

# METLIFE INC. NYSE-MET

RECENT PRICE **34.67** P/E RATIO **10.5** (Trailing: 10.9 Median: NMF) RELATIVE P/E RATIO **0.58** DIV'D YLD **0.7%**

**VALUE LINE**

TIMELINESS **3** Lowered 6/18/04  
 SAFETY **2** Raised 10/25/02  
 TECHNICAL **3** Lowered 5/28/04  
 BETA 1.05 (1.00 = Market)

**LEGENDS**  
 — 13.5 x Earnings p sh  
 ... Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

**2007-09 PROJECTIONS**

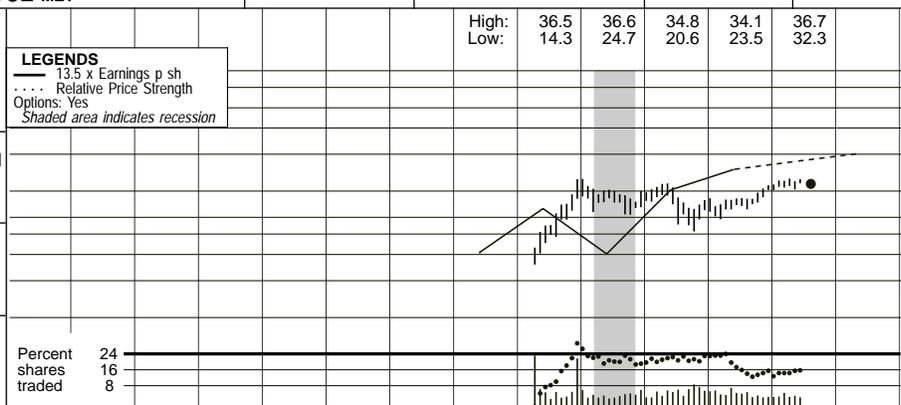
	Price	Gain	Ann'l Total Return
High	70	(+100%)	19%
Low	55	(+60%)	13%

**Insider Decisions**

	A	S	O	N	D	J	F	M	A
to Buy	1	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

**Institutional Decisions**

	3Q2003	4Q2003	1Q2004	Percent
to Buy	193	194	192	24
to Sell	140	178	156	16
Hlds(000)	305685	307763	309639	8



Target Price Range  
 2007 2008 2009

120		
100		
80		
64		
48		
32		
24		
20		
16		
12		
8		

% TOT. RETURN 6/04  
 THIS STOCK VL ARITH. INDEX

1 yr.	27.5	33.2
3 yr.	18.4	30.0
5 yr.	—	55.7

MetLife was created by the demutualization of the Metropolitan Life Insurance company on 4/7/00. In the demutualization, the policyholders' interests were converted into MetLife common stock. The initial public offering was concurrent with the demutualization, and was underwritten by Credit Suisse First Boston and Goldman Sachs for 202,000 shares at \$14.25 each.

	1994	1995	1996	1997	1998	1999	2000 <sup>P</sup>	2001	2002	2003	2004	2005		© VALUE LINE PUB., INC. 07-09
Premium Inc per sh	--	--	--	--	--	11.10	17.68	22.85	27.25	27.30	30.45	32.60	Premium Inc per sh	37.85
Investment Inc per sh	--	--	--	--	--	10.11	15.47	16.66	16.18	15.37	16.30	17.40	Investment Inc per sh	23.55
Earnings per sh <sup>A</sup>	--	--	--	--	--	1.21	1.96	1.19	2.40	3.01	3.30	3.60	Earnings per sh <sup>A</sup>	4.60
Div'ds Decl'd per sh <sup>B</sup>	--	--	--	--	--	--	.20	.20	.21	.23	.25	.27	Div'ds Decl'd per sh <sup>B</sup>	.35
Book Value per sh	--	--	--	--	--	19.46	21.55	22.45	24.83	27.93	30.65	33.90	Book Value per sh	43.15
Common Shs Outst'g <sup>C</sup>	--	--	--	--	--	755.90	760.68	715.51	700.28	757.19	742.00	730.00	Common Shs Outst'g <sup>C</sup>	700.00
Price to Book Value	--	--	--	--	--	--	110%	133%	115%	103%	120%	125%	Price to Book Value	145%
Avg Ann'l P/E Ratio	--	--	--	--	--	--	12.1	25.0	11.9	9.5	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	13.5
Relative P/E Ratio	--	--	--	--	--	--	.79	1.28	.65	.55			Relative P/E Ratio	.90
Avg Ann'l Div'd Yield	--	--	--	--	--	--	.8%	.7%	.7%	.8%			Avg Ann'l Div'd Yield	.6%
Premium Inc (\$mill)	--	--	--	12696	11460	8388	13446	16346	19086	20673	22600	23800	Premium Inc (\$mill)	26500
Investment Inc (\$mill)	--	--	--	9491	10228	7639	11768	11923	11329	11636	12100	12700	Investment Inc (\$mill)	16500
Other Income (\$mill)	--	--	--	1491	1994	2067	4252	3719	3640	3838	4300	4500	Other Income (\$mill)	5200
Total Income (\$mill)	--	--	--	23678	23682	18094	29466	31988	34055	36147	39000	41000	Total Income (\$mill)	48200
Benefits & Reserves (\$m)	--	--	--	17023	17000	11778	23872	21422	24415	25858	27750	29000	Benefits & Reserves (\$m)	34050
Income Tax Rate	--	--	--	28.0%	35.5%	32.4%	34.8%	32.5%	29.0%	24.8%	33.0%	35.0%	Income Tax Rate	35.0%
Net Profit (\$mill)	--	--	--	1203.0	1347.0	918.0	1541.0	906.0	1744.0	2247.0	2500	2675	Net Profit (\$mill)	3250
Insur in Force (\$tril)	--	--	--	--	--	1.7	2.2	2.1	2.5	2.5	2.6	2.7	Insur in Force (\$tril)	3.2
Total Assets (\$mill)	--	--	--	215346	226791	255018	256898	277385	326841	355000	380000	475000	Total Assets (\$mill)	475000
Shr. Equity (\$mill)	--	--	--	14867	14709	16389	16062	17385	21149	22750	24750	30200	Shr. Equity (\$mill)	30200
Return on Shr. Equity	--	--	--	9.1%	6.2%	9.4%	5.6%	10.0%	10.6%	11.0%	11.0%	11.0%	Return on Shr. Equity	11.0%
Retained to Com Eq	--	--	--	9.1%	6.2%	8.5%	4.7%	9.2%	9.8%	10.0%	10.0%	10.0%	Retained to Com Eq	10.0%
All Div'ds to Net Prof	--	--	--	--	--	10%	16%	8%	8%	7%	7%	7%	All Div'ds to Net Prof	8%

**CAPITAL STRUCTURE as of 3/31/04**  
 Total Debt \$8775 mill. Due in 5 Yrs \$5400 mill.  
 LT Debt \$5707 mill. LT Interest \$310 mill.  
 (LT interest earned: 12.0x) (20% of Cap'l)

Leases, Uncapitalized: Annual rentals \$567 mill.

Pension Assets-12/03 \$4731 mill.  
 Oblig. \$5272 mill.

Common Stock 755,839,663 shs. as of 5/3/04

MARKET CAP: \$26.2 billion (Large Cap)

**FINANCIAL POSITION 2002 2003 3/31/04 (\$MILL.)**

Bonds	140553	167752	174100
Mortgages	25086	26249	26562
Policy Loans	8580	8749	8758
Other	103166	124091	127793
Total Assets	277385	326841	337213
Res'ves, Claims	158527	179571	182224
Unearned Prens	--	--	--
Separate Accounts	59693	75756	78336
Other	40515	50365	54380
Total Liabilities	258735	305692	314940

**ANNUAL RATES Past Past Est'd '01-'03 of change (per sh) 10 Yrs. 5 Yrs. to '07-'09**

Premium Inc	--	--	6.5%
Invest Income	--	--	6.5%
Earnings	--	--	13.0%
Dividends	--	--	8.5%
Book Value	--	--	9.5%

**QUARTERLY INCOME (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	7935	7798	7941	8314	31988
2002	8094	8465	8422	9074	34055
2003	8599	8933	8901	9714	36147
2004	9373	9550	9600	10477	39000
2005	9750	10100	10150	11000	41000

**EARNINGS PER SHARE<sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.49	.54	.30	d.14	1.19
2002	.54	.70	.69	.47	2.40
2003	.62	.84	.81	.74	3.01
2004	.78	.88	.85	.79	3.30
2005	.86	.95	.93	.86	3.60

**QUARTERLY DIVIDENDS PAID<sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2000	--	--	--	.20	.20
2001	--	--	--	.20	.20
2002	--	--	--	.21	.21
2003	--	--	--	.23	.23
2004	--	--	--	--	--

**BUSINESS:** MetLife, Inc. is the largest life insurance company in the U.S., with about \$2.5 trillion of life insurance in force. It also is a leading group non-medical health insurer, & provides financial services to institutions and individuals. Serves about 13 mill. households in the U.S., and has insurance operations in 14 countries. Premium Income, 57% of '03 sales; Investment Income, 32%;

**MetLife is off to a good start in 2004.** First-period share earnings beat our estimate by a nickel, and we have raised our full-year outlook by \$0.10, to \$3.30. **Sales should rise more than our initial 5% projection this year.** MET's revenue growth may well be in the 8% range, as annuity deposits, premium income, and foreign sales will probably remain strong. This is due to likely continued internal growth, cross-selling opportunities, product launches (such as GMWB annuities), and recent acquisitions (namely a block of life insurance from John Hancock).

**The diversity of the company's business should allow the cost structure to remain stable for the long haul.** MetLife's spreads over the past few years have been relatively flat despite changes in interest rates, which illustrates its ability to remain profitable under a variety of macroeconomic conditions. Meanwhile, underwriting margins and other operating expenses should also be consistent. Some adverse expense volatility may arise, such as the new accounting regulation that requires life insurers to increase their reserves. But these will probably be offset

Other, 11%. Owns 59% of Reinsurance Group of America. Acquired GenAmerica, 1/00. Has about 49,000 empl. Off. & Dir. own less than 1% of com. stock; policyholders' trust, 46.4%; AXA Financial, Inc., 5.5% (3/04 proxy). Chairman & CEO: Bob Benmosche. Pres.: C. Robert Henrikson. Inc.: NY. Addr.: 1 Madison Ave., New York, NY 10010. Phone: 212-578-2211. Web: www.metlife.com.

by lower pension contributions and SG&A costs that have been trending lower as a percentage of revenue. **MetLife's credit rating has been upgraded by a leading rating agency.** This obviously augurs well for acquiring new capital to support growth. And it also frees up capital for large share buybacks. In fact, in the first quarter, MetLife purchased only \$65 million worth of its stock as it awaited the results of its credit review. And due to the positive outcome, it will likely achieve our initial expectation of \$500 million of share repurchases.

**MetLife shares are Average-ranked for Timeliness.** But they have more appreciation potential than most of the other life insurer's stocks out to 2007-2009. This illustrates our belief that the issue will realize expansion in both its earnings and price/book-value multiple over that timeframe. MET generates a large amount of risky variable annuity sales, but its huge asset base and diverse product line should reduce volatility in any one area, and help it to compound earnings at a double-digit clip over the next 3 to 5 years. *James M. Herth July 23, 2004*

(A) Diluted operating earnings starting in 2001. Excl. nonrec. items: '99, (30c); '00, (43c); '01, (50c). Incl. capital gains/(losses) through 2000: '99, (5c); '00, (30c).

Next earnings report early August. (B) Dividends historically paid mid-December. (C) In millions.

(D) Pro-forma from 1/99 through 3/00.

Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	NMF
Earnings Predictability	NMF