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**Joseph J. Shannon, J.D.**  
**Corporate Vice President**

September 19, 2008

**Re: New York Life's Financial Stability**

At New York Life we continue to have a very strong and positive story to tell. Our company's liquidity is as strong as it has ever been. Our \$14 billion in capital and conservative policy reserves stand tall. The rating agencies have affirmed our unsurpassed financial strength, and they have cited very favorably our strong capital position, our abundant liquidity, and the strength of our investment and risk management practices.

As of June 30, 2008 the New York Life's cash and invested asset portfolio totaled more than \$150 billion. Within this portfolio we hold \$396 million of Freddie Mac bonds and \$315 million of Fannie Mae bonds, representing 0.3% and 0.2% of cash and invested assets, respectively. It now appears that the federal government is standing behind the Fannie Mae and Freddie Mac debt. Therefore, New York Life's risk in connection with those government-sponsored entities may in fact be virtually zero.

New York Life's investments also include \$61 million of Lehman Brothers debt securities, representing 0.04% of cash and invested assets. These investments, relative to the size of the overall portfolio, do not present a material risk or have a detrimental effect on the financial condition of New York Life. There is a similar story in the subprime mortgage area as well – where New York Life's exposure to subprime mortgage investments is only 0.3% of our overall portfolio. This avoidance of material exposure is directly related to New York Life's investment philosophy of maintaining diversification. A diversified portfolio, across a spectrum of asset classes and issuers, protects the Company and its policyholders against problems in specific areas.

In addition, S&P and Fitch recently affirmed that New York Life holds their highest possible ratings for financial strength. Moody's and AM Best continue to give New York Life their highest ratings as well.

Each year New York Life invests approximately \$20 billion on behalf of our policyholders. As our chief investment officer recently explained to policyholders, our investment process is based upon careful risk-return analysis. There are a number of other guiding principles and disciplines we believe form the basis of a sound investment. In addition to diversification, which is discussed above, some of the most important ones we use are:

- 1) We conduct our own research. We do not take any third party endorsements or ratings for granted. We only take risks we fully understand and underwrite ourselves. Complicated investment structures often serve to obfuscate risk.
- 2) We insist on getting paid for taking risk. Risk is an inherent part of the investment process. The risk premium we are paid must be commensurate with that risk.
- 3) We take a long-term view. We are not traders. We look for investments that have a margin of safety and can stand the test of time.

## New York Life's Financial Stability (Continued)

- 4) We maintain ample liquidity. The benefits we promise to our policyholders must be paid in cash, irrespective of the market environment.
- 5) We don't blindly follow the crowd. History has proven that jumping on an investment bandwagon yields, at best, mediocre results. More often than not, it results in significant pain.

Finally, New York Life is a mutual company, in fact, the largest mutual life insurance company in the United States. As a mutual, New York Life invests for the long term, always mindful of providing safety and security for our policyholders. In fact, New York Life has paid a dividend to participating policyholders every year since 1854. We do not have shareholders who might want us to maximize short-term profit, an objective that carries increased risk and greater potential for significant losses.

New York Life's exceptionally strong balance sheet is the product of a disciplined investment process, conservative portfolio construction and rigorous risk controls. While many financial institutions are continuing to experience losses, New York Life has earned the highest possible ratings for financial strength from all four major rating agencies.

Sincerely,

A handwritten signature in cursive script that reads "Joseph J. Shannon". The signature is written in black ink and is positioned below the "Sincerely," text.