New York Life Global Funding

$19,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM

This supplement ("First Offering Memorandum Supplement") is supplemental to and must be read in conjunction with the Offering Memorandum, dated March 27, 2020 (the "Offering Memorandum"), prepared by New York Life Global Funding (the "Issuer") under the Issuer's $19,000,000,000 Global Debt Issuance Program (the "Program") for the issuance of senior secured medium-term notes (the "Notes").

This First Offering Memorandum Supplement constitutes a "Base Listing Particulars Supplement" for the purposes of listing on the Official List and trading on the Global Exchange Market. The Irish Stock Exchange Plc, now trading as Euronext Dublin, has approved this First Offering Memorandum Supplement. References herein to this document are to this First Offering Memorandum Supplement incorporating Annex 1 and Annex 2 hereto.

On June 2, 2020, New York Life Insurance Company ("New York Life") published its interim condensed unaudited financial statements as of March 31, 2020 (including any notes thereto, the "First Quarter 2020 Financial Statements") and on June 2, 2020 made available New York Life's Summary of Certain First Quarter Financial Information, Certain Financial and Accounting Matters, Statutory Capitalization of New York Life, and Selected Historical Statutory Financial Information of New York Life (collectively, the "First Quarter 2020 Financial Information"). Annex 1 to this document sets out the First Quarter 2020 Financial Information at pages 3 to 20 and the First Quarter 2020 Financial Statements at pages 21 to 34. Copies of the First Quarter 2020 Financial Information and the First Quarter 2020 Financial Statements 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.

Annex 2 to this document, set out at page 35, should be read in conjunction with, and supplements and amends, the factors described under "Risk Factors—Risk Factors Relating to New York Life" at pages 17 to 30 of the Offering Memorandum and is inserted in replacement of the risk factor "The Coronavirus (COVID-19) Pandemic Could Adversely Affect New York Life's Business" at page 27 of 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, nor has there been any significant change in the financial or trading position of New York Life since March 31, 2020 (the date of the First Quarter 2020 Financial Statements).

Each of the Issuer and New York Life accepts responsibility for the information contained in this First Offering Memorandum 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 First Offering Memorandum Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where there is any inconsistency among the Offering Memorandum and this First Offering Memorandum Supplement, the language used in this First Offering Memorandum Supplement shall prevail.

First Offering Memorandum Supplement dated June 2, 2020

ANNEX 1

SUMMARY OF CERTAIN FIRST QUARTER FINANCIAL INFORMATION

Results of Operations – For the Three Months Ended March 31, 2020 Compared to the Three Months Ended March 31, 2019

Impact of COVID-19

In March 2020, the World Health Organization declared the novel strain of coronavirus, COVID-19, a global pandemic. Management believes New York Life has a strong balance sheet, ample liquidity, a robust capital position and is well positioned to continue to meet its policy owner commitments and regulatory, capital and financing requirements. New York Life's primary concern is protecting its employees and being there for its policy owners. Nearly all of New York Life's employees and agents are working remotely, while still maintaining New York Life's operations and providing services to policy owners. New York Life has taken swift product and underwriting actions to further manage its risk, and has offered payment flexibility and accommodations to its policy owners. While the impact of these actions and events is minimal to New York Life's financial results for the quarter ended March 31, 2020, New York Life continues to monitor the economic environment and other potential impacts relating to the COVID-19 pandemic. For additional information about the risks to New York Life's business related to the COVID-19 pandemic, see "Risk Factors—Risk Factors Relating to New York Life—The Coronavirus (COVID-19) Pandemic Could Adversely Affect New York Life's Business."

Net Income/(Loss)

New York Life's net loss, which is net loss from operations after dividends to policyholders and federal and foreign income taxes plus net realized capital gains (losses) (after-tax and transfers to the IMR), was $115 million for the three months ended March 31, 2020 and represented a $175 million decrease from the net income of $60 million reported for the three months ended March 31, 2019. The decrease was primarily driven by a $157 million decrease in net gain from operations and an increase in net realized capital losses of $18 million (see "—Net Realized Capital Gains (Losses)").

Net Gain from Operations

As a mutual insurance company, all dividends to participating policyholders are included in net gain from operations. However, since dividends are supported by unassigned surplus, not all of the sources of dividends are also reported in pre-dividends net gain (such as capital gains and undistributed earnings from subsidiaries). Therefore, New York Life's focus is on net gain from operations before dividends to policyholders and federal and foreign income taxes.

Net gain from operations before dividends to policyholders and federal and foreign income taxes for the three months ended March 31, 2020 was $369 million, representing a decrease of $97 million, or 21%, when compared to the net gain from operations of $466 million reported for the three months ended March 31, 2019, primarily driven by lower income on its COLI policies of $94 million, which informally fund certain employee benefit plans (see "—Other Income").

Dividends to policyholders and federal and foreign income tax benefits was $502 million and $50 million for the three months ended March 31, 2020, respectively (see "—Dividends to Policyholders" and "—Federal and Foreign Income Taxes"). Net loss from operations after dividends to policyholders and federal and foreign income taxes for the three months ended March 31, 2020 was $83 million.

Premium Income

Premiums are primarily generated from sales of life insurance, annuities, LTC and disability. In addition, sales of Institutional Annuities, with annuity purchase rate guarantees, are counted as premium since there is mortality risk in these products.

Premium income from the insurance business primarily consists of recurring premiums from New York Life's agency sold life business, while premium income from the annuities business is generally single premium and can be more volatile from year to year.

The following table shows premium income by business operation for the three months ended March 31, 2020 and 2019 ($ in millions):

	2020	2019	Change $	Change %
Agency Life	$ 2,011	$ 1,919	$ 92	5 %
New York Life Direct	414	421	(7)	(2)
Group Membership	174	181	(7)	(4)
LTC	75	72	3	4
Closed Block Reinsurance	49	46	3	7
Total Insurance Business	2,723	2,639	84	3
Institutional Annuities	3,172	980	2,192	nm
Retail Annuities	77	63	14	22
Total Annuities Business	3,249	1,043	2,206	nm
Total	**$ 5,972**	**$ 3,682**	**$ 2,290**	**62%**

Agency Life premiums for the three months ended March 31, 2020 increased $92 million from the same period in the prior year primarily due to higher renewal premiums on permanent products.

Institutional Annuities premiums for the three months ended March 31, 2020 increased $2,192 million from the same period in the prior year primarily due to higher sales of $1,919 million from stable value products, $152 million from structured settlements, and $101 million from single premium products.

Net Investment Income (including amortization of IMR)

Net investment income for the three months ended March 31, 2020 was $1,683 million, an increase of $74 million, or 5%, from the $1,609 million reported for the three months ended March 31, 2019. This increase is primarily due to higher limited partnership distributions and income on fixed income investments from higher average asset balances.

Other Income

The following table shows the primary components of other income for the three months ended March 31, 2020 and 2019 ($ in millions):

	2020	2019	Change $	Change %
COLI	(6)	88	(94)	nm%
Other	(4)	6	(10)	nm
Total	**$ (10)**	**$ 94**	**$ (104)**	**nm%**

nm = not meaningful

New York Life has purchased various COLI policies from NYLIAC for the purpose of informally funding non-qualified pension and postretirement plans and deferred compensation plans. NYLIAC holds the underlying assets supporting these policies. The change in cash surrender value of these policies is mainly driven by the performance of these underlying assets. The decrease in COLI income is primarily related to a decline in equity markets during the first three months of 2020.

Benefit Payments

New York Life's benefit payments primarily include death benefits, annuity benefits, LTC benefits, disability benefits, surrender benefits (including scheduled maturities and withdrawals on Institutional Annuities) and interest on policy claims and deposit funds.

The following table shows benefit payments by business operation for the three months ended March 31, 2020 and 2019 ($ in millions):

			Change	
	2020	**2019**	**$**	**%**
Agency Life	$ 1,249	$ 1,230	$ 19	2 %
New York Life Direct	265	251	14	6
Group Membership	97	93	4	4
LTC	34	31	3	10
Closed Block Reinsurance	141	112	29	26
Total Insurance Business	1,786	1,717	69	4
Institutional Annuities	1,692	1,174	518	44
Retail Annuities	21	22	(1)	(5)
Total Annuities Business	1,713	1,196	517	43
Total	**$ 3,499**	**$ 2,913**	**$ 586**	**20%**

Institutional Annuities benefit payments for the three months ended March 31, 2020 increased $518 million from the same period in the prior year, primarily driven by $402 million of higher withdrawals related to stable value products.

Additions to Reserves

The following table shows additions to reserves by business operation for the three months ended March 31, 2020 and 2019 ($ in millions):

			Change	
	2020	**2019**	**$**	**%**
Agency Life	$ 839	$ 744	$ 95	13 %
New York Life Direct	45	62	(17)	(27)
Group Membership	22	32	(10)	(31)
LTC	73	75	(2)	(3)
Closed Block Reinsurance	(32)	(24)	(8)	33
Total Insurance Business	947	889	58	7
Institutional Annuities	746	219	527	241
Retail Annuities	69	49	20	41
Total Annuities Business	815	268	547	204
Total	**$ 1,762**	**$ 1,157**	**$ 605**	**52%**

Agency Life reserves for the three months ended March 31, 2020 increased $95 million from the same period in the prior year primarily due to the aging of the insurance inforce including the receipt of renewal premiums.

Institutional Annuities reserves for the three months ended March 31, 2020 increased $527 million from the same period in the prior year. The increase is primarily driven by higher net flows (premiums, benefits, and net transfers to separate accounts) from stable value products.

Net Transfers to (from) Separate Accounts

The following table shows the components of the net transfers to (from) separate accounts for the three months ended March 31, 2020 and 2019 ($ in millions):

	2020	2019	Change $	Change %
Transfers to separate accounts	$ 1,643	$ 413	$ 1,230	nm%
Transfers from separate accounts	(497)	(450)	(47)	10
Total	**$ 1,146**	**$ (37)**	**$ 1,183**	**nm%**

Changes in net transfers to (from) separate accounts during the three months ended March 31, 2020 increased $1,183 million from the same period in the prior year, primarily related to higher net transfers of $1,065 million to separate accounts related to stable value products.

Operating Expenses

The following table shows the components of operating expenses for the three months ended March 31, 2020 and 2019 ($ in millions):

	2020	2019	Change $	Change %
General operating expenses[1]	$ 567	$ 614	$ (47)	(8)%
Variable sales expenses[2]	262	236	26	11
Total	**$ 829**	**$ 850**	**$ (21)**	**(2)%**

1 General operating expenses include, but are not limited to salaries, incentive compensation, taxes, licenses and fees, commissions, charitable contributions and rent expense.

2 Variable sales expenses include, but are not limited to agents' commissions and field compensation.

Dividends to Policyholders

The following table shows dividends to policyholders for the three months ended March 31, 2020 and 2019 ($ in millions):

	2020	2019	Change $	Change %
Dividends - New York Life policyholders	$ 482	$ 454	$ 28	6 %
Dividends - Closed Block Reinsurance[1]	20	18	2	11
Total	**$ 502**	**$ 472**	**$ 30**	**6%**

[1] Dividends for the Closed Block Reinsurance are approved by the ceding company.

Dividends to New York Life policyholders are approved by New York Life's Board of Directors annually and primarily factor in investment experience (interest earnings, credit loss experience and equity returns), mortality results and expense levels that develop over a period of time (see "Certain Financial and Accounting Matters—Dividends to Policyholders").

Federal and Foreign Income Taxes

Under statutory accounting, current federal and foreign income taxes are reflected in net income, whereas deferred tax items are reflected as a component of surplus. Therefore, differences between the statutory tax rate and book income to tax expense includes temporary book/tax differences in addition to permanent differences. The following table reconciles the tax expense calculated at the statutory rate to the tax benefit reflected in New York Life's results of operations for the three months ended March 31, 2020 and 2019 (in millions):

	2020	2019	Change
Tax on net gain from operations	**$ (28)**	**$ (1)**	**$ (27)**
Tax credits[1]	(14)	(14)	—
Tax exempt income	(6)	(20)	14
Amortization of IMR	(5)	(4)	(1)
Excess of book over tax reserves	38	(27)	65
Deferred acquisition costs ("**DAC**") tax	2	2	—
Non-deductible pension and postretirement benefits	9	6	3
Excess of book over tax policyholder dividends	5	3	2
Other	(51)	(25)	(26)
Total federal income tax benefit	**$ (50)**	**$ (80)**	**$ 30**

[1] Tax credits result primarily from investments in low income housing and alternative energy.

Net Realized Capital Gains (Losses)

New York Life reported net realized capital gains (losses) after taxes and transfers to the IMR of $32 million for the three months ended March 31, 2020, a decline of $18 million from the net realized capital loss of $14 million reported in the same period in the prior year.

The following table represents net realized capital gains (losses) for the three months ended March 31, 2020 and 2019 (in millions):

	2020	2019	Change
Bonds	$ 232	$ 12	$ 220
Common stocks	(10)	—	(10)
Other invested assets	2	(11)	13
Derivatives	115	10	105
Other[1]	—	3	(3)
Total before OTTI and capital gains tax	**339**	**14**	**325**
OTTI	(129)	(23)	(106)
Capital gains tax expense[2]	(72)	—	(72)
Net realized capital gains (losses) after-tax and before transfers to the IMR	**138**	**(9)**	**147**
Capital gains transferred to the IMR[3]	(170)	(5)	(165)
Net realized capital losses after-tax	**$ (32)**	**$ (14)**	**$ (18)**

1 For the three months ended March 31, 2020, "Other" primarily represents gains on foreign notes of less than $1 million. For the three months ended March 31, 2019, "Other" primarily represents gains on preferred stock of $2 million.

2 OTTI losses are generally not subject to current tax treatment; however, current year tax includes benefits on current year OTTI on residential mortgage-backed securities and sales of other securities impaired in prior years.

3 Capital gains tax expenses transferred to the IMR was $(45) million and $(1) million for the three months ended March 31, 2020 and 2019, respectively.

The increase in derivative realized capital gains of $105 million was primarily related to the termination of a S&P 500 equity futures contract used to reduce New York Life's exposure to common stock.

The following table shows the distribution of OTTI and the year-over-year change in OTTI by asset type for the three months ended March 31, 2020 and 2019 (in millions):

	2020	2019	Change
Bonds	$ (93)	$ (17)	$ (76)
Common and preferred stocks	(10)	—	(10)
Other invested assets	(26)	(6)	(20)
Total OTTI	**$ (129)**	**$ (23)**	**$ (106)**

The increase in OTTI of $106 million was primarily driven by higher impairments on corporate bonds. The increase in corporate bond impairments was primarily related to the energy and retail sectors. These losses were due to government mandated shut downs, falling demand, production cuts and increased unemployment caused by the COVID-19 slowdown.

Financial Position – At March 31, 2020 Compared to December 31, 2019

Assets

New York Life's total assets at March 31, 2020 were $194,822 million, which was $5,591 million, or 3%, higher than the $189,231 million reported at December 31, 2019. The increase was primarily attributable to:

- $4,273 million higher cash and invested assets, mainly driven by increased operating cashflows and market value changes on derivatives; and

- $1,275 million increase in separate accounts assets, mainly due to increased net transfers (see "—Net transfers to (from) Separate Accounts").

Liabilities

New York Life's total liabilities, including AVR, at March 31, 2020 were $172,578 million, which was $5,379 million, or 3%, higher than the $167,199 million reported at December 31, 2019. The increase was primarily attributable to:

- $3,150 million increase in policy reserves and deposit funds. The table below presents policy reserves and deposit funds by business operation at March 31, 2020 and December 31, 2019 ($ in millions):

			Change	
	2020	**2019**	**$**	**%**
Agency Life	$ 76,585	$ 75,782	$ 803	1 %
New York Life Direct	3,071	3,033	38	1
Group Membership	2,024	2,014	10	—
LTC	3,494	3,420	74	2
Closed Block Reinsurance	5,520	5,560	(40)	(1)
Total Insurance Business	90,694	89,809	885	1
Institutional Annuities	49,188	46,988	2,200	5
Retail Annuities	1,670	1,605	65	4
Total Annuities Business	50,858	48,593	2,265	5
Total	**$ 141,552**	**$ 138,402**	**$ 3,150**	**2 %**

- $1,275 million increase in separate accounts liabilities (see "—Assets").

Statutory Surplus

Statutory surplus was $22,244 million at March 31, 2020, an increase of $212 million, or 1%, from the $22,032 million reported at December 31, 2019. The main drivers of the change in New York Life's statutory surplus are presented in the following table (in millions):

		2020
Beginning surplus	$	22,032
Net loss		(114)
Change in net unrealized capital gains[1]		131
Change in deferred taxes		22
Change in AVR		6
Change in nonadmitted assets		105
Pension and postretirement impacts		59
Other		3
Ending surplus		**22,244**
AVR		3,365
Surplus and AVR[2]	**$**	**25,609**

1 Excludes deferred capital gains tax benefit on net unrealized capital gains of $19 million reclassified to "Change in deferred taxes."

2 Consolidated statutory surplus and AVR, which includes the AVR of New York Life's wholly owned U.S. insurance subsidiaries (NYLIAC and NYLAZ), totaled $26,967 million at March 31, 2020.

Change in Net Unrealized Capital Gains

The following table shows the components of the change in net unrealized capital gains at March 31, 2020 (in millions):

		2020
Affiliated:		
Common stock	$	318
Other invested assets[1]		(94)
Total affiliated		224
Unaffiliated:		
Common stock		(173)
Other invested assets		(95)
Other		175
Total unaffiliated		(93)
Total change in net unrealized capital gains	**$**	**131**

1 Affiliated other invested assets includes New York Life's wholly owned non-insurance subsidiaries. Unrealized losses of $65 million are related to wholly owned non-insurance subsidiaries which are nonadmitted under SAP (see "—Change in nonadmitted assets").

The change in net unrealized capital gains resulted in an increase in surplus of $131 million at March 31, 2020 primarily driven by $224 million from positive operating results from subsidiaries (which are included in affiliated common stock and other invested assets).

Change in Deferred Taxes

The following table shows the components of the change in deferred taxes at March 31, 2020 from December 31, 2019 (in millions):

	2020
Deferred income tax expense on operating results	$ 6
Deferred capital gains tax benefit on change in net unrealized capital gains	19
Subtotal	25
Decrease in nonadmitted deferred income taxes	(3)
Total change in deferred taxes	**$ 22**

Change in AVR

The AVR liability represents a portion of the Company's surplus set aside to offset potential non-interest related investment losses. Changes in AVR are recorded directly to surplus. The AVR liability is based on a formula prescribed by the NAIC and is largely influenced by the size and quality of the investment portfolio. Changes in the AVR are driven by non-interest related gains and losses on the investment portfolio and an annual contribution based on factors set by the NAIC. Factors are also used to set a reserve objective and a maximum reserve. The AVR liability decreased by $6 million at March 31, 2020 from December 31, 2019, which increased surplus and is currently at its maximum reserve.

Change in Nonadmitted Assets

Certain assets are not allowed as admitted assets under SAP. Generally, these are assets with economic value, but which cannot be readily used to pay policyholder obligations. New York Life had a net decrease in nonadmitted assets that resulted in an increase to surplus of $105 million during the three months ended March 31, 2020, primarily due to the $65 million change in unrealized losses from nonadmitted wholly owned subsidiaries. The investment in the subsidiary is non-admitted because the subsidiary's financial statements are not audited on a US GAAP basis. New York Life has determined the cost of obtaining an admissible annual audit is not worth the benefit of being able to admit the asset in surplus.

Pension and Postretirement Impacts

The calculation of pension and other postretirement benefits obligations requires management to select demographic and economic assumptions that affect the reported amounts of assets and liabilities at December 31 of each year. Assumptions include, but are not limited to, interest rates, return on plan assets, mortality, withdrawal and retirement rates, and healthcare cost trend rate. The selected actuarial assumptions comply with the NAIC guidance, which requires New York Life to use its best estimate for each assumption, and are reviewed regularly for reasonableness, comparing assumed results to actual plan experience with adjustments made when necessary. New York Life uses a December 31 measurement date for these plans, as required.

Pension and postretirement related impacts reported as a direct adjustment to surplus does not include the expenses (annual service costs, amortization of unrecognized actuarial losses and prior service costs) reported in net gain/(loss) from operations. These adjustments increased surplus by $59 million primarily due to the significant decline in discount rates and a 50 basis point decline in the expected return on the pension plan's assets during the three months ended March 31, 2020.

Liquidity Sources and Requirements

New York Life's cash inflows from its insurance activities include life insurance premiums, annuity considerations and GICs and deposit funds. New York Life's cash inflows from investments result from proceeds on sales, repayments of principal, maturities of invested assets and investment income. The following table sets forth the total available liquidity of New York Life from liquid assets and other funding sources at the end of the specified periods (in millions). Liquid assets include cash and cash equivalents, short-term investments and publicly traded securities, excluding assets that are pledged or otherwise committed. Other funding sources includes the available capacity at short-term borrowing facilities.

New York Life's Available Liquidity at Market Value

	March 31, 2020	December 31, 2019
Cash and short-term investments:		
Cash and cash equivalents	$ 4,770	$ 2,252
Short-term investments	267	119
Less: securities lending and other short-term liabilities	(1,817)	(1,327)
Net cash and short-term investments	**3,220**	**1,044**
Liquid bonds:		
U.S. government and agency bonds	8,779	8,111
Public corporate investment-grade bonds & collateralized mortgage obligations ("**CMOs**")[1]	59,250	61,079
Liquid bonds	**68,029**	**69,190**
Equities:		
Public equities portfolio	587	994
Total liquid assets	**71,836**	**71,228**
Other funding sources:		
Bank facility/commercial paper capacity	2,501	2,501
Federal Home Loan Bank available capacity[2]	5,479	6,000
Total other funding sources	**7,980**	**8,501**
Total available liquidity	**$ 79,816**	**$ 79,729**

1 Includes all public corporate investment-grade bonds and CMOs, which are stated at fair value.

2 Available capacity represents 5% of New York Life's total admitted assets, less secured borrowing. At March 31, 2020, New York Life's borrowing capacity with the Federal Home Loan Bank was $9,111 million, of which $3,632 million had been used.

New York Life's U.S. insurance subsidiaries (NYLIAC and NYLAZ) 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. In addition, 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, each based on the preceding December 31st statutory financial statements, without regulatory approval. 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 significant source of liquidity.

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 New York Life's insurance activities primarily relate to benefit payments, policy surrenders, withdrawals from GICs and maturities of funding agreements, and loans and dividends to policyholders. See "—Investment Risk Management" for a discussion of liquidity risk.

A primary liquidity concern with respect to life insurance and annuity products 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. Such provisions include surrender charges, market value adjustments and prohibitions or restrictions on withdrawals. New York Life closely monitors its liquidity requirements in order to match cash inflows with expected cash outflows, and employs an asset/liability management approach tailored to the specific requirements of each product line based upon the return objectives, risk tolerance, liquidity, tax and regulatory requirements of the underlying products. It also regularly conducts liquidity stress tests and monitors early warning indicators of potential liquidity issues.

New York Life participates in a securities lending program for its general account whereby fixed income securities are loaned to third parties, primarily major brokerage firms and commercial banks. The borrowers of its securities provide New York Life with collateral, typically in cash. New York Life separately manages this collateral and invests such cash collateral in a portfolio of highly rated fixed income securities with short maturities. Securities on loan under the program could be returned to New York Life by the borrowers, or New York Life could call such securities at any time. Returns of loaned securities would require New York Life to return the cash collateral associated with such loaned securities. New York Life was liable for cash collateral under its control of $630 million at March 31, 2020 and December 31, 2019. See "Risk Factors—Risk Factors Relating to New York Life—New York Life's Securities Lending Program Subjects It to Potential Liquidity and Other Risks."

New York Life is committed to maintaining adequate capitalization for its insurance and non-insurance subsidiaries to fund growth opportunities and support new products, and, with respect to its U.S. insurance subsidiaries, to maintain targeted RBC levels. In addition, New York Life may make loans to its affiliates to provide additional funds to meet the business needs of these entities. New York Life made capital contributions (net of returns of capital) of $4 million to its non-insurance subsidiaries during the three months ended March 31, 2020. New York Life made capital contributions (net of returns of capital) of $1 million to its non-insurance subsidiaries during the year ended December 31, 2019.

As New York Life previously announced on December 17, 2019, New York Life has entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (together, "**Cigna**"), to acquire Cigna's group life and group disability insurance business for a purchase price of $6.3 billion, subject to adjustment. New York Life has begun to increase its cash position to fund the payment to Cigna for this pending acquisition, which is expected to close in the second half of 2020.

CERTAIN FINANCIAL AND ACCOUNTING MATTERS

Accounting Policies and Principles

Statutory Accounting Practices accounting

The financial statements of New York Life included in this Offering Memorandum are presented in accordance with SAP prescribed or permitted by the NYSDFS. SAP differs from GAAP in that SAP is primarily designed to reflect the ability of the insurer to satisfy its obligations to policyholders, contract holders and beneficiaries, whereas under GAAP, revenues and expenses are recorded in financial reporting periods to match revenues and expenses and reflect the ongoing financial results of the insurer. 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, certain of these expenses are deferred and amortized on a basis to match them against appropriate revenues.

Under SAP, New York Life's financial statements are not consolidated 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 of subsidiaries, less contributions received from or returns of capital paid to New York Life, as an unrealized gain or loss on investments. Dividends declared by subsidiaries to New York Life are included in New York Life's net investment income.

Discussion of Certain Differences between SAP and GAAP

The financial information of New York Life 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 Insurance Law vary from those prepared under GAAP in certain material respects, primarily as follows:

- investments in subsidiaries and other controlled entities, including partnerships, limited liability companies and joint ventures, are not consolidated with the financial statements of New York Life, whereas under GAAP, consolidated financial statements are prepared;
- 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, only contracts that have significant mortality or morbidity risk are classified as insurance contracts otherwise they are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments;
- the costs related to acquiring insurance contracts (principally commissions), policy issue expenses and sales inducements are charged to income in the period incurred, whereas under GAAP, these costs are deferred when related to successful sales and amortized over the periods benefited;
- life insurance and annuity reserves are based on different statutory methods and assumptions than they are under GAAP;
- dividends on participating policies are recognized for the full year when approved by the board of directors of New York Life (the "**Board of Directors**"), whereas under GAAP, they are accrued when earned by policyholders;
- certain policies which do not pass through all investment gains to policyholders are maintained in separate accounts, whereas GAAP reports these policies in the general account assets and liabilities of New York Life;

- reinsurance agreements are accounted for as reinsurance on an SAP and GAAP basis if certain risk transfer provisions have been met. SAP requires the reinsurer to assume insurance risk, regardless of the significance of the loss potential, whereas GAAP requires that there is a reasonable possibility that the reinsurer may realize significant loss from assuming insurance risk; under GAAP, certain reinsurance assumed by New York Life is accounted for at fair value based on the election of the fair value option, whereas this treatment is not allowed under SAP; assets and liabilities from reinsurance transactions are reported net of reinsurance, whereas under GAAP, assets and liabilities from reinsurance transactions are reported gross of reinsurance;

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

- investments in subsidiaries, controlled and other affiliated entities as defined in SSAP No. 97, “Investments in Subsidiary, Controlled and Affiliated Entities,” including partnerships, limited liability companies and joint ventures, are accounted for under the equity method. Under the equity method, domestic insurance subsidiaries are recorded at their underlying audited statutory surplus. Nonpublic non-insurance subsidiaries and other controlled entities are recorded at their underlying audited GAAP equity. Foreign insurance subsidiaries are recorded at their underlying audited GAAP equity with certain adjustments. In the absence of an admissible audit, the entire investment is nonadmitted. Changes in the value of such investments are recorded as unrealized gains or losses. The earnings of such investments are recorded in net investment income only when dividends are declared. Under GAAP, these investments are consolidated;

- investments in noncontrolled partnerships and limited liability companies are accounted for under the equity method for both SAP and GAAP. Under the statutory equity method, undistributed income and capital gains and losses for these investments are reported in surplus as unrealized gains or losses, whereas under GAAP, in many cases, for investment companies, unrealized gains and losses are included in net investment income;

- investments in bonds are generally carried at amortized cost or values as prescribed by the NYSDFS, whereas under GAAP, investments in bonds that are classified as available for sale or trading are carried at fair value, with changes in fair value of bonds classified as available for sale reflected in equity, and changes in fair value of bonds classified as trading reflected in earnings;

- an asset valuation reserve (“**AVR**”) based on a formula prescribed by the NAIC is established as a liability to offset potential non-interest related investment losses. Changes in the AVR are recorded directly to surplus, whereas under GAAP, no AVR is recognized;

- realized gains and losses resulting from changes in interest rates are deferred in the interest maintenance reserve (“**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;

- corporate securities deemed to be other-than-temporarily impaired are written down to fair value, whereas under GAAP, if certain conditions are met, credit impairments on corporate securities are recorded based on the net present value of future cash flows expected to be collected, discounted at the current book yield. Also, if certain conditions are met, the non-credit portion of the impairment on a loan-backed or structured security is not accounted for whereas under GAAP, if certain conditions are met, the non-credit portion of the impairment on a debt security is recorded through other comprehensive income. A non-credit loss exists when the fair value of a security is less than the present value of projected future cash flows expected to be collected;

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus, whereas under GAAP, deferred income taxes include federal and state income taxes and changes in deferred taxes are reflected in either earnings or other comprehensive income;

- a tax loss contingency is required to be established if it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. If a loss contingency is greater than 50 percent of the tax benefit associated with a tax position, the loss contingency is increased to 100 percent, whereas under GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50 percent likely of being realized upon settlement;

- certain assets, such as intangible assets, overfunded pension plan assets, furniture and equipment, and unsecured receivables are considered nonadmitted and excluded from assets, whereas they are included in assets under GAAP subject to a valuation allowance, as appropriate;

- goodwill held by an insurance company is admitted subject to a 10% limitation on surplus and amortized over the useful life of the goodwill, not to exceed 10 years, and goodwill held by non-insurance subsidiaries is assessed in accordance with GAAP, subject to certain limitations for holding companies and foreign insurance subsidiaries, whereas under GAAP private company accounting alternative elected by the New York Life in 2019, goodwill is amortized over the useful life of the goodwill, not to exceed 10 years, and is tested for impairment, but it is not subject to the 10% limitation on surplus;

- fair value is required to be used in the determination of the expected return on the plan assets component of the net periodic benefit cost of pension and other postretirement obligations, whereas under GAAP, the market-related value of plan assets is used. The market-related value of plan assets can be either fair value or a calculated value that recognizes asset gains or losses over a period not to exceed five years;

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

- contracts that contain an embedded derivative are not bifurcated between components and are accounted for consistent with the host contract or the whole instrument is accounted for as a derivative if certain criteria are met, whereas under GAAP, either the contract is recorded at fair value with changes in the fair value included in earnings or the embedded derivative needs to be bifurcated from the host contract and accounted for separately;

- certain derivative instruments are carried at amortized cost, whereas under GAAP, all derivative instruments are carried at fair value; and

- changes in the fair value of derivative instruments not carried at amortized cost are recorded as unrealized capital gains or losses and reported as changes in surplus, whereas under GAAP, these changes are generally reported through earnings unless they qualify and are designated for cash flow or net investment hedge accounting.

The effects on the financial statements of the above variances between SAP as determined under New York Insurance Law and GAAP are material to New York Life.

Adjustments for Impaired Investments

The cost basis of bonds and equity securities is adjusted for impairments in value deemed to be other-than-temporary, with the associated realized loss reported in net income. For a discussion of how New York Life determines whether an impairment is appropriate, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—New York Life's Investment Portfolio."

Statutory Investment Reserves

SAP requires a life insurance company to maintain both an AVR and an IMR to absorb both realized and unrealized gains and losses on a portion of New York Life's investments. The AVR is an investment reserve established to provide for default risk on fixed income assets and market value fluctuation on equity-type investments. The amount of the AVR is determined by formula, which considers the type of investment, the credit rating (where applicable) and current year changes in realized and unrealized capital gains and losses (other than those resulting from changes in interest rates). Changes in the AVR are accounted for as direct increases or decreases in surplus.

The IMR applies to interest sensitive investments including bonds, preferred stocks, mortgage-backed securities, asset-backed securities, mortgage loans and certain derivatives. 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. The IMR is not treated under SAP as part of total adjusted capital for RBC purposes. New York Life's IMR was $667 million and $522 million at March 31, 2020 and December 31, 2019, respectively.

Dividends to Policyholders

New York Life annually determines the amount of dividends payable to eligible policyholders. These dividends have the effect of reducing the cost of insurance to policyholders 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.

Annually, the Board of Directors approves the divisible surplus[1] of New York Life to be paid out to eligible policyholders in accordance with an actuarially determined dividend scale. New York Life has discretion, subject to statutory requirements as to the source of dividends, to vary the amount of dividends payable to policyholders, even many years after the issuance of a particular policy. In determining the policyholder dividends payable in any year, the Board of Directors considers, among other things, the amounts necessary to meet New York Life's future policy obligations, maintain reserves and operate the business. To the extent authorized by the Board of Directors, New York Life has the right to continue to declare policyholder dividends and to make dividend payments on its participating policies.

A portion of New York Life's annual declaration of policyholder dividends includes a guarantee of a minimum aggregate amount of dividends to be paid.

Policy Reserves

Life insurance companies price their insurance products based upon assumptions regarding certain future events, including investment income, expenses incurred and use of mortality and morbidity tables. 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 all life insurance and annuity statutory reserves. New York Life conducts its annual analysis as of December 31. See "Regulation and Supervision—Insurance Regulation—Policy and Contract Reserve Sufficiency Analysis."

1 Divisible surplus is the portion of New York Life's total surplus that is available, following each year's operations, for distribution in the form of dividends.

Reinsurance

New York Life uses a variety of reinsurance agreements with insurers to control its loss exposure. 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 the reinsurer becomes liable on that risk. The amount of each risk retained by New York Life on a facultative basis depends on its evaluation of the specific risk, its maximum retention limits and the amount of reinsurance available.

Under the terms of the reinsurance agreements, the reinsurers will be liable to reimburse New York Life for the ceded amount in the event a claim on a reinsured policy is paid. New York Life remains primarily liable for all claims payable on reinsured policies, even if the reinsurer fails to meet its obligations under the reinsurance agreement. New York Life routinely collects amounts due from its reinsurers on a timely basis. For more information, see "Description of the Business of the Company—Reinsurance."

New York Life is a party to a reinsurance agreement (the "**Closed Block Reinsurance**") with John Hancock Life Insurance Company (U.S.A.) and one of its affiliates ("**John Hancock**") in which New York Life assumes on a coinsurance basis 100% of John Hancock's obligations and liabilities under the policies included in the closed block of participating whole life policies established in connection with the demutualization of John Hancock Mutual Life Insurance Company (the "**Closed Block**"). New York Life retrocedes 40% of those obligations and liabilities to John Hancock on a funds-withheld arrangement. The assets received from this transaction are held in a reinsurance trust as security for New York Life's obligations to John Hancock and are contractually restricted. The majority of such assets are allocated to the Closed Block and are held for the exclusive benefit of the policies included in the Closed Block.

The insurance related revenue from the Closed Block policies, including net investment income from the assets allocated to the Closed Block, after satisfying certain related expenses and taxes, inure solely to the benefit of those reinsured policyholders and will not be available to New York Life's policyholders. Dividends for the Closed Block are approved by the ceding company.

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. Generally, the investment results of the separate account assets pass through to separate account policyholders and contract holders, so that an insurer derives management and other fees from, but bears no investment risk on these assets. In separate accounts for products with minimum interest rate or benchmark guarantees, the risk that the investment results of the separate account assets will not meet the minimum rate guaranteed on these products is borne by the insurer. 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. New York Life's participating policyholders generally have certain rights to receive policy dividends, and they and certain other policyholders may have rights to receive distributions in a proceeding for its rehabilitation, liquidation or dissolution. Policyholders 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 stabilizes surplus from fluctuations in the value of the investment portfolio (see "Certain Financial and Accounting Matters—Accounting Policies and Principles—Statutory Investment Reserves.")

The following table sets forth the capitalization of New York Life at March 31, 2020. 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, this reserve is included as part of total adjusted capital for RBC purposes.

	March 31, 2020 (in millions)
Total Short-Term Debt (less than 1 year)	**$ 537**
AVR	$ 3,365
Surplus:	
Surplus notes...	2,987
Unassigned funds	19,257
Surplus and AVR	**$ 25,609**

On April 14, 2020, New York Life issued surplus notes ("**2020 Notes**") with a principal balance of $1,250 million, bearing interest at 3.75%, with a maturity date of May 15, 2050. The initial carrying value of the 2020 Notes was $1,242 million, net of discount. The 2020 Notes are administered by Citibank as registrar/paying agent. Interest on the 2020 Notes will be paid semiannually on May 15th and November 15th of each year, beginning on November 15, 2020.

SELECTED HISTORICAL STATUTORY FINANCIAL INFORMATION OF NEW YORK LIFE

The table presented below sets forth selected financial information for New York Life. Prospective investors should read it in conjunction with "Certain Financial and Accounting Matters" and New York Life's Statutory Financial Statements. The selected financial information for New York Life Financial Position at and for Statement of Operations for the years ended December 31, 2019, 2018 and 2017 has been derived from the annual audited statutory financial statements. The selected financial information for New York Life at and for the three months ended March 31, 2020 and 2019 has been derived from the quarterly unaudited 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. Historical results are not necessarily indicative of results for any future period.

	At or for the Three Months ended March 31,		At or for the Year ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
			(in millions)		
Statement of Operations Data:					
Total income	$ 7,645	$ 5,385	$ 23,336	$ 20,721	$ 22,204
Dividends to policyholders[1]	$ 502	$ 472	$ 2,043	$ 1,974	$ 1,958
Net gain/(loss) from operations	$ (83)	$ 74	$ 495	$ 1,285	$ 1,571
Net income/(loss)	$ (115)	$ 60	$ 378	$ 1,210	$ 1,480
Financial Position Data:					
Total assets	$ 194,822	$ 181,647	$ 189,231	$ 180,036	$ 176,766
Total liabilities	$ 172,578	$ 160,733	$ 167,199	$ 159,030	$ 156,409
Surplus:					
Surplus notes	$ 2,987	$ 1,994	$ 2,987	$ 1,994	$ 1,993
Unassigned funds	19,257	18,920	19,045	19,012	18,364
Surplus	22,244	20,914	22,032	21,006	20,357
Asset valuation reserve[2]	3,365	2,841	3,371	2,594	2,652
Surplus and asset valuation reserve	$ 25,609	$ 23,755	$ 25,403	$ 23,600	$ 23,009
Other Data:					
Equity investment in subsidiaries[3]	$ 10,884	$ 10,113	$ 10,591	$ 10,079	$ 11,087

1 Dividends to policyholders (excluding dividends on assumed reinsurance) are discretionary and subject to the approval of New York Life's Board of Directors and dividends for the Closed Block are approved by the ceding company.

2 These amounts are included in Total liabilities but are treated as part of adjusted capital in the calculation of RBC.

3 Included in Total assets above.

NEW YORK LIFE INSURANCE COMPANY

CONDENSED STATUTORY FINANCIAL STATEMENTS

For the quarterly period ended March 31, 2020

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	March 31, 2020	December 31, 2019
	(in millions)	
Assets		
Bonds	$ 112,170	$ 112,477
Common and preferred stocks	10,608	10,657
Mortgage loans	19,180	18,322
Policy loans	11,640	11,502
Other invested assets	10,245	9,953
Cash, cash equivalents and short-term investments	4,822	2,292
Derivatives	1,582	788
Real estate	2,002	1,985
Total cash and invested assets	172,249	167,976
Deferred and uncollected premiums	2,078	1,984
Investment income due and accrued	1,403	1,670
Other assets	6,819	6,603
Separate accounts assets	12,273	10,998
Total assets	$ 194,822	$ 189,231
Liabilities and Surplus		
Liabilities:		
Policy reserves	$ 116,677	$ 114,951
Deposit funds	24,875	23,451
Dividends payable to policyholders	2,009	1,980
Policy claims	783	625
Borrowed money	537	402
Amounts payable under security lending agreements	630	630
Derivatives	861	365
Funds held under coinsurance	3,843	3,879
Other liabilities	6,058	6,025
Interest maintenance reserve	667	522
Asset valuation reserve	3,365	3,371
Separate accounts liabilities	12,273	10,998
Total liabilities	172,578	167,199
Surplus:		
Surplus notes	2,987	2,987
Unassigned surplus	19,257	19,045
Total surplus	22,244	22,032
Total liabilities and surplus	$ 194,822	$ 189,231

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months ended March 31,	
	2020	**2019**
	(in millions)	
Income		
Premiums	$ 5,972	$ 3,682
Net investment income	1,683	1,609
Other income	(10)	94
Total income	7,645	5,385
Benefits and expenses		
Benefit payments:		
Death benefits	1,076	1,047
Annuity benefits	331	316
Health and disability insurance benefits	71	64
Surrender benefits	609	580
Payments on matured contracts	1,262	770
Other benefit payments	150	136
Total benefit payments	3,499	2,913
Additions to reserves	1,762	1,157
Net transfers to (from) separate accounts	1,146	(37)
Adjustment in funds withheld	40	36
Operating expenses	829	850
Total benefits and expenses	7,276	4,919
Gain from operations before dividends and federal income taxes	369	466
Dividends to policyholders	502	472
Loss from operations before federal income taxes	(133)	(6)
Federal and foreign income taxes	(50)	(80)
Net gain (loss) from operations	(83)	74
Net realized capital losses, after tax and transfers to interest maintenance reserve	(32)	(14)
Net income (loss)	$ (115)	$ 60

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF CHANGES IN SURPLUS
(UNAUDITED)

	March 31, 2020	December 31, 2019
	(in millions)	
Surplus, beginning of year	$ 22,032	$ 21,006
Net income (loss)	(115)	378
Change in net unrealized capital gains on investments	151	1,157
Change in liability for pension and postretirement plans	32	(418)
Change in nonadmitted assets	129	(519)
Change in reserve valuation basis	—	(26)
Change in asset valuation reserve	6	(777)
Change in net deferred income tax	6	241
Change in surplus notes	—	993
Other adjustments, net	3	(3)
Surplus, end of period	$ 22,244	$ 22,032

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months ended March 31,	
	2020	**2019**
	(in millions)	
Cash flows from operating activities:		
Premiums received	$ 5,874	$ 3,589
Net investment income received	1,832	1,652
Other	10	108
Total received	7,716	5,349
Benefits and other payments	3,248	2,719
Net transfers to separate accounts	1,109	(41)
Operating expenses	1,012	1,084
Dividends to policyholders	472	456
Federal income taxes paid	—	12
Total paid	5,841	4,230
Net cash from operating activities	1,875	1,119
Cash flows from investing activities:		
Proceeds from investments sold, matured or repaid	6,028	3,177
Cost of investments acquired	(6,381)	(5,035)
Net change in policy loans and premium notes	(138)	(58)
Net cash used in investing activities	(491)	(1,916)
Cash flows from financing and miscellaneous activities:		
Other changes in borrowed money	71	(128)
Net inflows (outflows) from deposit contracts	1,471	(21)
Other miscellaneous uses	(396)	(376)
Net cash from (used in) financing and miscellaneous activities	1,146	(525)
Net increase (decrease) in cash, cash equivalents and short-term investments	2,530	(1,322)
Cash, cash equivalents and short-term investments, beginning of year	2,292	2,835
Cash, cash equivalents and short-term investments, end of period	$ 4,822	$ 1,513

NOTE 1 - NATURE OF OPERATIONS

BASIS OF PRESENTATION

The accompanying financial statements have been prepared using accounting practices prescribed by the New York State Department of Financial Services ("NYSDFS" or "statutory accounting practices"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the U.S. ("U.S. GAAP").

NYSDFS recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial position and results of operations of an insurance company and for determining its solvency under New York Insurance Law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed practices by the State of New York. Prescribed statutory accounting practices include state laws and regulations. Permitted statutory accounting practices encompass accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future. The Company has no permitted practices.

A reconciliation of the Company's net income and capital and surplus at March 31, 2020 and December 31, 2019 between practices prescribed or permitted by the State of New York and NAIC SAP is shown below (in millions):

	SSAP #	F/S Page	F/S Line #	2020	2019
Net Income					
(1) Net income, New York State basis	XXX	XXX	XXX	$(115)	$378
(2) State prescribed practices that increase/(decrease) NAIC SAP:					
NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums*	61	2, 4, 5	15.2, 1, 1	4	(9)
NYSDFS Seventh Amendment to Regulation No. 172 impact on admitted unearned reinsurance premium**	61	2, 4, 5	15.2, 1, 1	(1)	4
(3) State permitted practices that increase/(decrease) NAIC SAP:					
(4) Net income, NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$(118)	$383
Capital and Surplus					
(5) Statutory capital and surplus, New York State basis	XXX	XXX	XXX	$22,244	$22,032
(6) State prescribed practices that increase/(decrease) NAIC SAP:					
NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums*	61	2, 4, 5	15.2, 1, 1	(128)	(132)
NYSDFS Seventh Amendment to Regulation No. 172 impact on admitted unearned reinsurance premium**	61	2, 4, 5	15.2, 1, 1	52	54
(7) State permitted practices that increase/(decrease) NAIC SAP:					
(8) Capital and surplus, NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$22,320	$22,111

* NYSDFS Circular Letter No. 11 (2010) clarified the accounting for deferred premium assets when reinsurance is involved.

** NYSDFS Regulation 172 was amended to allow for the admission of an unearned reinsurance premium asset.

Note 2 - Fair Value Measurements

A. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, *Fair Value Measurements*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

(1) The levels of the fair value hierarchy are based on the inputs to the valuation as follows:

Level 1 Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Active markets are defined as a market in which many transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than level 1 prices, such as quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations are generally obtained from third-party pricing services for identical or comparable assets or liabilities or through the use of valuation methodologies using observable market inputs.

Level 3 Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions in pricing the asset or liability. Pricing may also be based upon broker quotes that do not represent an offer to transact. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques. Non-binding broker quotes, which are utilized when pricing service information is not available, are reviewed for reasonableness based on the Company's understanding of the market, and are generally considered Level 3. To the extent the internally developed valuations use significant unobservable inputs, they are classified as Level 3.

The following table represents the balances of assets and liabilities measured at fair value or net asset value ("NAV") as of March 31, 2020 (in millions):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	Total
a Assets at fair value					
1. Preferred stocks					
Non-redeemable preferred stocks	$ —	$ 11	$ 2	$ —	$ 13
Total preferred stocks	—	11	2	—	13
2. Bonds					
SVO Identified Bond ETF	22	—	—	—	22
U.S. corporate	—	17	11	—	28
Non-agency asset-backed securities	—	3	3	—	6
Total bonds	22	20	14	—	56
3. Common stocks	535	—	217	—	752
4. Derivative assets					
Interest rate swaps	—	550	—	—	550
Foreign currency swaps	—	976	—	—	976
Interest rate options	—	28	8	—	36
Futures	7	—	—	—	7
Total derivative assets	7	1,554	8	—	1,569
5. Separate accounts assets	1,250	3,589	4	1,220	6,063
Total assets at fair value	$ 1,814	$ 5,174	$ 245	$ 1,220	$ 8,453
b Liabilities at fair value					
1. Derivative liabilities					
Interest rate swaps	$ —	$ 337	$ —	$ —	$ 337
Foreign currency swaps	—	289	—	—	289
Inflation swaps	—	234	—	—	234
Interest rate options	—	—	1	—	1
Foreign currency forwards	—	—	—	—	—
Futures	—	—	—	—	—
Total derivative liabilities	—	860	1	—	861
2. Separate accounts liabilities - derivatives[1]	1	—	—	—	1
Total liabilities at fair value	$ 1	$ 860	$ 1	$ —	$ 862

[1] Separate accounts contract holder liabilities are not included in the table as they are reported at contract value and not fair value in the Company's Annual Statement.

(2) The table below presents a rollforward of level 3 assets and liabilities for the three months ended March 31, 2020 (in millions):

	Balance at 01/01/2020	Transfers into Level 3	Transfers out of Level 3	Total gains or (losses) included in Net Income	Total gains or (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 3/31/2020
Non-redeemable preferred stocks	$ 2	$ 7	$ (1)	$ —	$ (6)	$ —	$ —	$ —	$ —	$ 2
Bonds										
U.S. corporate	11	—	—	—	—	—	—	—	—	11
Non-agency asset-backed securities	—	3	—	—	—	—	—	—	—	3
Total bonds	11	3	—	—	—	—	—	—	—	14
Common stocks	181	—	—	—	—	36	—	—	—	217
Derivatives	2	—	—	(5)	11	—	—	—	—	8
Separate accounts assets[1]	—	1	—	—	—	3	—	—	—	4
Total Assets:	$ 196	$ 11	$ (1)	$ (5)	$ 5	$ 39	$ —	$ —	$ —	$ 245
Liabilities:										
Derivatives	$ 2	$ —	$ —	$ —	$ (1)	$ —	$ —	$ —	$ —	$ 1
Total Liabilities	$ 2	$ —	$ —	$ —	$ (1)	$ —	$ —	$ —	$ —	$ 1

[1] The total gains or (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

Transfers between levels

Transfers between levels may occur due to changes in valuation sources, changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid/ask spreads, or as a result of a security measured at amortized cost at the beginning of the period, but measured at estimated fair value at the end of the period, or vice versa, due to a ratings downgrade or upgrade.

Transfers into and out of Level 3

The Company's basis for transferring assets and liabilities into and out of Level 3 is based on changes in the observability of data or change in the security's measurement.

Transfers into Level 3 totaled $12 million for the three months ended March 31, 2020, which relates to $7 million of non-redeemable preferred stocks and $3 million of non-agency asset-backed securities that were measured at amortized cost at the beginning of the period but were measured at fair value at the end of the period; separate accounts of $2 million which is due to change in price source. Transfers out of Level 3 totaled $1 million, for the three months ended March 31, 2020, which relates to $1 million of non-redeemable preferred stocks.

(3) Determination of fair value

The Company has an established and well-documented process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services. For most private placement securities, the Company applies a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. For private placement securities that cannot be priced through these processes, the Company uses internal models and calculations. All other securities are submitted to independent brokers for prices. The Company performs various analyses to ascertain that the prices represent fair value. Examples of procedures performed include, but are not limited to, back testing recent trades, monitoring trading volumes, and performing variance analysis of monthly price changes using different thresholds based on asset type. The Company also performs an annual review of all third-party pricing services. During this review, the Company obtains an understanding of the process and sources used by the pricing service to ensure that they maximize the use of observable inputs, the pricing service's frequency of updating prices, and the controls that the pricing service uses to ensure that their prices reflect market assumptions. The Company also selects a sample of securities and obtains a more detailed understanding from each pricing service regarding how they derived the price assigned to each security. Where inputs or prices do not reflect market participant assumptions, the Company will challenge these prices and apply different methodologies that will enhance the use of observable inputs and data. The Company may use non-binding broker quotes or internal valuations to support the fair value of securities that go through this formal price challenge process.

At March 31, 2020, the Company challenged the price it received from third party pricing services on general account securities with a book value of $45 million and a market value of $43 million. The Company did not have any price challenges on separate account securities for what it received from third party pricing services.

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee is comprised of representatives from the Company's Investment Management group, Controller's, Compliance and Security Operations. The committee meets quarterly and is responsible for the review and approval of the Company's valuation procedures. The committee is also responsible for the review of pricing exception reports as well as the review of significant inputs used in the valuation of assets that are valued internally.

For Level 1 investments, valuations are generally based on observable inputs that reflect quoted prices for identical assets in active markets.

The fair value for Level 2 and Level 3 valuations are generally based on a combination of the market and income approach. The market approach generally utilizes market transaction data for the same or similar instruments, while the income approach involves determining fair values from discounted cash flow methodologies.

The following represents a summary of significant valuation techniques for assets and liabilities used to determine fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Level 1 measurements

Bonds

For U.S. SAP, certain SVO approved Exchange Traded Funds ("ETF") and mutual funds ("SVO-Identified Investments") are eligible for classification as bonds as identified in the NAIC's SVO Purposes and Procedures Manual. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available. All other ETF and mutual funds are classified and accounted for as common stock.

Common stocks

These securities are comprised of exchange traded U.S. and foreign common stock and mutual funds. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available.

Derivatives (including separate accounts liabilities – derivatives)

These derivatives are comprised of exchange traded future contracts. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available.

Separate accounts assets

These assets are comprised of cash and common stocks. Common stocks are generally traded on an exchange.

Level 2 measurements

Preferred stocks

The fair value of preferred stock is obtained from third-party pricing services. Vendors generally use an income-based valuation approach by using a discounted cash flow model or it may use a market approach to arrive at the security's fair value or a combination of the two.

Bonds

The fair value of bonds is obtained from third-party pricing services, matrix-based pricing, internal models or broker quotes. Third-party pricing services generally use an income-based valuation approach by using a discounted cash-flow model or it may also use a market approach by looking at recent trades of a specific security to determine fair value on public securities or a combination of the two. Typical inputs used by these pricing sources include, but are not limited to: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds, which the Company has determined are observable inputs.

Private placement securities are primarily priced using a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. Specifically, the Barclays Investment Grade Credit Index is used for investment-grade securities and the Citi High Yield Cash Index is used for below investment-grade securities. These indices are two widely recognized, reliable, and well regarded benchmarks by participants in the financial services industry, which represent the broader U.S. public bond markets.

Certain private placement securities that cannot be priced using the matrix pricing described above, are priced by an internally developed discounted cash flow model or are priced based on internal calculations. This model uses observable inputs with a discount rate based off spreads of comparable public bond issues, adjusted for liquidity, rating and maturity. The Company assigns a credit rating for private placement securities based upon internal analysis. The liquidity premium is based upon observable market transactions, while the maturity and rating adjustments are based upon data obtained from Bloomberg. These securities are classified as Level 2.

For some of the private placement securities priced through the model, the liquidity adjustments may not be based on market data, but rather, calculated internally. If the impact of the liquidity adjustment, which usually requires the most judgment, is not significant to the overall value of the security, the security is still classified as Level 2.

Derivatives

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives, which are either exchange-traded, or the fair value is priced using broker quotations. The selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility, and other factors. OTC derivatives that trade in liquid markets, where model inputs are observable for substantially the full term, are classified as Level 2.

Separate accounts assets

These are assets primarily related to investments in U.S. government and treasury securities, corporate bonds, and mortgage-backed securities. These separate accounts assets are valued and assigned within the fair value hierarchy, consistent with the methodologies described herein for similar financial instruments held within the general account of the Company. This also relates to investments in limited partnerships and hedge funds that use NAV where the investment can be redeemed at NAV at the measurement date or in the near-term (generally 90 days).

Level 3 measurements

Bonds

The valuation techniques for most Level 3 bonds are generally the same as those described in Level 2. However, if the investments are less liquid or are lightly traded, there is generally less observable market data, and therefore these investments will be classified as Level 3. Circumstances where observable market data are not available may include events such as market illiquidity and credit events related to the security. In addition, certain securities are priced based upon internal valuations using significant unobservable inputs.

If the price received from third-party pricing services does not appear to reflect market activity, the Company may challenge the price. For securities which go through this formal price challenge process, a non-binding broker quote or internal valuation is used to support the fair value instead. The Company also uses non-binding broker quotes to fair value certain bonds, when the Company is unable to obtain prices from third-party vendors.

Private placement securities where adjustments for liquidity are considered significant to the overall price are classified as Level 3.

Preferred and common stocks

These securities include equity investments with privately held entities, including a government organization, where the prices are derived from internal valuations.

Derivatives

Derivatives that are valued based upon models with any significant unobservable market inputs or inputs from less actively traded markets, or where the fair value is solely derived using broker quotations, are classified as Level 3.

B. The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at March 31, 2020. Since the SSAP 100 hierarchy only applies to items that are measured at fair value at the reporting date, the items in the tables above are subsets of the amounts reported in the following table (in millions).

	Fair Value	Carrying Amount	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Assets:							
Bonds	$ 118,574	$ 112,170	$ 22	$ 114,681	$ 3,870	$ —	$ —
Preferred stocks	89	76	—	50	39	—	—
Common stocks	752	752	535	—	217	—	—
Mortgage loans	19,311	19,180	—	—	19,311	—	—
Cash, cash equivalents and short-term investments	4,822	4,822	2,001	2,821	—	—	—
Derivatives	1,680	1,582	7	1,666	8	—	—
Other invested assets[1]	460	447	—	137	323	—	—
Derivatives collateral	145	145	—	145	—	—	—
Investment income due and accrued	1,403	1,403	—	1,403	—	—	—
Separate accounts assets	12,260	12,273	1,265	9,769	6	1,220	—
Total assets	$ 159,496	$ 152,850	$ 3,830	$ 130,674	$ 23,774	$ 1,220	$ —
Liabilities:							
Deposit fund contracts:							
Funding agreements	$ 22,118	$ 22,187	$ —	$ —	$ 22,118	$ —	$ —
Annuities certain	32	29	—	—	32	—	—
Other deposit funds	624	624	—	—	624	—	—
Premiums paid in advance	106	106	—	106	—	—	—
Derivatives	887	861	—	886	1	—	—
Derivatives - collateral	769	769	—	769	—	—	—
Borrowed money	537	537	—	537	—	—	—
Amounts payable under securities lending	630	630	—	630	—	—	—
Separate accounts liabilities	1	1	1	—	—	—	—
Total liabilities	$ 25,704	$ 25,744	$ 1	$ 2,928	$ 22,775	$ —	$ —

[1] Excludes investments accounted for under the equity method.

Bonds

The fair value of bonds is determined by considering one of four primary sources: (1) security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services, (2) securities are priced using a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices, (3) securities are priced using an internal pricing model or methodology, and (4) securities are submitted to independent brokers for prices.

The pricing service generally uses an income-based valuation approach by using a discounted cash-flow model or it may also use a market approach by looking at recent trades of a specific security to determine fair value or a combination of the two. Typical inputs used by these pricing services include, but are not limited to: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Independent pricing vendors do not supply prices for private placement bonds. These securities are primarily priced using a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. Any private securities that cannot be priced using this methodology, are priced using an internally developed model based upon assigned comparable public issues adjusted for liquidity, maturity and rating, or are priced based on internal calculations. The Company assigns a credit rating based upon internal analysis.

Prices from pricing services and broker quotes are validated on an ongoing basis to ensure the adequacy and reliability of the fair value measurement. The Company performs both quantitative and qualitative analysis of the prices including initial and ongoing review of third-party pricing methodologies, back testing of recent trades, and a thorough review of pricing trends and statistics.

Included in bonds are affiliated bonds from MCF and NYL Investments. The affiliated bond from MCF had a carrying value of $2,682 million and a fair value of $2,480 million at March 31, 2020. The fair value of this security is calculated internally and may include inputs that may be not observable. Therefore, this security is classified as Level 3. The affiliated bond from NYL Investments had a carrying value of $600 million and a fair value of $599 million at March 31, 2020. The fair value of this security is calculated internally using observable inputs and is therefore classified at Level 2.

Preferred and common stocks

The fair value of unaffiliated equity securities is determined by considering one of three primary sources: (1) security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from third-party pricing services, (2) the remaining un-priced securities are submitted to independent brokers for prices, and (3) securities are priced using an internal pricing model or methodology.

Prices from pricing services and broker quotes are validated on an ongoing basis to ensure the adequacy and reliability of the fair value measurement. The Company performs both quantitative and qualitative analysis of the prices including, initial and ongoing review of third-party pricing methodologies, back testing of recent trades, and a thorough review of pricing trends and statistics.

Mortgage loans

The estimated fair value of mortgage loans is determined using an income approach based upon the present value of the expected cash flows discounted at an interpolated treasury yield plus a spread. The spread is based on management's judgment and assumptions and it takes into account property type, loan to value and remaining term of each loan. The spread is a significant component of the pricing inputs.

Cash, cash equivalents, short-term investments and investment income due and accrued

Cash on hand, cash sweeps and money market mutual funds are classified as Level 1. Cash overdrafts (i.e. outstanding checks) are classified as Level 2. Due to the short-term maturities, the carrying value of short-term investments, other cash equivalents and investment income due and accrued is presumed to approximate fair value and is classified as Level 2.

Derivatives (including separate accounts liabilities)

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives that are exchange-traded, which are valued using a market approach as fair value is based on quoted prices in an active market. Where valuation models are used, the selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility, and other factors.

Other invested assets

Other invested assets are principally comprised of LIHTC investments, affiliated loans and certain other investments with characteristics of debt. The fair value of one of the affiliated loans and the LIHTC investments are derived using an income valuation approach, which is based on a discounted cash flow calculation using a discount rate that is determined internally. These investments are classified as Level 3 because the discount rate used is based on management's judgment and assumptions. Refer to Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties, for details on intercompany loans and Note 5 - Investments, for details on LIHTC investments. The fair value of investments with debt characteristics is derived using an income valuation approach, which is based on a discounted cash flow calculation that uses observable inputs. For affiliated loans due within one year, carrying value is deemed to approximate fair value due to the short-term nature of these investments. These investments are classified as Level 2.

Derivatives – collateral (including separate accounts liabilities collateral)

The carrying value of these instruments approximates fair value since these assets and liabilities are generally short-term in nature.

Separate accounts assets

Assets within the separate accounts are primarily invested in bonds and common stock. The fair value of investments in the separate accounts is calculated using the same procedures as are used for bonds and common stocks in the general account.

The separate accounts also invest in limited partnerships and hedge fund investments. The fair value of such partnerships is determined by reference to the limited partnership's NAV. The valuation of the hedge funds is based upon the hedge funds' latest financial statements adjusted for cash activity since that date and estimates of market valuations.

Deposit fund contracts

For funding agreements backing medium term notes, fair values are based on available market prices for the notes. For other funding agreements and annuities certain liabilities, fair values are estimated using discounted cash flow calculations based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued.

For all other deposit funds, estimated fair value is equal to account value.

Premiums paid in advance

For premiums paid in advance, the carrying value of the liability approximates fair value.

Borrowed money

Borrowed money consists of intercompany borrowings, repurchase agreements and other financing arrangements. Due to the short-term nature of the transactions, the carrying value approximates fair value. The Company had no repurchase agreements as of March 31, 2020.

Amounts payable under securities lending

Amounts payable under securities lending consists of cash collateral received under securities lending agreements. The carrying value approximates fair value.

Separate accounts liabilities – deposit-type contracts

For deposit type contracts, which are funding agreements, the proceeds from which are invested primarily in fixed income securities, the carrying value of the liability approximates the fair value of the invested assets. These assets are valued using the same methods described for separate accounts assets.

C. If it is not practicable for an entity to estimate the fair value of that financial instrument or a class of financial instruments, the following shall be disclosed:

(1) – (2) Not applicable.

D. The following table provides additional information for investments that are measured at fair value using NAV as a practical expedient, as allowed under authoritative guidance, for investments that meet specified criteria:

March 31, 2020					
Category of Investment	**Investment Strategy**	**Fair Value Determined Using NAV**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Hedge fund	Long/short equity, futures, options, foreign exchange arbitrage	$ 350	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	0 - 90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	$ 7	$ —	N/A	N/A
Private equity	Leverage buyout, mezzanine financing, distressed securities	$ 864	$ 458	N/A	N/A

Note 3 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

On April 4, 2019, the Company issued surplus notes ("2019 Notes") with a principal balance of $1,000 million, bearing interest at 4.45%, with a maturity date of May 15, 2069. The initial carrying value of the 2019 Notes was $993 million, net of discount. The following table summarizes the Company's surplus notes issued and outstanding as of March 31, 2020:

Date Issued	Interest Rate	Principal Amount of Notes	Carrying Value	Interest Paid Current Year	Total Interest Paid	Accrued Interest	Date of Maturity
04/04/19	4.45%	$1,000	$993	$—	$—	$22	05/15/69
10/08/09	6.75%	$1,000	$999	$34	$648	$25	11/15/39
05/05/03	5.88%	$1,000	$996	$29	$941	$22	05/15/33

The 2019 Notes, 2009 Notes and the 2003 Notes (collectively, the "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 Notes is paid semi-annually on May 15th and November 15th of each year. Interest payments on the 2019 Notes will begin on November 15, 2019.

The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims against the Company. Under New York State Insurance Law, the Notes are not part of the legal liabilities of the Company. Each payment of interest or principal may be made only with the prior approval of the Superintendent of Financial Services of the State of New York ("Superintendent") and only out of surplus funds, which the Superintendent determines to be available for such payments under New York State Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company at any time at the "make-whole" redemption price equal to the greater of: (1) the principal amount of the Notes to be redeemed, or (2) the sum of the present values of the remaining scheduled interest and principal payments on the notes to be redeemed, excluding accrued interest as of the date on which the Notes are to be redeemed, discounted on a semi-annual basis at an adjusted treasury rate plus 20 basis points for the 2003 Notes, 40 basis points for the 2009 Notes and 25 basis points for the 2019 Notes, respectively, plus in each case, the accrued interest on the notes to be redeemed to the redemption date.

No affiliates owned any of the Company's Surplus Notes at March 31, 2020. At March 31, 2020, State Street Bank & Trust Co, Bank of New York Mellon, JP Morgan Chase Bank, Northern Trust and Citibank were each the holder of record at The Depository Trust Company of more than 10% of the outstanding amount of the Notes, with each holding Notes, at least in part, for the accounts of their respective clients

Note 4 - Significant Transactions

On December 17, 2019, the company entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (together, "Cigna"), to acquire Cigna's group life and group disability insurance business (the "Group Business") for a purchase price of $6,300 million, subject to adjustment. The acquisition of the Group Business will include the purchase by the Company of two insurance companies through which the Group Business is primarily conducted. Life Insurance Company of North America and Cigna Life Insurance Company of New York. The acquisition is expected to close in 2020, subject to receipt of applicable regulatory approvals and satisfaction of other customary closing conditions.

Note 5 - Subsequent Events

On April 14, 2020, the Company issued surplus notes ("2020 Notes") with a principal balance of $1,250 million, bearing interest at 3.75%, with a maturity date of May 15, 2050. The initial carrying value of the 2020 Notes was $1,242 million, net of discount. The 2020 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 2020 Notes will be paid semi-annually on May 15th and November 15th of each year, beginning on November 15, 2020.

In March 2020, the World Health Organization declared the novel strain of coronavirus, COVID-19, a global pandemic. Management believes New York Life has a strong balance sheet, ample liquidity, a robust capital position and is well positioned to continue to meet its policy owner commitments and regulatory, capital and financing requirements. The primary concern is protecting New York Life's employees and being there for our policy owners. Nearly all employees and agents are working remotely, while still maintaining our operations and providing services to policy owners. New York Life has taken swift product and underwriting actions to further manage our risk and offering payment flexibility and accommodations to our policy owners. While the impact of these actions and events is minimal to New York Life's financial results for the quarter ended March 31, 2020, we continue to monitor the economic environment and other potential impacts relating to this pandemic.

At May 13, 2020, the date the financial statements were available to be issued, there have been no events occurring subsequent to the close of the Company's books or accounts, other than described above which would have a material effect on the financial condition of the Company.

ANNEX 2

AMENDMENT TO RISK FACTORS

The following should be read in conjunction with, and supplements and amends, the factors described under "Risk Factors—Risk Factors Relating to New York Life" at pages 17 to 30 of the Offering Memorandum and is inserted in replacement of the risk factor "The Coronavirus (COVID-19) Pandemic Could Adversely Affect New York Life's Business" at page 27 of the Offering Memorandum.

The Coronavirus (COVID-19) Pandemic Could Adversely Affect New York Life's Business.

The COVID-19 pandemic continues to spread in the United States and throughout the world. The extent of the impact of the COVID-19 pandemic will depend on numerous factors, all of which are highly uncertain and cannot be predicted. These factors include the length and severity of the outbreak, the responses to the pandemic taken by governments and private sector businesses, and the impacts on New York Life's customers, employees and vendors.

Federal, state and local governments have taken various actions to limit the spread of the disease, including quarantines, travel restrictions, limitations on gatherings, closures of businesses and other social distancing measures. The pandemic has led to significant economic disruption, including declines in interest rates and equity prices, extreme volatility in financial markets, fluctuations in foreign currency exchange rates, reduced economic activity and a sharp increase in unemployment claims. The outbreak of COVID-19 continues to have a major impact on the global economy and the economies of particular countries or regions, on particular industries, including travel and tourism, and on the health system, food supply, consumption, trade and overall economic output.

While the long-term effects of COVID-19 are difficult to assess or predict, the outbreak and governmental and non-governmental responses to the outbreak could have an adverse impact on New York Life's business. Impacts on New York Life's business may include, but are not limited to, increased claims in its life insurance business, operational disruptions, an increase in defaults, downgrades and impairments on obligations in New York Life's investment portfolio, and a reduction in the value and liquidity of New York Life's invested assets. Rising unemployment resulting from government mandated business closures may lead to reduced sales of New York Life's products. Economic uncertainty related to COVID-19 and increased unemployment could cause New York Life's policyowners to withdraw, surrender or take policy loans at greater rates than New York Life expected. Ongoing economic disruptions may lead to further declines and volatility in interest rates and the financial markets, which could adversely affect New York Life's business.

In addition, the COVID-19 pandemic could adversely affect the health of New York Life's employees and agents, and the employees of companies with which New York Life does business, which could disrupt New York Life's business operations. Any of the vendors and other third parties on which New York Life relies for important business functions or activities may fail to perform as a result of the COVID-19 pandemic. Extended periods of remote work arrangements and other unusual business conditions and circumstances as a result of the COVID-19 pandemic could strain New York Life's business continuity plans, introduce operational risk, increase its cybersecurity risks, and impair its ability to manage its business effectively or efficiently.

Although New York Life has taken certain steps to mitigate adverse impacts resulting from the pandemic, these events could have an adverse effect on New York Life's results of operations and cash flows in any period and, depending on their severity, could also adversely affect New York Life's financial condition.