



# State of Utah

## DEPARTMENT OF COMMERCE DIVISION OF SECURITIES

*Protecting Investors; Promoting Commerce*

Michael O. Leavitt  
Governor

Douglas C. Borba  
Executive Director

S. Anthony Taggart  
Division Director

160 East 300 South  
P.O. Box 146760  
Salt Lake City, Utah 84114-6760  
(801) 530-6600 • FAX (801) 530-6980  
e-mail: security@br.state.ut.us  
http://www.commerce.state.ut.us

July 22, 1999

Ms. Ellen Lieberman  
Debevoise & Plimpton  
875 Third Avenue  
New York NY 10022

Re: Metropolitan Life Insurance Company

File #006-6986-31/B00138255

Dear Ms. Lieberman:

Pursuant to your letter dated July 2, 1999, the Utah Division of Securities ("Division") has reviewed your no-action request pursuant to § 61-1-25(5) of the Utah Uniform Securities Act ("Act") and § R164-25-5 of the Utah Administrative Code.

Please be advised that based upon the facts presented, and in reliance upon your opinion as counsel, the Division staff will not recommend any enforcement or administrative action should the transaction proceed (including that broker-dealer and agent registration is not required) as outlined in your request. To avoid unnecessary restatement or summarization of the facts set forth in your request, a copy of your July 2, 1999 letter is attached.

This response does not purport to express any legal conclusions regarding the applicability of statutory or regulatory provisions of federal or state securities laws to the question presented. It merely expresses the Division's position on enforcement or other administrative actions.

Since this no-action letter is based upon the representations made to the Division, it should be noted that any different facts or conditions of a material nature might require a different conclusion. Furthermore, this no-action letter relates only to the applicant and shall have no value for future similar events. Nor does this letter absolve any party involved from complying with the anti-fraud provisions contained in § 61-1-1 of the Act.

Very truly yours,

UTAH DIVISION OF SECURITIES

  
David H. T. Wayment  
Senior Legal Counsel

JRN

# DEBEVOISE & PLIMPTON

875 THIRD AVENUE  
NEW YORK, NY 10022  
(212) 909-6000

555 13TH STREET, N.W.  
WASHINGTON, DC 20004  
TELEPHONE (202) 383-8000  
TELECOPIER (202) 383-8118

21 AVENUE GEORGE V  
75008 PARIS  
TELEPHONE (33-1) 40 73 12 12  
TELECOPIER (33-1) 47 20 50 82

TELECOPIER: (212) 909-6836

ELLEN LIEBERMAN  
COUNSEL  
(212) 909-6096

13/F ENTERTAINMENT BUILDING  
30 QUEEN'S ROAD CENTRAL  
HONG KONG  
TELEPHONE (852) 2810 7918  
TELECOPIER (852) 2810 9828

1065 BUDAPEST  
RÉVAY KÖZ 2 III / 1  
TELEPHONE (36-1) 131 0845  
TELECOPIER (36-1) 132 7995

July 2, 1999

## BY FEDEX

State of Utah  
Department of Commerce  
Division of Securities  
160 East 300 South, 2nd Floor  
Salt Lake City, Utah 84111

### Demutualization of Metropolitan Life Insurance Company

We are special counsel to Metropolitan Life Insurance Company, a New York-domiciled mutual life insurance company ("MetLife"), in connection with MetLife's proposed conversion from a mutual life insurance company to a stock life insurance company. This process, described in greater detail in the enclosed Memorandum, is referred to as the "Reorganization." As a result of the Reorganization, MetLife will become a stock life insurance company that is a subsidiary of MetLife, Inc. (the "Holding Company"), which will be organized as a Delaware corporation to serve as a holding company for MetLife.

In the Reorganization, membership interests of policyholders of MetLife will be extinguished and, by operation of law, certain policyholders will be allocated shares of common stock of MetLife, which, in turn, will immediately be exchanged for an equal number of shares of common stock of the Holding Company (the "Common Stock"). These shares will initially be held through a trust (the "Trust") for the benefit of those policyholders. As more fully described in the Memorandum, on the date the Reorganization becomes effective, MetLife will issue shares of its common stock to the Trust, which will immediately, by operation of MetLife's Plan of Reorganization, be exchanged for an equal number of shares of Common Stock, to be held on behalf of the Trust beneficiaries. MetLife will become a stock subsidiary of the Holding Company. A separate, underwritten initial public offering of the Common Stock will close on the effective date of the Reorganization and it is anticipated that the Common Stock will be listed on the New York Stock Exchange on such date. Any policyholder eligible to receive an allocation of Common Stock may elect initially to receive cash instead at the initial public offering price.

We write to request your confirmation that securities, broker-dealer and agent registration are not required in your jurisdiction, or your no-action position to such effect, if the Reorganization occurs in the manner described. The securities to be distributed in connection with the Reorganization will not be registered under the Securities Act of 1933, as amended, in reliance on exemption under Section 3(a)(10) thereof. We enclose a fee in the amount of \$120. For your convenience, we note your prior order or confirmation of exemption under similar circumstances dated March 26, 1992 (The Equitable Life Assurance Society of the United States, File #2-3797-21/A12770-21), April 27, 1995 (State Mutual Life Assurance Company of America, File # 4-7319-35/A41979-35), July 6, 1995 (Guarantee Mutual Life Company/ The Guarantee Life Companies Inc., File #4-8339-35//143234-35), January 21, 1999 (StanCorp Financial Group, Inc. / Standard Insurance Company, File #006-6284-83/B--1-5-66), March 22, 1999 (The Manufacturers Life Insurance Company, File #006-6860-08/B000115570)

Transaction within the Intent of Blue Sky Exemption. We believe that securities, broker-dealer and agent registration is not required in your jurisdiction in that the Reorganization is similar to, and within the intent of, §61-1-14(2)(p) of the securities laws of your state, which provides a transactional exemption from securities registration (and a corresponding issuer-agent exclusion) for a transaction or series of transactions involving a reorganization, recapitalization, if consideration in whole or in part is the issuance of securities of a person or persons and if incident to a vote of securities holders of each person involved under the applicable controlling statute and one person involved is an insurance company which is exempt from filing under Section 12(g)(2)(G) of the Securities Exchange Act of 1934 and has filed proxy or informational materials with the appropriate regulatory agency or official of its domiciliary state, and appropriate notice and fee are filed and materials are distributed to all securities holders entitled to vote. We note the highly regulated nature of the insurance industry and the demutualization process in particular under state insurance laws; the opportunity for eligible policyholders to appear at a public hearing and to vote on the plan of reorganization; the approval required by the New York Superintendent of Insurance (which is thereafter subject to judicial review); the continuation of certain rights of policyholders in MetLife that, in effect, will be reclassified as or exchanged for similar rights of holders of common stock of MetLife (the same company that has issued the insurance policies of eligible policyholders) and then immediately be reclassified as or exchanged for rights of holders of common stock of the Holding Company; and MetLife's becoming a wholly-owned subsidiary of the Holding Company (which in some respects is similar to a merger or consolidation of the two entities or the acquisition of MetLife in consideration of the issuance of common stock of the Holding Company).

Trust Structure. In the Reorganization, shares of common stock of MetLife will immediately be exchanged for an equal number of shares of common stock of the Holding Company, which will initially be held through the Trust. MetLife, which has over 12 million policyholders, adopted the trust structure to address certain unique challenges arising out of its Reorganization. The New York demutualization statute expressly permits the use of a trust structure in connection with a demutualization and requires the New York Superintendent of Insurance, in making a determination that the Reorganization will be "fair and equitable to the policyholders," to conclude that the issuance of common stock of MetLife and the common stock of the Holding Company and the allocation of beneficial interests in the Trust meet that same standard. The Trust is designed to give policyholders benefits of stock ownership--namely, the ability to participate in any appreciation of their allocated shares of the common stock of the Holding Company and the opportunity to buy and sell shares through a commission-free purchase and sale program or to hold or dispose of their allocated Common Stock as they wish--while helping the Holding Company efficiently manage the administration of beneficiary accounts and the costs associated with the anticipated large number of stockholders.

We believe that although interests in the Trust may technically be considered, under federal securities law, as securities separate from the common stock held by the Trust, the "issuer" of the interests should be deemed to be the Holding Company, rather than the Trust (which will serve as a passive administrator). The interests in the Trust should thus be securities of the Holding Company of equal seniority to the Common Stock, which is anticipated to be listed on the New York Stock Exchange. Further, we believe that withdrawal of the Common Stock from the Trust would not be a "sale," whether withdrawn in order to be sold through the purchase and sale program or otherwise, since the beneficiaries will not be giving new consideration for the withdrawal. Further, it is anticipated that the Common Stock will be listed on the New York Stock Exchange.

Use of Employees and Insurance Product Distributors as Conduits of Information. Certain officers, directors and employees of MetLife and the Holding Company and distributors of MetLife's insurance products may serve as conduits of public information about the plan and the Reorganization from MetLife to voting policyholders for purposes of a vote of corporate reorganization, as discussed further in the Memorandum. While such persons may inform policyholders of the plan of reorganization and encourage them to vote in favor of the plan, they will receive no compensation in connection with activities related to the vote on the plan, or be in a position to handle

July 2, 1999

customer funds or securities. Their activities will be strictly limited and supervised and they will not be "effecting" any transaction in securities.

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Based on the foregoing, we request your confirmation that securities, broker-dealer and agent registration are not required in your jurisdiction, or your no-action position to such effect, if the Reorganization occurs in the manner described. Because of the importance of the Reorganization to MetLife, we would appreciate hearing from you at your earliest convenience. If you have any questions or require additional items or fee, please feel free to contact Ellen Lieberman, Esq. at (212) 909-6096. Kindly acknowledge receipt of this letter and the enclosures by stamping the enclosed copy of this letter with your usual form of receipt acknowledgment and returning it in the enclosed postage-paid envelope.

Very truly yours,



Ellen Lieberman

Enclosures

1. \$120
2. Consent to service of process (to be subsequently filed)
- 3 Memorandum

Upon request, a draft of the Policyholder Information Booklet will be provided when available.