New York Life Global Funding

$19,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM

This supplement ("Base Prospectus Supplement") is supplemental to and must be read in conjunction with the Offering Memorandum dated March 29, 2019, as supplemented by a first base prospectus supplement dated May 30, 2019 (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 Base Prospectus Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the "Prospectus Directive"). The Central Bank of Ireland only approves this Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This document constitutes a base prospectus supplement for the purposes of Article 16 of the Prospectus Directive. References herein to this document are to this Base Prospectus Supplement incorporating Annex 1 hereto.

On August 27, 2019, New York Life Insurance Company ("New York Life") published its interim condensed unaudited financial statements as of June 30, 2019 (including any notes thereto, the "Second Quarter 2019 Financial Statements") and on August 27, 2019 made available New York Life's Summary of Certain Second 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 "Second Quarter 2019 Financial Information"). Annex 1 to this document sets out the Second Quarter 2019 Financial Information at pages 3 to 20 and the Second Quarter 2019 Financial Statements at pages 21 to 34. Copies of the Second Quarter 2019 Financial Information and the Second Quarter 2019 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 pages 35 to 47, amends and restates the provisions described under "Description of the Notes–Pricing Options–Floating Rate Notes" that begin on page 130 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 June 30, 2019 (the date of the Second Quarter 2019 Financial Statements).

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

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

Base Prospectus Supplement dated August 27, 2019

ANNEX 1

SUMMARY OF CERTAIN SECOND QUARTER FINANCIAL INFORMATION

Results of Operations - For the Six Months Ended June 30, 2019 Compared to the Six Months Ended June 30, 2018

Net Income/(Loss)

New York Life's net loss, which is net gain (loss) from operations plus net realized capital gains (losses) (after-tax and transfers to the IMR), was $115 million for the six months ended June 30, 2019 and represented a $807 million decrease from the net income of $692 million reported for the six months ended June 30, 2018. The decrease was primarily driven by lower dividends from New York Life's primary insurance subsidiary, NYLIAC (see "—Net Gain from Operations").

Net Gain/(Loss) from Operations

Net loss from operations (after dividends to policyholders and federal income taxes) for the six months ended June 30, 2019 was $65 million, representing a decrease of $722 million, or 110%, when compared to the net gain from operations of $657 million reported for the six months ended June 30, 2018. Excluding dividends from New York Life's primary insurance subsidiary, NYLIAC, of $600 million in 2018 (see "—Net Investment Income (including amortization of IMR)"), New York Life's net loss from operations for the six months ended June 30, 2019 represented a $122 million decrease, compared to the net gain from operations for the six months ended June 30, 2018, primarily driven by:

- Lower distributed income from limited partnerships and limited liability companies of $75 million (see "—Net Investment Income (including amortization of IMR)"); and
- Lower federal income tax benefit of $51 million, (see "—Federal and Foreign Income Taxes").

Premium Income

Premiums are generated from sales of life insurance and annuities. 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 six months ended June 30, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Agency Life	$ 4,338	$ 4,178	$ 160	4 %
New York Life Direct	799	816	(17)	(2)
Group Membership	361	288	73	25
LTC	150	145	5	3
Total Insurance Business	5,648	5,427	221	4
Institutional Annuities	1,971	3,200	(1,229)	(38)
Retail Annuities	197	130	67	52
Total Annuities Business	2,168	3,330	(1,162)	(35)
Total	**$ 7,816**	**$ 8,757**	**$ (941)**	**(11)%**

Agency Life premiums for the six months ended June 30, 2019 increased $160 million from the same period in the prior year primarily due to higher renewal premiums on permanent products.

Group Membership premiums for the six months ended June 30, 2019 increased $73 million from the same period in the prior year primarily due to premiums from the large group policy acquired during the third quarter of 2018.

Institutional Annuities premiums for the six months ended June 30, 2019 decreased $1,229 million from the same period in the prior year primarily due to lower deposits of $784 million from New York Life's Defined Benefit Pension Plans ("**Pension Plans**"), as well as lower sales from guaranteed investment contracts ("**GICs**") of $310 million and structured settlements of $197 million.

Net Investment Income (including amortization of IMR)

Net investment income for the six months ended June 30, 2019 was $3,253 million, a decrease of $492 million, or 13%, from the $3,745 million reported for the six months ended June 30, 2018. Excluding the $600 million dividends from NYLIAC in the first six months of 2018, net investment income increased $108 million from the same period in the prior year. This increase of $183 million is primarily related to income on fixed income investments from higher average asset balances. This was partially offset by $75 million of lower dividends and distributed income from limited partnerships and limited liability companies. Dividends and distributions from limited partnerships and limited liability companies, other than those deemed a return of capital, are recorded in net investment income when received and therefore can be volatile from period to period.

Other Income

The following table shows the primary components of other income for the six months ended June 30, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Adjustment in funds withheld	$ —	$ (3,862)	$ 3,862	(100)%
Corporate owned life insurance	126	58	68	117
Other	16	48	(32)	(67)
Total	**$ 142**	**$ (3,756)**	**$ 3,898**	**(104)%**

Adjustment in funds withheld includes the impact from an affiliated reinsurance agreement of $3,862 million. This agreement was terminated in 2018. Income from corporate owned life insurance is related to the change in cash surrender value. The increase over the prior year reflects higher appreciation in the equity markets. These policies are used to informally fund the Company's pension and postretirement plans (including deferred compensation) costs.

Benefit Payments

New York Life's benefit payments primarily include death benefits, annuity benefits, accident and health 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 six months ended June 30, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Agency Life	$ 2,748	$ 2,719	$ 29	1 %
New York Life Direct	488	482	6	1
Group Membership	198	178	20	11
LTC	63	55	8	15
Total Insurance Business	3,497	3,434	63	2
Institutional Annuities	2,487	3,644	(1,157)	(32)
Retail Annuities	43	46	(3)	(7)
Total Annuities Business	2,530	3,690	(1,160)	(31)
Total	**$ 6,027**	**$ 7,124**	**$ (1,097)**	**(15)%**

Agency Life benefit payments for the six months ended June 30, 2019 increased $29 million from the same period in the prior year, primarily related to growth in inforce, partially offset by lower assumed benefits expense from the termination of the affiliated reinsurance agreement.

Institutional Annuities benefit payments for the six months ended June 30, 2019 decreased $1,157 million from the same period in the prior year, primarily driven by $656 million of lower withdrawals related to Pension Plans (see "—Net Transfers to (from) Separate Accounts"). In addition, stable value products had lower withdrawals of $419 million and GICs had lower maturities of $51 million in 2019.

Additions to Reserves

The following table shows additions to reserves by business operation for the six months ended June 30, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Agency Life	$ 1,775	$ (2,278)	$ 4,053	(178)%
New York Life Direct	103	122	(19)	(16)
Group Membership	46	1	45	4,500
LTC	150	129	21	16
Total Insurance Business	2,074	(2,026)	4,100	(202)
Institutional Annuities	260	1,566	(1,306)	(83)
Retail Annuities	175	107	68	64
Total Annuities Business	435	1,673	(1,238)	(74)
Total	**$ 2,509**	**$ (353)**	**$ 2,862**	**(811)%**

Agency Life reserves for the six months ended June 30, 2019, excluding the termination of the reinsurance agreement of $3,876 million, increased $177 million from the same period in the prior year primarily due to the aging of the insurance inforce including the receipt of renewal premiums.

Group Membership reserves for the six months ended June 30, 2019 increased $45 million from the same period in the prior year primarily due to additional reserves from the large group policy initiated during the third quarter of 2018 (see "—Premium Income").

Institutional Annuities reserves for the six months ended June 30, 2019 decreased $1,306 million from the same period in the prior year. The decrease is primarily driven by lower net flows (premiums, benefits and net transfers to (from) separate accounts) from the re-balancing of Pension Plans in 2018 along with lower net sales (premiums and benefits) activity for GICs and structured settlements.

Net Transfers to (from) Separate Accounts

The following table shows the components of the net transfers to (from) separate accounts for the six months ended June 30, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Transfers to separate accounts	$ 833	$ 820	$ 13	2 %
Transfers from separate accounts	(832)	(2,183)	1,351	(62)
Total	**$ 1**	**$ (1,363)**	**$ 1,364**	**(100)%**

Net Transfers to (from) separate accounts during the six months ended June 30, 2019 were $1,364 million lower than the same period in the prior year, primarily related to withdrawals from re-balancing the Pension Plans in 2018.

Operating Expenses

The following table shows the components of operating expenses for the six months ended June 30, 2019 and 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
General operating expenses[1]	$ 1,190	$ 1,219	$ (29)	(2)%
Variable sales expenses[2]	512	489	23	5
Total	**$ 1,702**	**$ 1,708**	**$ (6)**	**— %**

[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

Dividends to policyholders for the six months ended June 30, 2019 and 2018 consisted of the following ($ in millions):

	2019	2018	Change $	Change %
Dividends - New York Life policyholders	$ 997	$ 990	$ 7	1 %
Dividends - Closed Block Reinsurance[1]	34	25	9	36
Total	**$ 1,031**	**$ 1,015**	**$ 16**	**2%**

[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 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 six months ended June 30, 2019 and 2018 (in millions):

	2019	2018	Change
Tax on net gain (loss) from operations	**$ (28)**	**$ 113**	**$ (141)**
Tax credits[1]	(29)	(109)	80
Dividends from subsidiaries[2]	—	(126)	126
Tax exempt income	(31)	(16)	(15)
Amortization of IMR	(9)	(10)	1
Excess of book over tax reserves	(2)	20	(22)
Deferred acquisition costs (**“DAC”**) tax	6	5	1
Non-deductible pension and postretirement benefits	12	9	3
Excess of book over tax policyholder dividends	9	8	1
Other	5	(12)	17
Total federal and foreign income tax benefit	**$ (67)**	**$ (118)**	**$ 51**

[1] Tax credits result primarily from investments in low income housing and alternative energy. Unused 2017 tax credits were carried forward and applied in 2018.

[2] Dividends from subsidiaries represent after-tax earnings of the subsidiaries and are not subject to tax when received by New York Life.

Net Realized Capital Gains (Losses)

New York Life reported net realized capital losses after taxes and transfers to the IMR of $50 million for the six months ended June 30, 2019, a decline of $85 million from the net realized capital gains of $35 million reported in the same period in the prior year.

The following table represents net realized capital gains (losses) for the six months ended June 30, 2019 and 2018 (in millions):

	2019	2018	Change
Bonds	$ 58	$ 32	$ 26
Common stocks	2	51	(49)
Limited partnerships and other invested assets	(9)	24	(33)
Derivatives	18	(1)	19
Other[1]	22	7	15
Total before OTTI and capital gains tax	**91**	**113**	**(22)**
OTTI	(95)	(71)	(24)
Capital gains tax benefit[2]	(15)	(8)	(7)
Net realized capital gains (losses) after-tax and before transfers to the IMR	**(19)**	**34**	**(53)**
Capital gains transferred to the IMR[3]	(31)	1	(32)
Net realized capital gains (losses) after-tax	**$ (50)**	**$ 35**	**$ (85)**

[1] For the six months ended June 30, 2019, "Other" primarily represents gains on foreign exchange of $20 million. For the six months ended June 30, 2018, "Other" primarily represents gains on real estate of $8 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 expense (benefit) transferred to the IMR was $8 million and less than $(1) million for the six months ended June 30, 2019 and 2018, respectively.

The following table shows the distribution of OTTI and the year-over-year change in OTTI by asset type for the six months ended June 30, 2019 and 2018 (in millions):

	2019	2018	Change
Limited partnerships and other invested assets	$ (65)	$ (55)	$ (10)
Bonds	(29)	(13)	(16)
Common and preferred stocks	(1)	(3)	2
Total OTTI	**$ (95)**	**$ (71)**	**$ (24)**

Financial Position - At June 30, 2019 Compared to December 31, 2018

Assets

New York Life's total assets at June 30, 2019 were $185,392 million, which was $5,356 million, or 3%, higher than the $180,036 million reported at December 31, 2018. The increase was primarily attributable to:

- $4,449 million higher cash and invested assets, mainly driven by the investment of operating cash flow; and
- $557 million increase in separate accounts assets, mainly due to equity and bond market value appreciation and investment income earned, through June 30, 2019.

Liabilities

New York Life's total liabilities, including AVR, at June 30, 2019 were $163,284 million, which was $4,254 million, or 3%, higher than the $159,030 million reported at December 31, 2018. The increase was primarily attributable to:

- $3,055 million increase in policy reserves and deposit funds. The table below presents policy reserves and deposit funds by line of business at June 30, 2019 and December 31, 2018 ($ in millions):

			Change	
	2019	**2018**	**$**	**%**
Agency Life	$ 79,631	$ 77,871	$ 1,760	2 %
New York Life Direct	2,952	2,855	97	3
Group Membership	1,981	1,941	40	2
LTC	3,299	3,150	149	5
Total Insurance Business	87,863	85,817	2,046	2
Institutional Annuities	45,630	44,791	839	2
Retail Annuities	1,439	1,269	170	13
Total Annuities Business	47,069	46,060	1,009	2
Total	**$ 134,932**	**$ 131,877**	**$ 3,055**	**2%**

- $557 million increase in separate accounts liabilities (see "—Assets").

Statutory Surplus and AVR

Statutory surplus was $22,108 million at June 30, 2019, an increase of $1,102 million, or 5%, from the $21,006 million reported at December 31, 2018. The main drivers of the change in New York Life's statutory surplus and AVR are presented in the following table (in millions):

	2019
Beginning surplus	$ 21,006
Net loss	(115)
Change in net unrealized capital gains[1]	874
Change in deferred taxes	(17)
Change in AVR	(324)
Change in nonadmitted assets	(386)
Pension and postretirement impacts	77
Change in surplus notes	993
Ending surplus	**22,108**
AVR	2,918
Surplus and AVR[2]	**$ 25,026**

[1] Excludes deferred capital gains tax expense on net unrealized capital losses of $46 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 26,396 million at June 30, 2019.

Change in Net Unrealized Capital Gains

The following table details the components of the change in net unrealized capital gains at June 30, 2019 (in millions):

	2019
Affiliated:	
Common stock	$ 194
Other invested assets[1]	460
Total affiliated	$ 654
Unaffiliated:	
Common stock	$ 156
Other invested assets	44
Other	20
Total unaffiliated	**$ 220**
Total change in net unrealized capital gains	**$ 874**

[1] Affiliated other invested assets includes our wholly owned non-insurance subsidiaries. Unrealized gains of $297 million are related to a wholly owned non-insurance subsidiary which is nonadmitted under SAP (see "—Change in nonadmitted assets").

The change in net unrealized capital gains resulted in an increase in surplus of $874 million at June 30, 2019 primarily driven by $654 million from positive operating results from subsidiaries, which are included in both common stock of affiliates and other invested assets. The change in net unrealized capital gains also included $156 million from unaffiliated common stock, due to appreciation in the equity markets during the six months ended June 30, 2019.

Change in Deferred Taxes

The following table details the components of the change in deferred taxes at June 30, 2019 (in millions):

	2019
Deferred income tax benefit on operating results	$ 29
Deferred capital gains tax expense on change in net unrealized capital gains	(46)
Total change in deferred taxes	**$ (17)**

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 increased by $324 million at June 30, 2019, which reduced 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 increase in nonadmitted assets during 2019 that resulted in a decrease to surplus of $386 million during the six months ended June 30, 2019, primarily related to change in unrealized gains from a wholly owned non-insurance subsidiary.

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 $77 million primarily due to the reclassification of actuarial losses and prior service costs into net gain/(loss) from operations during the six months ended June 30, 2019.

Change in Surplus Notes

On April 4, 2019, New York Life 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 2019 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 2019 Notes will be paid semi-annually on May 15th and November 15th of each year, beginning on November 15, 2019.

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

	June 30, 2019	December 31, 2018
Cash and short-term investments:		
Cash and cash equivalents	$ 1,641	$ 2,819
Short-term investments	286	105
Less: securities lending and other short-term liabilities	(1,573)	(1,327)
Net cash and short-term investments	**354**	**1,597**
Liquid bonds:		
U.S. government and agency bonds	7,862	8,288
Public corporate investment-grade bonds & collateralized mortgage obligations ("**CMOs**")[1]	58,981	53,777
Liquid bonds	**66,843**	**62,065**
Equities:		
Public equities	1,371	1,207
Total liquid assets	**68,568**	**64,869**
Other funding sources:		
Bank facility/commercial paper capacity	2,498	1,999
Federal Home Loan Bank available capacity[2]	5,582	4,765
Total other funding sources	**8,080**	**6,764**
Total available liquidity	**$ 76,648**	**$ 71,633**

[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 June 30, 2019, New York Life's borrowing capacity with the Federal Home Loan Bank was $8,591 million, of which $3,009 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 cash outflows primarily relate to the payment of benefits, policy surrenders, policy loans and dividends, withdrawals from GIC's and scheduled maturity of funding agreements associated with its various life insurance, annuity and group pension products, GICs and funding agreements. Cash outflows are also driven by operating expenses and income taxes. 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 contract holder 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 $679 million and $653 million at June 30, 2019 and December 31, 2018, respectively. See "Risk Factors—Risks 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 $8 million to its non-insurance subsidiaries during the six months ended June 30, 2019. New York Life had net returns of capital of $405 million from its non-insurance subsidiaries during the year ended December 31, 2018.

CERTAIN FINANCIAL AND ACCOUNTING MATTERS

Accounting Policies and Principles

Statutory Accounting Practices

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 Statement of Statutory Accounting Principles (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, goodwill is considered to have an indefinite useful life and is tested for impairment. Losses are recorded only when goodwill is deemed impaired;

- 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, 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 $522 million and $535 million at June 30, 2019 and December 31, 2018, 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, which is 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. These dividends are paid out of surplus.

A portion of New York Life's 2019 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 analysis annually during the fourth quarter. 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.

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 June 30, 2019. 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.

	June 30, 2019
	(in millions)
Total Short-Term Debt (less than 1 year)	**$ 454**
AVR	$ 2,918
Surplus:.....	
Surplus notes	2,987
Unassigned funds	19,121
Surplus and AVR.....	**$ 25,026**

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, 2018, 2017 and 2016 has been derived from the annual audited statutory financial statements. The selected financial information for New York Life at and for the six months ended June 30, 2019 and 2018 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 Six Months ended June 30,		At or for the Year ended December 31,		
	2019	2018	2018	2017	2016
	(in millions)				
Statement of Operations Data:					
Total income	$ 11,211	$ 8,746	$ 20,721	$ 22,204	$ 22,061
Dividends - New York Life policyholders[1]	$ 997	$ 990	$ 1,920	$ 1,871	$ 1,851
Dividends - Closed Block Reinsurance[2]	$ 34	$ 25	$ 54	$ 87	$ 93
Net gain (loss) from operations	$ (65)	$ 657	$ 1,285	$ 1,571	$ 607
Net income (loss)	$ (115)	$ 692	$ 1,210	$ 1,480	$ 298
Financial Position Data:					
Total assets	$ 185,392	$ 175,997	$ 180,036	$ 176,766	$ 170,762
Total liabilities	$ 163,284	$ 155,736	$ 159,030	$ 156,409	$ 150,654
Surplus:					
Surplus notes	$ 2,987	$ 1,993	$ 1,994	$ 1,993	$ 1,993
Unassigned funds	19,121	18,267	19,012	18,364	18,115
Surplus	22,108	20,260	21,006	20,357	20,108
Asset valuation reserve[3]	2,918	2,744	2,594	2,652	2,175
Surplus and asset valuation reserve	$ 25,026	$ 23,004	$ 23,600	$ 23,009	$ 22,283
Other Data:					
Equity investment in subsidiaries[4]	$ 10,394	$ 10,096	$ 10,079	$ 11,087	$ 10,313

[1] Dividends to policyholders are discretionary and subject to the approval of New York Life's Board of Directors.

[2] Dividends from the Closed Block Reinsurance are approved by the ceding company.

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

[4] Included in Total assets above.

NEW YORK LIFE INSURANCE COMPANY

CONDENSED STATUTORY FINANCIAL STATEMENTS

As of June 30, 2019 and December 31, 2018 and for the six months ended June 30, 2019 and 2018

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

	June 30, 2019	December 31, 2018
	(in millions)	
Assets		
Bonds	$ 109,942	$ 106,077
Common and preferred stocks	10,648	10,318
Mortgage loans	18,178	17,554
Policy loans	11,355	11,208
Limited partnerships and other invested assets	9,848	9,581
Cash, cash equivalents and short-term investments	1,738	2,835
Derivatives	797	648
Real estate	1,551	1,486
Other investments	189	90
Total cash and invested assets	164,246	159,797
Deferred and uncollected premiums	2,253	1,938
Investment income due and accrued	1,329	1,494
Other assets	6,554	6,354
Separate accounts assets	11,010	10,453
Total assets	$ 185,392	$ 180,036
Liabilities and Surplus		
Liabilities:		
Policy reserves	$ 112,401	$ 109,968
Deposit funds	22,531	21,909
Dividends payable to policyholders	1,947	1,911
Policy claims	941	747
Borrowed money	454	501
Amounts payable under security lending agreements	679	653
Derivatives	436	342
Funds held under coinsurance	3,982	4,048
Other liabilities	5,463	5,369
Interest maintenance reserve	522	535
Asset valuation reserve	2,918	2,594
Separate accounts liabilities	11,010	10,453
Total liabilities	163,284	159,030
Surplus:		
Surplus notes	2,987	1,994
Unassigned surplus	19,121	19,012
Total surplus	22,108	21,006
Total liabilities and surplus	$ 185,392	$ 180,036

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

	Six Months ended June 30,	
	2019	**2018**
	(in millions)	
Income		
Premiums	$ 7,816	$ 8,757
Net investment income	3,253	3,745
Adjustments on funds withheld	—	(3,886)
Other income	142	130
Total income	11,211	8,746
Benefits and expenses		
Benefit payments:		
Death benefits	2,121	2,011
Annuity benefits	628	619
Health and disability insurance benefits	133	125
Surrender benefits	1,188	1,237
Payments on matured contracts	1,663	2,912
Other benefit payments	294	220
Total benefit payments	6,027	7,124
Additions to reserves	2,509	(353)
Net transfers from separate accounts	1	(1,363)
Adjustment in funds withheld	73	76
Operating expenses	1,702	1,708
Total benefits and expenses	10,312	7,192
Gain from operations before dividends and federal income taxes	899	1,554
Dividends to policyholders	1,031	1,015
Gain from operations before federal income taxes	(132)	539
Federal and foreign income taxes	(67)	(118)
Net gain from operations	(65)	657
Net realized capital gains (losses), after tax and transfers to interest maintenance reserve	(50)	35
Net income	$ (115)	$ 692

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

	June 30, 2019	December 31, 2018
	(in millions)	
Surplus, beginning of year	$ 21,006	$ 20,357
Net income	(115)	1,210
Change in net unrealized capital gains on investments	828	(550)
Change in liability for pension and postretirement plans	19	248
Change in nonadmitted assets	(329)	17
Change in reserve valuation basis	—	(236)
Change in asset valuation reserve	(324)	58
Change in net deferred income tax	29	(93)
Change in surplus notes	993	—
Other adjustments, net	1	(5)
Surplus, end of period	$ 22,108	$ 21,006

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

	Six Months ended June 30,	
	2019	**2018**
	(in millions)	
Cash flows from operating activities:		
Premiums received	$ 7,465	$ 17,087
Net investment income received	3,125	6,301
Other	172	249
Total received	10,762	23,637
Benefits and other payments	5,623	13,673
Net transfers (from) to separate accounts	3	(1,702)
Operating expenses	1,729	2,748
Dividends to policyholders	995	1,964
Federal income taxes received	—	(863)
Total paid	8,350	15,820
Net cash from operating activities	2,412	7,817
Cash flows from investing activities:		
Proceeds from investments sold, matured or repaid	9,681	18,973
Cost of investments acquired	(13,940)	(29,168)
Net change in policy loans and premium notes	(147)	(332)
Net cash used in investing activities	(4,406)	(10,527)
Cash flows from financing and miscellaneous activities:		
Surplus Notes	993	—
Other changes in borrowed money	(46)	4
Net inflows from deposit contracts	355	3,729
Other miscellaneous uses	(405)	(608)
Net cash from financing and miscellaneous activities	897	3,125
Net decrease in cash, cash equivalents and short-term investments	(1,097)	415
Cash, cash equivalents and short-term investments, beginning of year	2,835	2,420
Cash, cash equivalents and short-term investments, end of period	$ 1,738	$ 2,835

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 June 30, 2019 and December 31, 2018 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 #	2019	2018
Net Income					
(1) Net income, New York State basis	XXX	XXX	XXX	$(115)	$1,210
(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	(2)	(1)
NYSDFS Seventh Amendment to Regulation No. 172 impact on admitted unearned reinsurance premium**	61	2, 4, 5	15.2, 1, 1	3	2
(3) State permitted practices that increase/(decrease) NAIC SAP:					
(4) Net income, NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$(115)	$1,209
Capital and Surplus					
(5) Statutory capital and surplus, New York State basis	XXX	XXX	XXX	$22,108	$21,006
(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	(126)	(123)
NYSDFS Seventh Amendment to Regulation No. 172 impact on admitted unearned reinsurance premium**	61	2, 4, 5	15.2, 1, 1	52	50
(7) State permitted practices that increase/(decrease) NAIC SAP:					
(8) Capital and surplus, NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$22,181	$21,080

* 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 - Significant Accounting Policy Changes

None

Note 3 - 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 June 30, 2019 (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					
Redeemable preferred stocks	$ —	$ —	$ —	$ —	$ —
Non-redeemable preferred stocks	—	2	9	—	12
Total preferred stocks	—	2	9	—	12
2. Bonds					
U.S. corporate	—	5	16	—	21
Non-agency residential mortgage-backed securities	—	—	—	—	—
Non-agency commercial mortgage-backed securities	—	—	—	—	—
Non-agency asset-backed securities	—	5	1	—	6
Total bonds	—	11	17	—	27
3. Common stocks	1,320	—	185	—	1,505
4. Derivative assets					
Interest rate swaps	—	360	—	—	360
Foreign currency swaps	—	423	—	—	423
Inflation swaps	—	—	—	—	—
Interest rate options	—	—	1	—	1
Foreign currency forwards	—	—	—	—	—
Futures	—	—	—	—	—
Total derivative assets	—	784	1	—	785
5. Separate accounts assets	1,232	3,578	3	1,196	6,009
Total assets at fair value	2,552	4,374	215	1,196	8,338
b Liabilities at fair value					
1. Derivative liabilities					
Interest rate swaps	$ —	$ 165	$ —	$ —	$ 165
Foreign currency swaps	—	174	—	—	174
Inflation swaps	—	97	—	—	97
Foreign currency forwards	—	—	—	—	—
Futures	—	—	—	—	—
Total derivative liabilities	—	435	—	—	435
2. Separate accounts liabilities - derivatives[1]	—	—	—	—	—
Total liabilities at fair value	$ —	$ 435	$ —	$ —	$ 436

[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 June 30, 2019 (in millions):

	Balance at 03/31/2019	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 6/30/2019
Non-redeemable preferred stocks	$ 9	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 9
Bonds										
U.S. corporate	1	16	—	—	(1)	—	—	—	—	16
Non-agency asset-backed securities	—	—	—	(1)	2	—	—	—	—	1
Total bonds	1	16	—	(1)	1	—	—	—	—	17
Common stocks	204	—	—	—	(1)	5	—	(23)	—	185
Derivatives	4	—	—	(6)	3	—	—	—	—	1
Separate accounts assets[1]	3	—	(3)	—	—	3	—	—	—	3
Total	$ 221	$ 16	$ (3)	$ (7)	$ 3	$ 8	$ —	$ (23)	$ —	$ 215

[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 between Levels 1 and 2

During the three months ended June 30, 2019, there were no transfers between Levels 1 and 2.

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 $16 million for the three months ended June 30, 2019, which primarily relates to $16 million of U.S. corporate securities that were measured at amortized cost at the beginning of the period and are measured at fair value at the end of the period. Transfers out of Level 3 totaled $3 million for the three months ended June 30, 2019, which primarily relates to $3 million of separate accounts assets consisting of non-agency asset backed securities that were moved from Level 3 to Level 2.

(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 June 30, 2019, the Company did not have any price challenges on general account and separate accounts 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

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 June 30, 2019. 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	$ 118,284	$ 109,942	$ —	$ 114,856	$ 3,428	$ —	$ —
Preferred stocks	75	59	—	39	37	—	—
Common stocks	1,505	1,505	1,320	—	185	—	—
Mortgage loans	18,836	18,178	—	—	18,836	—	—
Cash, cash equivalents and short-term investments	1,738	1,738	349	1,389	—	—	—
Derivatives	808	797	—	807	1	—	—
Other invested assets[1]	375	354	—	132	242	—	—
Derivatives collateral	112	112	—	112	—	—	—
Investment income due and accrued	1,329	1,329	—	1,329	—	—	—
Separate accounts assets	11,062	11,010	1,232	8,631	3	1,196	—
Total assets	$ 154,124	$ 145,024	$ 2,901	$ 127,294	$ 22,732	$ 1,196	$ —
Liabilities:							
Deposit fund contracts:							
Funding agreements	$ 19,990	$ 19,797	$ —	$ —	$ 19,990	$ —	$ —
Annuities certain	41	37	—	—	41	—	—
Other deposit funds	617	617	—	—	617	—	—
Premiums paid in advance	85	85	—	85	—	—	—
Derivatives	437	436	—	437	—	—	—
Derivatives - collateral	406	406	—	406	—	—	—
Borrowed money	454	454	—	454	—	—	—
Amounts payable under securities lending	679	679	—	679	—	—	—
Separate accounts liabilities	352	352	—	352	—	—	—
Total liabilities	$ 23,060	$ 22,863	$ —	$ 2,413	$ 20,647	$ —	$ —

[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 $2,268 million and a fair value of $2,287 million at June 30, 2019. 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 $633 million at June 30, 2019. 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 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, cash equivalents and investment income due and accrued is presumed to approximate fair value.

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 June 30, 2019.

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:

June 30, 2019

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	$ 411	$ —	Annual, Semi-Annual, Quarterly, Monthly, Daily	0 - 90 days (Assets subject to lock-up periods)
Hedge fund	Distressed securities, multi-strategy	$ 10	$ —	Semi-Annual, Quarterly	60 - 90 days (Assets subject to lock-up periods)
Private equity	Leverage buyout, mezzanine financing, distressed securities	$ 753	$ 506	N/A	N/A
Collective investment trust	Investment grade fixed income	$ 24	$ —	On request	N/A

Note 4 - 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 June 30, 2019:

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	$—	$—	$—	05/15/69
10/08/09	6.75%	$1,000	$999	$34	$648	$—	11/15/39
05/05/03	5.88%	$1,000	$995	$29	$941	$—	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 June 30, 2019. At June 30, 2019, 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 5 - Significant Transactions

None

Note 6 - Subsequent Events

As of August 13, 2019, 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 for the accompanying annual statement that would have a material effect on the financial condition of the Company.

ANNEX 2

The following is inserted in replacement of the the provisions described under "Description of the Notes–Pricing Options–Floating Rate Notes" that begin on page 130 of the Offering Memorandum.

Floating Rate Notes

Generally. Interest on a Series of Floating Rate Notes will be determined by reference to one or more of the CMT Rate, the Commercial Paper Rate, EURIBOR, the Federal Funds Rate, LIBOR, the Prime Rate, SOFR, the Treasury Rate (each, an "**Interest Rate Basis**"), or such other Interest Rate Basis or interest rate formula as may be specified in the applicable Final Terms.

The applicable Final Terms will specify certain terms of a Series of Floating Rate Notes, including: whether such Series of Floating Rate Notes is a Series of "Regular Floating Rate Notes" or "Floating Rate/Fixed Rate Notes", the Fixed Rate Commencement Date, if applicable, Fixed Interest Rate, if applicable, Interest Rate Basis or Bases, Initial Interest Rate, if any, the first Interest Reset Date, Interest Reset Dates, Interest Payment Dates, Index Maturity, Maximum Interest Rate and/or Minimum Interest Rate, if any, and Spread and/or Spread Multiplier, if any, as such terms are defined below. If one or more of the Interest Rate Bases for any Series of Floating Rate Notes is LIBOR or the CMT Rate, the applicable Final Terms will also specify the LIBOR Currency and LIBOR Page or the CMT Maturity Index and CMT Reuters Page, respectively, as such terms are defined below.

The rate at which a Series of Floating Rate Notes will bear interest will be determined as follows:

Unless such Series of Floating Rate Notes is designated as a Series of "Floating Rate/Fixed Rate Notes" or a Series of "Inverse Floating Rate Notes", or as having an Addendum attached or having "Other/Additional Provisions" apply, in each case relating to a different interest rate formula, such Series of Floating Rate Notes will be designated as a Series of "**Regular Floating Rate Notes**" and, except as described below or in the applicable Final Terms, will bear interest at the rate determined by reference to the Interest Rate Basis or Bases for such Series (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Regular Floating Rate Note shall be payable shall be reset as of each Interest Reset Date; *provided, however*, that the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate.

If such Series of Floating Rate Notes is designated as a Series of "**Floating Rate/Fixed Rate Notes**", then, except as described below, such Series of Floating Rate Notes will bear interest at the rate determined by reference to the Interest Rate Basis or Bases for such Series (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Series of Floating Rate/Fixed Rate Notes shall be payable shall be reset as of each Interest Reset Date; *provided, however*, that (a) the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate and (b) the interest rate in effect (the "**Fixed Interest Rate**") for the period commencing on the date specified therefor in the applicable Final Terms (the "**Fixed Rate Commencement Date**") to the Stated Maturity Date shall be the interest rate so specified in such applicable Final Terms or, if no such rate is specified, the interest rate in effect thereon on the day immediately preceding the Fixed Rate Commencement Date. For the period during which the Fixed Interest Rate is in effect, interest shall be calculated and paid as specified above under "Fixed Rate Notes."

The "**Spread**" for a Series of Floating Rate Notes is the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to such Series of Floating Rate Notes. The "**Spread Multiplier**" is the percentage of the related Interest Rate Basis or Bases applicable to such Series of Floating Rate Notes by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate on such Series of Floating Rate Notes. The "**Index Maturity**" is the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

Subject to the provisions of the applicable Final Terms, the interest rate with respect to each Interest Rate Basis for a Series of Floating Rate Notes will be determined in accordance with the applicable provisions below. Subject to the provisions of the applicable Final Terms and except as set forth above, the interest rate in effect on each day shall be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date.

The applicable Final Terms will specify the dates on which the rate of interest on a Series of Floating Rate Notes will be reset daily, weekly, monthly, quarterly, semiannually or annually or on such other specified basis (each, an "**Interest Reset Period**")

and the dates on which such rate of interest will be reset (each, an "**Interest Reset Date**"). Subject to the provisions of the applicable Final Terms, the Interest Reset Dates will be, in the case of a Series of Floating Rate Notes which reset:

- daily, each Business Day;
- on each U.S. Government Securities Business Day, each such U.S. Government Securities Business Day; *provided, however*, that in respect of any Interest Period, the last two U.S. Government Securities Business Days of such Interest Period shall be a suspension period. During a suspension period, the reference rate for each day during that suspension period will be the reference rate for the Interest Reset Date immediately prior to the first day of the suspension period;
- weekly, the Wednesday of each week (with the exception of weekly reset Floating Rate Notes as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset the Tuesday of each week);
- monthly, the third Wednesday of each month;
- quarterly, the third Wednesday of March, June, September and December of each year;
- semiannually the third Wednesday of the two months specified in the applicable Final Terms; and
- annually, the third Wednesday of the month specified in the applicable Final Terms;

provided, however, that, with respect to each Series of Floating Rate/Fixed Rate Notes, the rate of interest thereon will not reset after the applicable Fixed Rate Commencement Date. If any Interest Reset Date for any Series of Floating Rate Notes would otherwise be a day that is not a Business Day, such Interest Reset Date will be postponed to the next succeeding Business Day, except that in the case of a Series of Floating Rate Notes as to which LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day.

Interest Determination Date. The interest rate applicable to an Interest Reset Period commencing on the related Interest Reset Date will be the rate determined by the Calculation Agent (as hereinafter defined) as of the applicable Interest Determination Date and calculated on or prior to the Calculation Date (as hereinafter defined), except with respect to LIBOR, which will be calculated on such Interest Determination Date. The "Interest Determination Date" with respect to the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the Business Day immediately preceding the related Interest Reset Date; the "Interest Determination Date" with respect to the CMT Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; the "Interest Determination Date" with respect to EURIBOR will be the second TARGET Settlement Date immediately preceding each Interest Reset Date; the "Interest Determination Date" with respect to LIBOR will be the second London Banking Day immediately preceding the applicable Interest Reset Date, unless the LIBOR Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date; and the "Interest Determination Date" with respect to SOFR will be as specified in the applicable Final Terms. With respect to the Treasury Rate, the "Interest Determination Date" will be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as hereinafter defined) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless such Monday is a legal holiday, in which case the auction is normally held on the immediately succeeding Tuesday although such auction may be held on the preceding Friday); *provided, however*, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" will be such preceding Friday. The "Interest Determination Date" pertaining to any Series of Floating Rate Notes the interest rate of which is determined by reference to two or more Interest Rate Bases will be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date for such Series of Floating Rate Notes on which each Interest Rate Basis is determinable. Each Interest Rate Basis will be determined as of such date, and the applicable interest rate will take effect on the applicable Interest Reset Date.

Notwithstanding the foregoing, any Series of Floating Rate Notes may also have either or both of the following: (i) a Maximum Interest Rate, or ceiling, that may accrue during any Interest Period and (ii) a Minimum Interest Rate, or floor, that may accrue during any Interest Period. In addition to any Maximum Interest Rate that may apply to any Series of Floating Rate Notes, the interest rate on such Series of Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Interest Payment Dates. Subject to the provisions of the applicable Final Terms and except as provided below, the date(s) on which interest on a Series of Floating Rate Notes is payable (each, an "**Interest Payment Date**" with respect to such Series of Floating Rate Notes) will be the Maturity Date and, in the case of a Series of Floating Rate Notes which reset:

- daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the applicable Final Terms;

- quarterly, the third Wednesday of March, June, September and December of each year;

- semiannually, the third Wednesday of the two months of each year specified in the applicable Final Terms; and

- annually, the third Wednesday of the month of each year specified in the applicable Final Terms.

Payment Date not a Business Day. Subject to the provisions of the applicable Final Terms, if any Interest Payment Date other than the Maturity Date for a Series of Floating Rate Notes would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, except that in the case of a Series of Floating Rate Notes as to which LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day. If the Maturity Date of any Series of Floating Rate Notes falls on a day that is not a Business Day, the required payment of principal, any premium and interest, and any Additional Amounts, will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue in respect of such payment made on that next succeeding Business Day.

Calculations. All percentages resulting from any calculation on any Series of Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five-one millionths of a percentage point rounded upwards (*e.g.*, 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655)), and all amounts used in or resulting from such calculation on such Series of Floating Rate Notes will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of euro or other currency, to the nearest unit (with one-half cent or unit being rounded upwards).

With respect to each Series of Floating Rate Notes, accrued interest is calculated by multiplying its principal amount by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in the applicable Interest Period. Subject to the provisions of the applicable Final Terms, the interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, in the case of any Series of Floating Rate Notes for which an applicable Interest Rate Basis is the Commercial Paper Rate, the Federal Funds Rate, LIBOR or the Prime Rate, or by the actual number of days in the year in the case of any Series of Floating Rate Notes for which an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate.

The applicable Final Terms will specify the "**Calculation Agent**" for a Series of Floating Rate Notes. Upon request of the Registered Holder of any Floating Rate Note in registered form or the bearer of any Floating Rate Note in bearer form, the Calculation Agent will disclose the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next succeeding Interest Reset Date with respect to such Floating Rate Note. Subject to the provisions of the applicable Final Terms, the "**Calculation Date**", if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or the Maturity Date, as the case may be.

Subject to the provisions of the applicable Final Terms, with respect to each Series of Floating Rate Notes, the Calculation Agent shall determine each Interest Rate Basis in accordance with the following provisions:

"**H.15 Daily Update**" means the daily update of H.15, available through the internet site of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15/update/, or any successor site or publication.

"**H.15**" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

CMT Rate. "**CMT Rate**" means:

(i) If CMT Reuters Page FRBCMT is specified in the applicable Final Terms:

a. the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified in the applicable Final Terms as the yield is displayed on Reuters, Inc. (or any successor service) on page FRBCMT (or any other page as may replace the specified page on that service

under the caption "Treasury Constant Maturities") ("**Reuters Page FRBCMT**") for the particular Interest Determination Date, or

b. if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Index Maturity and for the particular Interest Determination Date as published in H.15 under the caption "Treasury Constant Maturities", or

c. if the rate referred to in clause (b) does not so appear in H.15, the rate on the particular Interest Determination Date for the period of the particular Index Maturity as may then be published by either the Federal Reserve System Board of Governors or the Treasury Department that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15, or

d. if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three leading primary United States government securities dealers in the United States (which may include the Purchasing Agents or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than one year shorter than that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

e. if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

f. if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

g. if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

h. if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular Interest Determination Date.

(ii) If CMT Reuters Page FEDCMT is specified in the applicable Final Terms:

a. the percentage equal to the one-week or one-month, as specified in the applicable Final Terms, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified in the applicable Final Terms as the yield is displayed on Reuters, Inc. (or any successor service) on Page FEDCMT (or any other page as may replace the specified page on that service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

b. if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT, the percentage equal to the one-week or one-month, as specified in the applicable Final Terms, average yield for United States

Treasury securities at "constant maturity" having the particular Index Maturity and for the week or month, as applicable, preceding the particular Interest Determination Date as published in H.15 opposite the caption "Treasury Constant Maturities", or

c. if the rate referred to in clause (b) does not so appear in H.15, the one-week or one-month, as specified in the applicable Final Terms, average yield for United States Treasury securities at "constant maturity" having the particular Index Maturity as otherwise announced by the FRBNY for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

d. if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than one year shorter than that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

e. if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

f. if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

g. if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

h. if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that Interest Determination Date.

If two United States Treasury securities with an original maturity greater than the Index Maturity specified in the applicable Final Terms have remaining terms to maturity equally close to the particular Index Maturity, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

Commercial Paper Rate. "**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"), the Money Market Yield (as hereinafter defined) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Final Terms as published in H.15 under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Final Terms as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in the

United States (which may include the Purchasing Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Final Terms placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; *provided, however*, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

EURIBOR. EURIBOR Notes will bear interest at the rates (calculated with reference to the European inter-bank offered rate for deposits in euro, or "EURIBOR", and the Spread and/or Spread Multiplier, if any) specified in such EURIBOR Note and any applicable Final Terms.

"**EURIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Series of EURIBOR Notes or a Series of Floating Rate Notes for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, as that rate appears on Reuters, Inc., or any successor service, on page EURIBOR01 (or any other page as may replace that specified page on that service) ("**Reuters Page EURIBOR01**") as of the Reference Time (as defined below).

(ii) If such rate does not appear on Reuters Page EURIBOR01, or is not so published by the Reference Time as specified in clause (i) above, except as provided in clause (iii) below such rate will be calculated by the Calculation Agent and will be the arithmetic mean of at least two quotations obtained by the Calculation Agent after requesting the principal Euro-zone (as defined below) offices of four major banks in the Euro-zone interbank market to provide the Calculation Agent with its offered quotation for deposits in euros for the period of the Index Maturity specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately the Reference Time and in a principal amount not less than the equivalent of $1 million in euros that is representative for a single transaction in euro in that market at that time. If fewer than two such quotations are so provided, the rate on the applicable EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately the Reference Time by four major banks in the Euro-zone for loans in euro to leading European banks, having the Index Maturity specified in the applicable Final Terms commencing on the applicable Interest Reset Date and in a principal amount not less than the equivalent of $1 million in euros that is representative for a single transaction in euros in that market at that time. If the banks so selected by the Calculation Agent are not quoting as mentioned above, EURIBOR will be EURIBOR in effect on the applicable EURIBOR Interest Determination Date.

(iii) Notwithstanding clause (ii) above, if the Issuer or New York Life determines that a Benchmark Transition Event (as defined below) and its related Benchmark Replacement Date (as defined below) have occurred prior to the Reference Time in respect of any determination of EURIBOR on any date, the Benchmark Replacement (as defined below) will replace EURIBOR for all purposes relating to the relevant Series of Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer or New York Life will have the right to make Benchmark Replacement Conforming Changes (as defined below) from time to time. Any determination, decision or election that may be made by the Issuer or New York Life pursuant to this clause (iii) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or New York Life's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the relevant series of Floating Rate Notes, shall become effective without

consent from any other party. In connection with any such variation to EURIBOR in accordance with this clause (iii), the Issuer and New York Life shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

"**Euro-zone**" means the region comprised of member states of the EU that have adopted the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on EU.

Federal Funds Rate. "**Federal Funds Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Federal Funds Rate (a "**Federal Funds Rate Interest Determination Date**"), the rate on such date for United States dollar Federal funds as published in H.15 under the heading "Federal Funds (Effective)", as such rate is displayed on Reuters, Inc. (or any successor service) on page FEDFUND 01 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUND 01**"), or, if such rate does not appear on Reuters Page FEDFUND 01 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar Federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Reuters Page FEDFUND 01 or is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar Federal funds arranged by three leading brokers of United States dollar Federal funds transactions in The City of New York (which may include the Purchasing Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; *provided, however*, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. "**LIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the LIBOR Currency (as defined below) having the Index Maturity specified in such applicable Final Terms, commencing on such Interest Reset Date, that appears on the LIBOR Page as of the Reference Time. In the event such rate does not appear on the LIBOR Page as of the Reference Time, then the Calculation Agent will consult with an investment bank of national standing (which may include an affiliate of any of the Purchasing Agents) to determine whether there is an industry accepted substitute or successor base rate to LIBOR. If, after such consultation, the Calculation Agent determines that there is an industry accepted substitute or successor base rate, the Calculation Agent shall use such substitute or successor base rate on such LIBOR Interest Determination Date. In such case, the Calculation Agent in its sole discretion may (without implying a corresponding obligation to do so) also implement changes to the definition of Business Day, the LIBOR Interest Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant Business Day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless the Calculation Agent determines that there is an industry accepted substitute or successor base rate as so provided in this (i), the procedures in (ii) below will apply.

(ii) If no offered rate appears on the LIBOR Page as of the Reference Time, as specified in clause (i) above, except as provided in clause (iii) below, the Calculation Agent will select four major banks in the London interbank market (which may include affiliates of the Purchasing Agents) and will request each of their principal London offices to provide a quotation of the offered rate at which deposits in the LIBOR Currency for the period of the Index Maturity specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market as of approximately the Reference Time and in a principal amount that is representative for a single transaction in the LIBOR Currency in such market at such time. If at least two quotations are provided, LIBOR will be the arithmetic average (rounded upward if necessary to the nearest 0.00001 of 1%) of the quotations provided. If less than two quotations are provided, the Calculation Agent, after consultation with an investment bank of national standing (which may include an affiliate of any of the Purchasing Agents), will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it as of approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date for loans in the LIBOR Currency for the period of the Index Maturity specified in the applicable Final Terms, commencing on the applicable Interest Reset Date, to leading European banks and in a principal amount that is representative for a single transaction in the LIBOR Currency at such time. If three quotations are provided, LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations

provided. Otherwise, the Calculation Agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate LIBOR in the LIBOR Currency for the period of the Index Maturity specified in the applicable Final Terms or any of the foregoing lending rates, shall determine LIBOR on the relevant LIBOR Interest Determination Date in its sole discretion. Notwithstanding the foregoing, if the Calculation Agent is unable or refuses to exercise such discretion with respect to any such LIBOR Interest Determination Date, LIBOR for such LIBOR Interest Determination Date will be equal to LIBOR in effect on the most recently preceding LIBOR Interest Determination Date.

(iii) Notwithstanding clause (ii) above, if the Issuer or New York Life determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of LIBOR on any date, the Benchmark Replacement will replace LIBOR for all purposes relating to the relevant Series of Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer or New York Life will have the right to make Benchmark Replacement Conforming Changes from time to time. Any determination, decision or election that may be made by the Issuer or New York Life pursuant to this clause (iii) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or New York Life's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the relevant series of Floating Rate Notes, shall become effective without consent from any other party. In connection with any such variation to LIBOR in accordance with this clause (iii), the Issuer and New York Life shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

"**Benchmark**" means, initially, EURIBOR or LIBOR, as the case may be; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to EURIBOR or LIBOR, as the case may be, or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the Interpolated Benchmark; *provided* that if the Issuer or New York Life cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or New York Life as of the Benchmark Replacement Date:

(i) only with respect to a Series of Floating Rate Notes for which the Benchmark is LIBOR, the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;

(ii) only with respect to a Series of Floating Rate Notes for which the Benchmark is LIBOR, the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;

(iii) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Index Maturity and (b) the Benchmark Replacement Adjustment;

(iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;

(v) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or New York Life as the replacement for the then-current Benchmark for the applicable Corresponding Index Maturity giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar or euro denominated floating rate notes, as the case may be, at such time and (b) the Benchmark Replacement Adjustment.

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or New York Life as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or New York Life giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Index Maturity" solely when such Index Maturity is longer than the Interest Period and other administrative matters) that the Issuer or New York Life decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or New York Life decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or New York Life determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or New York Life determines is reasonably necessary).

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark:

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"**Compounded SOFR**" means the compounded average of SOFRs for the applicable Corresponding Index Maturity, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or New York Life in accordance with:

(i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; *provided* that:

(ii) if, and to the extent that, the Issuer or New York Life determines that Compounded SOFR cannot be determined in accordance with clause (i) above, then the rate, or methodology for this rate, and conventions for this rate that have

been selected by the Issuer or New York Life giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

"**Corresponding Index Maturity**" with respect to a Benchmark Replacement means an Index Maturity (including overnight) having approximately the same length (disregarding Business Day adjustment) as the applicable Index Maturity for the then-current Benchmark.

"**FRBNY's Website**" means the website of the FRBNY at http://www.newyorkfed.org, or any successor source.

"**Interpolated Benchmark**" with respect to the Benchmark means the rate determined for the Corresponding Index Maturity by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Index Maturity and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Index Maturity.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**ISDA Definitions**" means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"**ISDA Fallback Adjustment**" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable Index Maturity.

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable Index Maturity excluding the applicable ISDA Fallback Adjustment.

"**LIBOR Currency**" means, with respect to a Series of Floating Rate Notes as to which LIBOR shall be calculated, the currency specified in the applicable Final Terms or, if no such currency is specified in the applicable Final Terms, United States dollars.

"**LIBOR Page**" means, with respect to a Series of Floating Rate Notes as to which LIBOR shall be calculated, the display on Reuters (or any successor service) on the page specified in such applicable Final Terms (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency.

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Interest Rate Basis is EURIBOR, 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date, (2) if the Interest Rate Basis is LIBOR, 11:00 A.M., London time, on the applicable LIBOR Interest Determination Date, and (3) if the Interest Rate Basis is not EURIBOR or LIBOR as a result of a Benchmark Transition Event, the time determined by the Issuer or New York Life in accordance with the Benchmark Replacement Conforming Changes.

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board and/or the FRBNY or any successor thereto.

"**Term SOFR**" means the forward-looking term rate for the applicable Corresponding Index Maturity based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

For purposes of the preceding definitions of "Compounded SOFR" and "Term SOFR," "**SOFR**" with respect to any day means the secured overnight financing rate published for such day by the FRBNY, as the administrator of the benchmark, (or a successor administrator) on the FRBNY's Website.

Prime Rate. "**Prime Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Prime Rate (a "**Prime Rate Interest Determination Date**"), the rate on such date as such rate is published in H.15 under the caption "Bank Prime Loan" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily

Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as hereinafter defined) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include affiliates of the Purchasing Agents) in The City of New York selected by the Calculation Agent; *provided, however,* that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"**Reuters Screen US PRIME 1 Page**" means the display on the Reuter Money 3000 Service (or any successor service) on the "US PRIME 1" page (or such other page as may replace the US PRIME 1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

SOFR. "**SOFR**" means, with respect to any Interest Reset Date:

(i) the Secured Overnight Financing Rate in respect of the U.S. Government Securities Business Day immediately preceding such Interest Reset Date as provided by the FRBNY, as the administrator of such rate (or a successor administrator) on the FRBNY's Website at 5:00 p.m. (New York time) on such Interest Reset Date; or

(ii) If the Secured Overnight Financing Rate does not appear on such Interest Reset Date as specified in clause (i) above, unless both a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have occurred, the Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day on which the Secured Overnight Financing Rate was published on the FRBNY's Website; or

(iii) If a SOFR Index Cessation Event and a SOFR Index Cessation Effective Date have occurred, the rate that was recommended as the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or FRBNY or a committee officially endorsed or convened by the Federal Reserve Board and/or FRBNY for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank or other designated administrator, and which rate may include any adjustments or spreads); provided that if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Event, then the rate for each Interest Reset Date occurring on or after the SOFR Index Cessation Effective Date will be determined as if (a) references to SOFR were references to OBFR, (b) references to U.S. Government Securities Business Day were references to New York City Banking Day, (c) references to SOFR Index Cessation Event were references to OBFR Index Cessation Event and (d) references to SOFR Index Cessation Effective Date were references to OBFR Index Cessation Effective Date; and provided further that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Event and an OBFR Index Cessation Event has occurred, then the rate for each Interest Reset Date occurring on or after the SOFR Index Cessation Effective Date will be determined as if (x) references to SOFR were references to FOMC Target Rate, (y) references to U.S. Government Securities Business Day were references to New York City Banking Day and (z) references to the FRBNY's Website were references to the Federal Reserve's Website.

(iv) The following definitions apply to the preceding definition of "SOFR":

"**Federal Reserve's Website**" means the website of Federal Reserve System Board of Governors currently at http://www.federalreserve.gov, or any or any successor website of the Federal Reserve System Board of Governors.

"**FOMC Target Rate**" means, the short-term interest rate target set by the Federal Open Market Committee and published on the Federal Reserve's Website or, if the Federal Open Market Committee does not target a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's Website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range).

"**New York City Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.

"**OBFR**" means, with respect to any Interest Reset Date, the daily Overnight Bank Funding Rate in respect of the New York City Banking Day immediately preceding such Interest Reset Date as provided by the FRBNY, as the administrator of such rate (or a successor administrator), on the FRBNY's Website at 5:00 p.m. (New York time) on such Interest Reset Date.

"**OBFR Index Cessation Effective Date**" means, in respect of an OBFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of OBFR), ceases to publish the OBFR, or the date as of which the OBFR may no longer be used.

"**OBFR Index Cessation Event**" means the occurrence of one or more of the following events:

a. a public statement by the FRBNY (or a successor administrator of the OBFR) announcing that it has ceased or will cease to publish or provide the OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the OBFR;

b. the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the OBFR) has ceased or will cease to provide the OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the OBFR; or

c. a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the OBFR that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as an "OBFR Index Cessation Event" under the ISDA Definitions.

"**Secured Overnight Financing Rate**" means the Reference Rate provided by the FRBNY, as the administrator of such Reference Rate (or a successor administrator) on the FRBNY's Website.

"**SIFMA**" means the Securities Industry and Financial Markets Association.

"**SOFR Index Cessation Effective Date**" means, in respect of a SOFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used.

"**SOFR Index Cessation Event**" means the occurrence of one or more of the following events:

a. a public statement by the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate;

b. the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or

c. a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the Secured Overnight Financing Rate that applies to, but need not be limited to, fixed income securities and derivatives, to the extent that such public statement has been acknowledged in writing by ISDA as a "SOFR Index Cessation Event" under the ISDA Definitions.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities.

Treasury Rate. "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the

United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Final Terms under the caption "INVESTMENT RATE" on the display on Reuters (or any successor service) on page USAUCTION 10 (or any other page as may replace such page on such service) or page USAUCTION 11 (or any other page as may replace such page on such service) or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as hereinafter defined) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S Government Securities/Treasury Bills/Auction High" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the Treasury Department. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Final Terms is not so announced by the Treasury Department, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Final Terms as published in H.15 under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three primary United States government securities dealers (which may include the Purchasing Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Final Terms; *provided, however,* that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.