC had approximately $494 million and $500 million outstanding at December 31, 2006 and December 31, 2005, respectively, which New York Life believes is sufficient to maintain a credible presence in the market. The proceeds are loaned to New York Life and invested in the Short Term Investment Fund, LP. The proceeds may also be loaned to NYLIAC for short-term liquidity needs.

New York Life and NYLCC are party to a committed 5 year credit agreement, expiring July 27, 2010, with a consortium of banks. The banks' commitments under this facility total $1.5 billion. The facility serves as back up for NYLCC's commercial paper program and for general corporate purposes. The credit facility has never been utilized.

Surplus Notes. New York Life issues Surplus Notes as a source of financing. On May 5, 2003, New York Life issued Surplus Notes with a principal balance of $1 billion, bearing interest at 5.875%, and a maturity date of May 15, 2033. Proceeds from the issuance of the Surplus Notes were $990 million, net of discount. The Surplus Notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by Citibank as registrar/paying agent. Interest on the 5.875% Surplus Note is scheduled to be paid semiannually on May 15 and November 15 of each year with the approval of the Superintendent of Insurance of the State of New York.

Commitments and Contingencies

New York Life, in the ordinary course of its business, has numerous agreements with respect to its affiliates, related parties and other third parties. In connection with such agreements, there may be related commitments or contingent liabilities which may take the form of guarantees.

New York Life, as lessee, enters into various operating lease agreements primarily associated with real property (including leases of office spaces) and data processing and other equipment. The approximate future minimum rental payments required under these operating leases is $517 million.

New York Life has a revolving loan agreement with Madison Capital Funding ("MCF") dated April 16, 2001, as amended, to provide funding to MCF in an amount up to $1,800 million. The amount loaned cannot exceed 3% of New York Life's admitted assets as of December 31 of the prior year. At December 31, 2006, New York Life had outstanding loans receivable from MCF of $1,435 million.

At December 31, 2006 contractual commitments to extend credit under commercial and residential mortgage loan agreements totaled $324 million. These commitments are diversified by property type and geographic location. At December 31, 2006, New York Life had outstanding contractual obligations to acquire additional private placement securities amounting to $46 million. Unfunded commitments on limited partnerships and limited liability corporations, including Low Income Housing Tax Credit investments and excluding MCF amounted to $2,924 million at December 31, 2006.

In connection with structured settlement agreements issued to its subsidiary, NYLIAC, New York Life has guaranteed the payments due to unaffiliated third parties in the event of NYLIAC's insolvency. New York Life's estimated maximum exposure under such agreements is approximately $4,863 million at December 31, 2006. New York Life believes the likelihood that payments will be required under these agreements is remote.

On August 16, 2001, NYLIFE LLC entered into an agreement with Credit Suisse ("CS"), formerly Credit Suisse First Boston International and Credit Suisse First Boston, referred to as Shared Appreciation Income Linked Securities ("SAILS"). Under the agreement, NYLIFE LLC has entered into a forward sale of certain of its shares of ESI. NYLIFE LLC may deliver up to 9 million shares of ESI common stock on August 22, 2011 or settle the transaction in cash instead of delivering shares. According to the terms of the agreement, NYLIFE LLC receives a minimum value of $27.03 per share and 100% of the appreciation in the shares up to $35.14 per share. CS will receive approximately 77% of the appreciation of ESI stock in excess of $35.14 per share. The market value for these ESI shares has been adjusted to reflect the terms of the agreement. New York Life has guaranteed the obligations of NYLIFE LLC under the agreement with CS. The price per share and number of shares in the foregoing paragraph have been adjusted for a two for one stock split effective June 24, 2005.

Investment Risk Management

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

As previously discussed, a substantial positive operating cash flow supports New York Life's strong liquidity and ability to meet its liabilities when due. Primary sources of cash include sales of insurance and investment products, investment income, maturities, prepayments and dividends. Additional liquidity to meet unexpected cash demands can be provided by New York Life's portfolio of liquid assets, which include U.S. Treasury securities, short-term money market investments, agency bonds, and mortgage-backed securities. Funds are also available through a commercial paper program administered by NYLCC. With respect to life insurance and annuity products, there is the risk of early policyholder and contractholder withdrawals. New York Life includes provisions in certain of its contracts that are designed to limit withdrawals from general account institutional pension products (group annuities, GICs and certain deposit fund liabilities) sold to employee benefit plan sponsors.

Management evaluates the impact of various stress events on New York Life's liquidity on a regular basis using the analysis of various stress scenarios. Based on the results of these stress tests, management believes that New York Life has more than ample liquidity and financial strength to provide for foreseeable cash requirements, including cash outflows in extreme stressed conditions. This view was reaffirmed in an August 2006 report from Moody's, which referred to New York Life Insurance Company as having "very strong liquidity". Various liquidity risk indicators are tracked regularly to provide management with an early indication of any potential liquidity issues.

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

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

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

New York Life's Investment Portfolio

New York Life's general account investment portfolio totaled $96,873 million at December 31, 2006, an increase of $5,013 million, or 5.5%, over the $91,860 million reported at December 31, 2005. Invested assets are managed to support the liabilities of New York Life's lines of business. Quality and diversification are essential building blocks in portfolio construction.

Changes in interest rates can have significant effects on New York Life's profitability. Under certain circumstances of interest rate volatility, New York Life is exposed to disintermediation risk and reduction in net interest spread or profit margins. The fair value of New York Life's invested assets fluctuates depending on market and other general economic conditions and the interest rate environment. In addition, mortgage prepayments, life insurance and annuity surrenders and bond calls are affected by interest rate fluctuations. Although management of New York Life employs a number of asset/liability management strategies to minimize the effects of interest rate volatility, no assurance can be given that New York Life will continue to be successful in managing the effects of such volatility and that such volatility will not have a material adverse impact on New York Life's business, financial condition and results of operations.

Over the course of 2006, the U.S. Treasury yield curve inverted, meaning short term rates exceed long term rates. The continuing low level of Treasury rates, especially for longer term maturities, and the generally tight credit spreads on corporate bonds combine to depress the investment earnings associated with new money and reinvested assets. With short-term rates close to or exceeding long-term rates, bank products such as CDs are offering interest rates that are competitive with our longer-duration fixed annuity products and may affect future sales.

General Account Investments

	December 31,			
	2006		2005	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Cash & Cash Equivalents and Short Term Investments	$ 2,947	3.0%	$ 3,088	3.4%
Bonds[1]				
Public	46,554	48.1%	44,894	48.9%
Private	17,857	18.4%	16,339	17.8%
Subtotal	64,411	66.5%	61,233	66.7%
Mortgage loans[2]	8,082	8.3%	7,735	8.4%
Real Estate				
Equity	220	0.2%	164	0.2%
Foreclosures	47	-%	46	-%
Company Occupied	302	0.4%	280	0.3%
Subtotal	569	0.6%	490	0.5%
Stocks				
Affiliated	4,406	4.6%	4,590	5.0%
Unaffiliated	3,881	4.0%	3,443	3.7%
Subtotal	8,287	8.6%	8,033	8.7%
Policy loans	6,249	6.5%	5,957	6.5%
Limited Partnership and Other	6,328	6.5%	5,324	5.8%
Total investments	$ 96,873	100.0%	$ 91,860	100.0%

(1) As of December 31, 2006 and 2005, respectively, the estimated fair value of New York Life's bonds was $66,151 million and $63,987 million.

(2) Includes residential mortgage loans of $240 million and $214 million as of December 31, 2006 and 2005, respectively.

The yield on general account cash and invested assets, excluding net realized investment gains and losses, was 5.9% and 5.7% for the years ended December 31, 2006 and 2005, respectively.

Bonds

Long-term bonds totaled $64,411 million and $61,233 million at December 31, 2006 and 2005, respectively, and increased $3,178 million, or 5.2% from the prior year. The increase largely resulted from cash flow generated by operating activities and an increase in deposit-type contracts. Bonds represent 66.5% and 66.7% of total cash and invested assets at December 31, 2006 and 2005, respectively, and consist of publicly traded and private placement debt securities. At December 31, 2006 and 2005, publicly traded bonds comprised 72.3% and 73.3%, respectively, of the total bond portfolio.

Most of the public and private placement bonds held by New York Life are evaluated by the NAIC's Securities Valuation Office, or SVO. The SVO evaluates the credit quality of the investments of insurers for regulatory reporting purposes and assigns securities to one of six investment categories called "NAIC Designations."

The NAIC Designations closely mirror the ratings of marketable bonds used by the nationally recognized securities rating organizations. NAIC Designations 1 and 2 include bonds considered investment grade (e.g., rated BBB– or higher by S&P) by the nationally recognized securities ratings organizations. Designations 3 through 6 are referred to as below investment grade (e.g., rated BB+ or lower by S&P).

It is New York Life's objective to maintain a high quality, well-diversified, bond portfolio. The bond portfolio consists primarily of high-grade corporate bonds, asset-backed and mortgage-backed securities and U.S. Treasuries and Agency obligations. An analysis of the credit quality, as determined by NAIC Designation, of the total bond portfolio and, separately, the public and private placement bond portfolios, at December 31, 2006 and 2005, is set forth in the following tables.

Total Bonds – Public and Private Placement by NAIC Designation

		December 31,					
		2006			2005		
NAIC Designation (1)	Rating Agency Equivalent Designation(2)	Carrying Value	Estimated Fair Value	% of Total Carrying Value	Carrying Value	Estimated Fair Value	% of Total Carrying Value
		(Dollars in millions)					
1	AAA to A–	$43,861	$ 45,071	68.1%	$40,914	$ 42,830	66.8%
2	BBB+ to BBB–............	15,807	16,219	24.5%	15,704	16,446	25.7%
	Investment Grade	59,668	61,290	92.6%	56,618	59,276	92.5%
3	BB+ to BB–	2,070	2,142	3.2%	2,035	2,101	3.3%
4	B+ to B–	2,204	2,237	3.4%	2,069	2,101	3.4%
5	CCC+ to CCC–............	435	437	0.7%	447	436	0.7%
6	CC to D........................	34	45	0.1%	64	73	0.1%
	Below Investment Grade	4,743	4,861	7.4%	4,615	4,711	7.5%
	Total	$64,411	$66,151	100%	$61,233	$63,987	100.0%

New York Life had investment grade bonds of $59,668 million and $56,618 million that represent 92.6% and 92.5% of total bond holdings at December 31, 2006 and 2005, respectively. Below investment grade bonds of $4,743 million and $4,615 million represented approximately 7.4% and 7.5% of total bond holdings at December 31, 2006 and 2005, respectively. Below investment grade bonds were comprised of investments in medium and lower grade obligations that were part of New York Life’s high yield investment objective to enhance overall portfolio yield and income. Additionally, investments that have been downgraded (i.e., fallen angels) from investment grade are included in this category. New York Life applies the same prudent principles in managing its high yield portfolio, emphasizing diversification standards (such as limits on issuer, industry and geographic locations to minimize concentration risks), credit quality and liquidity. New York Life manages its aggregate risk exposure to investment risks against an approved risk budget and other internal limits and guidelines.

Public Bonds
by NAIC Designation

NAIC Designation [1]	Rating Agency Equivalent Designation [2]	December 31, 2006 Carrying Value	2006 Estimated Fair Value	2006 % of Total Carrying Value	2005 Carrying Value	2005 Estimated Fair Value	2005 % of Total Carrying Value
		(Dollars in millions)					
1	AAA to A–	$ 34,331	$ 35,389	73.8%	$ 32,599	$ 34,240	72.6%
2	BBB+ to BBB–.........	9,295	9,612	20.0%	9,514	10,051	21.2%
3	BB+ to BB–.............	1,172	1,219	2.5%	1,113	1,150	2.5%
4	B+ to B–	1,456	1,483	3.1%	1,305	1,319	2.9%
5	CCC+ to CCC–.........	297	299	0.6%	313	304	0.7%
6	CC to D.....................	3	8	0.0%	50	53	0.1%
Total	....	$ 46,554	$ 48,010	100.0%	$ 44,894	$ 47,117	100.0%

Private Placement Bonds
by NAIC Designation

NAIC Designation [1]	Rating Agency Equivalent Designation [2]	December 31, 2006 Carrying Value	2006 Estimated Fair Value	2006 % of Total Carrying Value	2005 Carrying Value	2005 Estimated Fair Value	2005 % of Total Carrying Value
		(Dollars in millions)					
1	AAA to A–...............	$ 9,530	$ 9,682	53.3%	$ 8,315	$ 8,590	50.9%
2	BBB+ to BBB–........	6,512	6,607	36.5%	6,190	6,395	37.9%
3	BB+ to BB–	898	923	5.0%	921	952	5.6%
4	B+ to B–	748	754	4.2%	764	781	4.7%
5	CCC+ to CCC–........	138	138	0.8%	134	132	0.8%
6	CC to D....................	31	37	0.2%	15	20	0.1%
Total	....	$ 17,857	$ 18,141	100.0%	$ 16,339	$ 16,870	100.0%

(1) NAIC Designations are assigned no less frequently than annually.

(2) S&P ratings equivalents are shown above. Comparisons between NAIC designations and S&P ratings or Moody's equivalent ratings are published by the NAIC. S&P and Moody's have not rated some of the bonds in New York Life's investment portfolio.

The following table presents the estimated fair value of New York Life's total bond portfolio classified as performing, problem and potential problem bonds at December 31, 2006 and 2005. Problem securities are defined as securities for which other than temporary impairment write-downs have been taken. Potential problem securities are defined as securities for which fair value is below carrying value by more than 20% as of the balance sheet date, but which continue to meet all their contractual obligations.

Performing, Problem and Potential Problem Bonds

	December 31,					
	2006			2005		
	Carrying Value	Estimated Fair Value	% of Total Carrying Value	Carrying Value	Estimated Fair Value	% of Total Carrying Value
	(Dollars in millions)					
Performing	$ 64,291	$66,006	99.8%	$ 61,001	$63,751	99.6%
Problem	106	134	0.2%	168	188	0.3%
Potential problem	14	11	0.0%	64	48	0.1%
Total	$ 64,411	$ 66,151	100.0%	$ 61,233	$ 63,987	100.0%

The following table identifies the aging and amount of unrealized losses associated with securities that have a fair value 20% or more below carrying value. The issuers of these securities continue to meet all their contractual obligations. Factors considered in evaluating whether a decline in value is other than temporary include: 1) whether the decline is substantial; 2) the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) New York Life's ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value.

Potential Problem Bonds

	December 31,					
	2006			2005		
	Carrying Value	Estimated Fair Value	Unrealized Loss	Carrying Value	Estimated Fair Value	Unrealized Loss
	(Dollars in millions)					
Less than 6 months	$ 9	$ 7	$ (2)	$57	$ 43	$ (14)
Between 6-9 months	5	4	(1)	7	5	(2)
Between 9-12 months	–	–	–	–	–	–
Greater than 12 months	–	–	–	–	–	–
Total	$ 14	$ 11	$ (3)	$64	$ 48	$ (16)

Bonds are carried at amortized cost, or the lower of amortized cost or fair value, if in default (as defined by an NAIC Designation of 6). Unrealized losses were $3 million and $16 million on potential problem bonds at December 31, 2006 and 2005, respectively, of which $0 million and $0.4 million of the unrealized losses, respectively, were reported as a reduction in statutory surplus for the same periods. Net unrealized gains of the bond portfolio were $1,740 million and $2,754 million at December 31, 2006 and 2005, respectively; however, since these bonds are held at amortized cost, these unrealized gains and losses are not inherent in the statutory financial statements.

Bonds were diversified by industry type as set forth in the following table:

	December 31,			
	2006		2005	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Mortgage-Backed	$10,276	16%	$9,369	15%
Bank and Finance	8,787	13%	8,159	13%
Utilities	7,712	12%	7,636	13%
Consumer Goods	7,594	12%	7,245	12%
Capital Goods	7,507	12%	7,146	12%
Asset-Backed	6,456	10%	6,505	11%
U.S. & State Governments	7,187	11%	6,852	11%
Energy	3,464	5%	3,346	5%
Media	1,787	3%	1,813	3%
Transportation	1,275	2%	1,141	2%
Other	2,366	4%	2,021	3%
Total Bonds	$64,411	100%	$61,233	100%

Mortgage and Asset-Backed Securities

New York Life's mortgage-backed securities investment portfolio consists of pass-through securities, which are pools of mortgage loans collateralized by single-family residences and primarily issued by government sponsored entities (*e.g.*, GNMA, FNMA, FHLMC), and structured pass-through securities, such as collateralized mortgage obligations, that may have specific prepayment and maturity profiles, are primarily AAA rated, and may be issued by either government sponsored entities or "private label" issuers.

New York Life also holds commercial mortgage-backed securities that may be originated by single or multiple issuers, which are collateralized by mortgage loans secured by income producing commercial properties such as office buildings, multi-family dwellings, industrial, retail, hotels and other property types.

The following table shows the types of mortgage-backed securities held at December 31, 2006 and 2005.

Mortgage-Backed Securities

	December 31,			
	2006		2005	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Pass-through securities	$ 1,175	11.4%	$ 1,393	14.9%
CMO – Planned amortization class	1,190	11.6%	1,342	14.3%
CMO - Sequential pay class	1,040	10.2%	1,013	10.8%
CMO – Other	2,360	23.0%	2,007	21.4%
Subtotal	$ 5,765	56.2%	$ 5,755	61.4%
Commercial mortgage-backed Securities	4,511	43.8%	3,614	38.6%
Total	$ 10,276	100.0%	$ 9,369	100.0%

New York Life's asset-backed securities investment portfolio consists of securities collateralized by the cash flows of consumer loans or receivables relating to credit cards, automobiles, home equity and other asset classes (such as residential mortgage backed securities, reduction rate bonds, equipment, collateralized debt and other trade receivables). At each of the years ended December 31, 2006 and 2005, the percentage of New York Life's asset-backed securities that were rated AAA was 79%.

New York Life's exposure to sub-prime mortgages in the asset backed portfolio, in aggregate, is less than 1% of its cash and invested assets. Furthermore, over 98% of the fixed income holdings in the structured products/asset backed portfolio are in tranches rated AAA or AA.

The following table below shows the types of asset-backed securities held at December 31, 2006 and 2005.

Asset-Backed Securities

	December 31,			
	2006		2005	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Home equity loans	$ 1,711	26.5%	$ 1,485	22.8%
Credit card receivables	1,058	16.4%	1,258	19.4%
Automobile receivables	772	12.0%	1,082	16.6%
Residential mortgage backed securities	662	10.3%	662	10.2%
Equipment	324	5.0%	415	6.4%
Reduction rate bonds	177	2.7%	312	4.8%
Collateralized debt obligations	369	5.7%	171	2.6%
Other	1,383	21.4%	1,120	17.2%
Total	$ 6,456	100.0%	$ 6,505	100.0%

Management of Bonds

New York Life follows a fundamental approach to credit analysis supporting bond purchase or sale decisions. Key factors include the stability and adequacy of cash flow in relation to debt service requirements and the outlook for growth in operating earnings. Issuers of below investment grade bonds generally have relatively high levels of indebtedness and are thus more sensitive than issuers of investment grade bonds to adverse economic conditions or to increasing interest rates. Although private placements are relatively less liquid, they benefit from more comprehensive financial covenants and are more likely to be secured or senior in structure.

New York Life actively manages and monitors its credit risk exposure. New York Life, through its subsidiary, NYLIM, manages credit risk on an individual issuer and sector basis as well as for the aggregate portfolio in accordance with New York Life's investment policy guidelines. Individual issuer limits are set based on the issuer's credit rating. Credit ratings for issuers used to monitor credit risk are either public rating agency credit ratings, or internal ratings. The internal ratings are maintained and monitored by an experienced group of credit analysts specialized by industry and asset type. Factors involved in determining credit rating include financial and operating ratios, industry outlook and priority of claim. Credit limits at a portfolio level, such as country and industry exposures, are also established and reviewed periodically. The bond portfolio is continuously examined to identify any potential problems or events that would result in the issuer not being able to comply with the contractual terms. These are included on a "watchlist" that is routinely monitored.

Mortgage Loans

New York Life underwrites commercial mortgages on general purpose income producing properties including office buildings, retail facilities, apartments, industrial and hotel properties and purchases residential (one to four family) mortgage pools on the secondary market. Geographic and property type diversification is also considered in analyzing investment opportunities, as well as property valuation and cash flow. At December 31, 2006, approximately 30.1% of New York Life's mortgage loan portfolio was office buildings, 27.8% retail buildings, 19.1% apartment complex,, 18.9% industrial, 3.0% residential and 1.1% other types.

The mortgage loan portfolio, including both commercial and residential loans, was $8,082 and $7,735 million at December 31, 2006 and 2005, respectively. The mortgage loan portfolio comprised 8.3% and 8.4% of New York Life's total invested assets at December 31, 2006 and December 31, 2005, respectively. Approximately 37% of the portfolio was secured by properties located in the states of California, New York, and Georgia. At December 31, 2006 and 2005, mortgages with principal balances of $75 million or greater accounted for 11% and 5.4% of the aggregate principal balance of the commercial mortgage portfolio, respectively.

New York Life evaluates its mortgage loan portfolio for impairments. A loan is impaired when, based on current facts and circumstances, it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. The impairment is measured based upon the fair value of the collateral and a valuation allowance is established with a corresponding charge to unrealized loss. If the impairment is other than temporary, a direct write down will be recognized as a realized loss, and a new cost basis established. The new cost basis shall not be changed for subsequent recoveries in value. Mortgage loans for which foreclosure is probable shall be considered other than temporarily impaired.

Commercial Mortgage Loans

The following tables show the composition of New York Life's commercial mortgage loan portfolio by type of property and region at December 31, 2006 and 2005. Regions are as defined by the American Council of Life Insurance ("ACLI").

Composition of Commercial
Mortgage Loan Portfolio by Property Type

	December 31,			
	2006		2005	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Property Type:				
Office	$ 2,432	31.0%	$ 2,569	34.2%
Retail	2,244	28.6%	2,160	28.7%
Apartment	1,542	19.7%	1,545	20.6%
Industrial	1,531	19.5%	1,108	14.7%
Other	93	1.2%	139	1.8%
Total	$ 7,842	100.0%	$ 7,521	100.0%

Composition of Commercial
Mortgage Loan Portfolio by Region

	December 31,			
	2006		2005	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Region:				
South East	$ 1,995	25.4%	$ 1,961	26.1%
Middle Atlantic	1,863	23.8%	1,647	21.9%
Pacific	1,465	18.7%	1,350	17.9%
South Central	884	11.3%	978	13.0%
North Central	856	10.9%	769	10.2%
New England	512	6.5%	588	7.8%
Mountain	262	3.3%	223	3.0%
Other	5	0.1%	5	0.1%
Total	$ 7,842	100.0%	$ 7,521	100.0%

Commercial Mortgage Problem Loan Experience as a Percentage of Mortgage Loan Portfolio Principal Balance

At December 31, 2006 and 2005 there were no delinquent and in process of foreclosure mortgage loans, restructured mortgage loans nor foreclosed mortgage loans. During the years 2006 and 2005 there were $0 million and $44 million of foreclosures, respectively.

Management of Mortgage Loans

New York Life actively monitors and manages its mortgage loan portfolio; substantially all of the mortgage loan portfolio is serviced directly by New York Life's subsidiary, NYLIM. All aspects of loan origination and loan management are performed and/or reviewed by NYLIM personnel, including lease analysis, economic and financial reviews, tenant analysis, and oversight of delinquency and bankruptcy proceedings. Properties securing loans of $5 million or more are generally reinspected and revalued on a regularly scheduled basis. Problem or potential problem loans are reinspected and revalued as often as required.

If any mortgage loan analysis or other information that is obtained indicates a potential problem (likelihood of the borrower not being able to comply with the present loan repayment terms), the loan will be placed on an internal watchlist and routinely monitored. Among the criteria that would indicate a potential problem are: borrower bankruptcies; major tenant bankruptcies; loan relief/restructuring requests; delinquent tax payments; late payments; low loan to value or debt service coverage ratios; and vacancy levels. No single factor necessarily requires a loan to be included on the watchlist, as such determination is subject to the judgment of management as to whether circumstances call for inclusion.

Losses on commercial mortgage loans are a result of foreclosures, sales of loans and write-downs in anticipation of losses. There were no losses for 2006, and 2005 amounted to $10 million or 0.1%, respectively, of the principal balance of commercial mortgages in New York Life's investment portfolio.

Restructured Mortgage Loans

Restructured mortgage loans are loans whose current payment terms have been modified to less than current market rates and which are currently performing pursuant to such modified terms. Loans on which maturities have been extended but on which current payments are being made at or above market interest rates are not classified as restructured loans. At December 31, 2006 and December 31, 2005, New York Life had no restructured mortgage loans.

Equity Investments

Equity Securities

Equity securities totaled 8,287 million and $8,033 million at December 31, 2006 and 2005, respectively, and increased $254 million, or 3.2% from the prior year. At December 31, 2006, unaffiliated equity securities were $3,881 million, comprised of $3,322 million in direct investments in common stocks, $274 million in mutual funds and $285 million in preferred stock. At December 31, 2005, unaffiliated equity securities were $3,443 million, comprised of $2,750 million in direct investments in common stocks, $337 million in mutual funds and $356 million in preferred stock. The carrying value of unaffiliated equity securities increased by $438 million, or 12.7%, primarily due the strong equity markets in 2006.

Investments in affiliated common stock totaled $4,406 million at December 31, 2006, a decrease of $184 million from the $4,590 million reported at December 31, 2005. This was primarily due to the decrease in the value of New York Life's investment in ESI stock, a publicly traded affiliated company as well as sales of ESI shares during 2006. In 2006, 4 million shares of ESI stock were sold. This decline was partially offset by an increase in New York Life's equity in earnings of NYLIAC of $166 million.

Equity Real Estate

The carrying value of New York Life's real estate portfolio, which includes properties held for the production of income, properties held for sale and home office properties, was $569 million and $490 million, at December 31, 2006 and 2005, respectively, an increase of $79 million, or 16.1%. Excluding its home office properties and foreclosed properties, the real estate portfolio was $220 million, an increase of $56 million from the $164 million held in the portfolio at December 31, 2005. In 2006, the real estate portfolio increased due to net acquisitions. In 2005, New York Life sold three real estate properties, including a large apartment building in New York City.

NYLIM manages the real estate investment portfolio, which consists primarily of industrial properties. Each property in the portfolio is reappraised every two years and a surveillance system, based on a cash flow model, is employed to monitor the properties' financial position in order to identify potential problems.

New York Life owned two foreclosed commercial properties at December 31, 2006 and December 31, 2005, with carrying values of $47 million and $46 million, respectively. Foreclosed properties generated net operating income of $1.4 million and $1 million for the years ended December 31, 2006 and 2005, respectively.

Limited Partnerships, including Limited Liability Companies and Other Long-Term Investments

Limited Partnerships and Other Long-Term Investments were $6,328 million and $5,324 million at December 31, 2006 and 2005, respectively. Limited Partnerships and Other Long-Term Investments consisted of: limited partnerships and other long-term investments of $5,758 million and $5,212 million; derivative instruments of $517 million and $33 million; and receivables for undeliverable securities of $53 million and $79 million, at December 31, 2006 and 2005, respectively.

Limited Partnerships including Limited Liability Companies ("LLCs") and Other Long-Term Investments were $5,758 million and $5,212 million at December 31, 2006 and 2005, respectively, and consisted of: $2,652 million and $2,129 million, in limited partnership interests and limited liability companies; $1,647 million and $1,896 million, in the New York Life Short Term Investment Fund, LP; and $1,458 million and $1,187 million, in loans to MCF, an indirect wholly owned subsidiary, at December 31, 2006 and 2005, respectively.

New York Life evaluates its Limited Partnership investments, including LLC's and Other Long-Term Investments, for impairments. The investment is considered impaired if it is probable based on facts and circumstances, that New York Life will be unable to recover the carrying amount of the investment. The cost basis of the investment is written down to fair value with a corresponding charge to realized loss.

Limited partnership interests and LLCs primarily consist of domestic and international leveraged buyout funds, venture capital, real estate, oil and gas, and other equity investments. The limited partnership portfolio is well seasoned and diversified. The New York Life Short Term Investment Fund, LP, an affiliate, primarily invests in short-term U.S. Government and Agency securities, CDs, bankers acceptance notes, commercial paper and medium term floating rate notes. Loans to MCF are used to make capital available to middle market companies, generally in the form of revolving lines of credit.

The $484 million increase in derivatives was primarily associated with the change in fair value of currency swaps. This was primarily attributed to increases in derivative valuations that hedge the foreign currency denominated Medium Term Note liabilities included in deposit funds, as the British Pound and Euro increased in value relative to the US Dollar during 2006.

Policy Loans

Loans on policies are permitted to the extent of such policies' contractual limits. At December 31, 2006 and 2005, approximately 68% and 66% of the policy loans of $6,249 million and $5,957 million, respectively, were at variable interest rates. The average variable rate was 5.88% as of December 31, 2006 and 2005. The remainder of the policy loans was at various fixed interest rates, ranging from 5.0% to 8.0%.

Separate Accounts

New York Life has established both non-guaranteed and guaranteed separate accounts with varying investment objectives which are segregated from New York Life’s general account and are maintained for the benefit of separate account contractholders.

At December 31, 2006, New York Life’s separate account assets totaled $6,115 million, an increase of $194 million, or 3.2%, from the $5,921 million held at December 31, 2005. This increase is primarily attributable to premium income of $1,017 million, reinvested investment income of $256 million and capital gains of $371 million. These increases were partially offset by withdrawals of $1,213 million and a change in the net amounts due to brokers for unsettled trades of $217 million.

CERTAIN FINANCIAL AND ACCOUNTING MATTERS

Accounting Policies and Principles

Statutory Accounting Practices

The financial statements of New York Life included in a supplement to the Offering Memorandum have been prepared on the basis of SAP prescribed or permitted by insurance regulatory authorities. SAP differs from GAAP in that SAP is primarily designed to reflect the ability of the insurer to satisfy its obligations to policyowners, contractholders and beneficiaries, whereas GAAP is primarily oriented toward the allocation of revenues, expenses and costs to financial reporting periods. For example, under SAP, commissions and other costs incurred in connection with acquiring new business are charged to operations in the year incurred; whereas under GAAP, expenses and costs are accrued on a basis to match them against appropriate revenues.

Under SAP, New York Life's financial statements are not consolidated on a line-by-line basis and investments in subsidiaries are generally shown at net equity value. Accordingly, the assets, liabilities and results of operations of New York Life's subsidiaries are not consolidated with the assets, liabilities and results of operations, respectively, of New York Life. However, New York Life's financial statements do reflect, in New York Life's assets, the net equity value of New York Life's subsidiaries and, in New York Life's surplus, the current year change in net equity value, less dividends paid and contributions from New York Life, of subsidiaries as an unrealized gain or loss on investments. Dividends paid by subsidiaries to New York Life are included in New York Life's net investment income.

For more information about the differences between SAP and GAAP, see "Selected Historical Statutory Financial Information of New York Life."

Adjustments for Impaired Investments

The cost basis of fixed maturities and equity securities are adjusted for impairments in value deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) whether the decline is substantial; 2) the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) New York Life's ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value.

Statutory Investment Reserves

SAP requires a life insurance company to maintain both an asset valuation reserve ("AVR"), and an interest maintenance reserve ("IMR"), to absorb both realized and unrealized gains and losses on a portion of New York Life's investments. The AVR is a statutory reserve for fixed maturity securities, equity securities, mortgage loans, equity real estate and other invested assets. The level of the AVR is based on both the type of investment and its credit rating. In addition, the reserves required for similar investments, for example fixed maturity securities, differ according to the credit ratings of the investments, which are based upon ratings established periodically by the Securities Valuation Office of the NAIC. New York Life, in keeping with the New York Insurance Law and SAP, includes this reserve when determining its total adjusted capital for risk-based capital purposes. Changes in the AVR are accounted for as direct increases or decreases in surplus.

The IMR applies to all types of fixed maturity securities, including bonds, preferred stocks, mortgage-backed securities, asset-backed securities and mortgage loans. The IMR is designed to capture the after-tax capital gains or losses which are realized upon the sale of such investments and which result from changes in the overall level of interest rates. The captured after-tax net realized gains or losses are then amortized into income over the remaining period to the stated maturity of the investment sold. The IMR is not treated under SAP as part of total adjusted capital for risk-based capital purposes. New York Life's IMR was $312 million at December 31, 2006.

Dividends

New York Life annually determines the amount of dividends payable to eligible policyowners. These dividends have the effect of reducing the cost of insurance to policyowners and should be distinguished from the dividends paid on shares of capital stock by other types of business corporations or by stock life insurance companies. Policies on which such dividends may be payable are referred to as participating policies; policies on which such dividends are not payable are referred to as non-participating policies. As of December 31, 2006, New York Life’s dividend liability, which relates to dividends to be paid in 2007, was $1,488 million.

Surplus in excess of what New York Life's Board of Directors determines to be necessary to meet its future policy obligations, maintain reserves, and operate its business is distributed annually in the form of dividends on New York Life's participating policies in accordance with actuarially determined dividend scales adopted annually by New York Life's Board of Directors. New York Life has the discretion, subject to statutory requirements, to vary the amount of dividends payable to policyowners, even many years after the issuance of a particular policy. To the extent authorized by New York Life's Board of Directors, New York Life has the right to continue to declare policyowner dividends and to make dividend payments on its participating policies, which dividends are paid out of surplus funds.

Policy Reserves

Life insurance companies price their insurance products based upon assumptions regarding certain future events, including investment income, expenses incurred and mortality. SAP prescribes methods for providing for future benefits to be paid on a conservative basis, primarily by charging current operations with amounts necessary to establish appropriate reserves for anticipated future claims. Thus, under applicable state law, New York Life must maintain reserves in amounts, which are actuarially calculated to be sufficient to meet its various policy and contract obligations as they become due. Such reserves appear as liabilities on New York Life's financial statements.

New York Life is required under the New York Insurance Law to conduct annually an analysis of the sufficiency of interest-sensitive life and annuity reserves.

Reinsurance

New York Life uses a variety of reinsurance agreements with insurers to control its loss exposure and improve the competitiveness of its life insurance products. Generally, these agreements are structured either on an automatic basis, where all risks meeting prescribed criteria are automatically covered, or on a facultative basis, where the reinsurer must accept the specific reinsurance risk before it becomes liable. The amount of each risk retained by New York Life depends on its evaluation of the specific risk, subject, in certain circumstances, to maximum limits based on characteristics of coverages.

Under the terms of the reinsurance agreements, the reinsurer will be liable to reimburse New York Life for the ceded amount in the event the claim is paid. New York Life remains primarily liable for all reinsurance ceded even if the reinsurer fails to meet such obligations. In recent years, New York Life has collected amounts due from its reinsurers.

Separate Accounts

Under state insurance laws, insurers are permitted to establish separate investment accounts in which assets backing certain policies, including certain group annuity contracts, are held. The investments in each separate account (which may be pooled or customer specific) are maintained separately from those in other separate accounts and the general account. The investment results of the separate account assets pass through directly to separate account policyowners and contractholders, so that an insurer derives management and other fees from, but bears no investment risk on, these assets, except the risk on certain products that the investment results of the separate account assets will not meet the minimum rate guaranteed on these products. Under the terms of the contracts of certain guaranteed separate accounts, New York Life will share in the excess investment performance of the separate account over an established benchmark.

STATUTORY CAPITALIZATION OF NEW YORK LIFE

New York Life is a mutual insurance company incorporated under the laws of the State of New York, United States. New York Life was incorporated on May 21, 1841 under the name Nautilus Insurance Company, was licensed to transact business in the State of New York on April 17, 1845 and changed its name to New York Life Insurance Company on April 5, 1849. The U.S. federal employer identification number of New York Life is 13-5582869. The registered office of New York Life is 51 Madison Avenue New York, New York 10010. The telephone number of New York Life is +1 (800) 692-3086.

As a mutual company, New York Life has no capital stock and no shareholders. Its participating policyowners generally have certain rights to receive policy dividends, and they and certain other policyowners may have rights to receive distributions in a proceeding for its rehabilitation, liquidation or dissolution. Policyowners also have certain rights to vote in the election of directors as provided by New York law.

New York Life's balance sheet includes its surplus and an AVR. The amount by which the admitted assets of New York Life exceed its liabilities is referred to as surplus. The AVR helps to mitigate surplus fluctuations that result from changes in the value of the investment portfolio (other than fluctuations in the value of certain fixed income investments due to interest rate changes) of New York Life. See "Certain Financial and Accounting Matters—Statutory Investment Reserves."

The following table sets forth the capitalization of New York Life at December 31, 2006. The AVR is included in the following table even though such reserve is shown as a liability on New York Life's balance sheet. This treatment is consistent with the general view of the insurance industry. In addition, such reserve is included as part of total adjusted capital for risk-based capital purposes.

	December 31, 2006
	(Dollars in millions)
Debt	
Short-Term Debt (less than 1 year) [(a)]	$ 581
Medium-Term Debt (1-10 years) [(b)]	970
Long-Term Debt (greater than 10 years)	–
Asset Valuation Reserve	2,087
Surplus	
Surplus notes	991
Unassigned funds	10,309
Surplus and Asset Valuation Reserve [(c)]	$ 13,387

(a) Represents affiliated loans of $581 million.

(b) Includes affiliated loans of $252 million and liabilities held under forward contracts that are economically hedged of $718 million.

(c) Consolidated Statutory Surplus and Asset Valuation Reserve, which includes the AVR of New York Life's wholly owned domestic insurance subsidiaries (New York Life Insurance and Annuity Corporation and NYLIFE Insurance Company of Arizona), totaled $13,859 million at December 31, 2006.

SELECTED HISTORICAL STATUTORY FINANCIAL INFORMATION OF NEW YORK LIFE

The following tables set forth selected historical financial information for New York Life. Prospective investors should read it in conjunction with "Certain Financial and Accounting Matters", "Management's Discussion and Analysis of Financial Condition and Results of Operations of New York Life" and New York Life's financial statements and related notes. The selected financial information for New York Life at and for each of the years ended December 31, 2006, 2005 and 2004 has been derived from the 2006, 2005 and 2004 Statutory Financial Statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from estimates.

Discussion of Certain Differences between SAP and GAAP

The financial information of New York Life included in this Offering Memorandum is presented in accordance with SAP. Statutory accounting is used by state insurance regulators to monitor the operations of insurance companies.

Financial statements prepared under SAP as determined under New York State Law vary from those prepared under GAAP in certain significant respects, primarily as follows:

- non-public majority owned subsidiaries are generally carried at net equity value, whereas under GAAP they would be consolidated; earnings of such subsidiaries are recognized in net investment income only when dividends are declared whereas under GAAP net income from such subsidiaries would be recognized when earned and dividends would be eliminated in consolidation. In addition, New York Life's publicly-traded subsidiary, Express Scripts, Inc. ("ESI") is carried at market value, less a haircut, as defined in NAIC SAP, whereas under GAAP, New York Life's investment in ESI is carried at market value. At December 31, 2005, ESI was recorded on the equity basis of accounting under GAAP, since New York Life exercised significant influence;

- the costs related to acquiring business, principally commissions and certain policy issue expenses and sales inducements, are charged to income in the year incurred, whereas under GAAP they would be deferred and amortized over the periods benefited;

- life insurance reserves are based on different assumptions than they are under GAAP and dividends on participating policies are provided for when approved by the Board of Directors, whereas under GAAP, they are provided when earned;

- life insurance companies are required to establish an AVR by a direct charge to surplus to offset potential investment losses, whereas under GAAP, the AVR is not recognized and any losses on investments would be deducted from the assets to which they relate and would be charged to income;

- investments in bonds are generally carried at amortized cost or values as prescribed by the New York State Insurance Department; under GAAP, investments in bonds that are classified as available for sale or trading, are generally carried at fair value, with changes in fair value charged or credited to equity or reflected in earnings, respectively;

- realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the IMR and amortized into investment income over the remaining life of the investment sold, whereas under GAAP, the gains and losses are recognized in income at the time of sale;

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within one year subject to a 10% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus; under GAAP, deferred income taxes include federal and state income taxes and a valuation allowance is recorded to reduce a deferred tax asset to that portion that is expected to more likely than not be realized and changes in the deferred tax are generally reflected in earnings;

- certain reinsurance transactions are accounted for as reinsurance for SAP and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for SAP and gross of reinsurance for GAAP;

- certain assets, such as intangible assets, furniture and equipment, deferred taxes that are not realizable within one year and unsecured receivables, are considered non-admitted and excluded from assets in the statutory statements of financial position, whereas they are included under GAAP, subject to a valuation allowance as appropriate;

- contracts that have any mortality or morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts; whereas under GAAP, contracts that do not subject New York Life to significant risks arising from policyholder mortality or morbidity are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments;

- goodwill is not permitted to be carried as an admitted asset, whereas under GAAP, goodwill, which is considered to have an indefinite useful life, is tested for impairment and a loss recorded, where appropriate;

- post-retirement obligations are measured for only vested employees and agents, whereas under GAAP, these costs are measured for both vested and non-vested employees and agents;

- surplus notes are included as a component of surplus, whereas under GAAP, they are presented as a liability;

- GAAP requires that for certain reinsurance arrangements whereby assets are retained by the ceding insurer (such as funds withheld of modified coinsurance) and a return is paid based on the performance of underlying investments, then the liabilities for these reinsurance arrangements must be adjusted to reflect the fair value of the invested assets. Statutory accounting does not contain a similar requirement;

- contracts that contain an embedded derivative are not bifurcated between components and are accounted for consistent with the host contract, whereas under GAAP, the embedded derivative is bifurcated from the host contract and accounted for separately; and

- under GAAP, the overfunded or underfunded status of defined benefit pension and postretirement plans are recognized as an asset or liability in the statement of financial position, and changes in the funded status are recognized through comprehensive income, whereas under statutory accounting, no such impacts are currently required to be reflected in the financial statements. The effects on the financial statements of the variances between the statutory accounting practices and GAAP are material to the New York Life.

The effects on the financial statements of the variances between SAP and GAAP are material to New York Life.

Selected Historical Statutory Financial Information of New York Life

The information shown in the table below is derived from audited statutory financial statements of New York Life for the years ending December 31, 2006, 2005 and 2004.

	Year Ended December 31,		
	2006	2005	2004
New York Life:			
Statement of Operations Data:			
Income			
Premiums	$ 9,301	$ 9,273	$ 8,633
Net investment income	5,331	4,834	4,564
Adjustment for funds withheld	-	290	4,535
Other income	629	333	186
Total income	15,261	14,730	17,918
Benefits and Expenses			
Benefit payments	8,840	8,514	6,912
Additions to reserves	2,179	2,304	7,253
Operating expenses	1,960	1,817	1,484
Total benefits and expenses	12,979	12,635	15,649
Gain before dividends and federal income taxes	2,282	2,095	2,269
Dividends to policyowners[(a)]	1,546	1,477	1,413
Gain before federal income taxes	736	618	856
Federal income taxes	242	(101)	71
Net gain from operations	494	719	785
Net realized capital gains(losses)[(b)]	300	479	199
Net income	$ 794	$ 1,198	$ 984
Balance Sheet Data:			
General account assets	$ 107,589	$ 101,961	$ 95,549
Separate account assets	6,115	5,921	5,755
Total assets	$ 113,704	$ 107,882	$ 101,304
Total liabilities	$ 102,404	$ 97,333	$ 91,596
Asset Valuation Reserve[(c)]	2,087	1,877	1,749
Surplus notes	991	991	1,115
Unassigned funds	10,309	9,558	8,593
Surplus	11,300	10,549	9,708
Surplus and Asset Valuation Reserve	$ 13,387	$ 12,426	$ 11,457
Total life insurance in force	$ 752,805	$ 701,493	$ 626,205

(a) Dividends to policyowners are discretionary and subject to the approval of New York Life's Board of Directors.

(b) After tax and transfers to interest maintenance reserve.

(c) These amounts are included in total liabilities.