

Notes to the Consolidated Financial Statements — (continued)

3. Dispositions (continued)Tax Agreements

Immediately prior to the Separation, MetLife entered into a tax separation agreement with Brighthouse. Among other things, the tax separation agreement governs the allocation between MetLife and Brighthouse of the responsibility for the taxes of the MetLife group. The tax separation agreement also allocates rights, obligations and responsibilities in connection with certain administrative matters relating to the preparation of tax returns and control of tax audits and other proceedings relating to taxes. For the taxable periods prior to Separation, MetLife and Brighthouse have joint and several liability for the MetLife consolidated U.S. federal income tax returns' current taxes (and the benefits of tax attributes such as losses) allocated to Brighthouse. The tax separation agreement provides that the Brighthouse allocation of taxes could vary depending upon the outcome of Internal Revenue Service ("IRS") examinations. Upon Separation, MetLife, Inc. recorded a current income tax receivable of \$1.4 billion and a corresponding payable to Brighthouse reported in other liabilities. On October 2, 2017, in accordance with the tax separation agreement, \$729 million of this amount was paid by MetLife, Inc. to Brighthouse.

As part of the tax separation agreement, MetLife, Inc. is liable for the U.S. federal income tax cost of a discrete Separation-related tax charge incurred by Brighthouse. The income tax charge arises from the recapture of certain tax benefits incurred prior to Separation, and is caused by the deconsolidation of Brighthouse from the MetLife tax group at Separation. As a result, MetLife, Inc. recorded a decrease to current income tax recoverable and a charge to provision for income tax expense (benefit) of \$1,093 million, which was reported in discontinued operations for the Company.

Additionally, MetLife, Inc. has the right to receive future payments from Brighthouse for a tax asset that Brighthouse received as a result of restructuring prior to the Separation. Included in other assets at December 31, 2017, is a receivable from Brighthouse of \$333 million related to these future payments, after a reduction of \$222 million as a result of U.S. Tax Reform.

Transactions Prior to the Separation

Prior to the Separation, the Company completed the following transactions in 2017.

Contributions of Entities, Mergers and Dividend

In April 2017, following receipt of applicable regulatory approvals, MetLife contributed certain captive reinsurance companies to Brighthouse Life Insurance Company ("Brighthouse Insurance"), which were merged into Brighthouse Reinsurance Company of Delaware ("BRCD"), a newly-formed captive reinsurance company that is wholly-owned by Brighthouse Insurance.

In July 2017, MetLife, Inc. contributed the voting common interests of Brighthouse Holdings, LLC, a subsidiary of MetLife, Inc. at that time, to Brighthouse Financial, Inc. Brighthouse Holdings, LLC was at that time an intermediate holding company which owned all of the subsidiaries within Brighthouse.

In August 2017, Brighthouse Financial, Inc. paid a cash dividend to MetLife, Inc. of \$1.8 billion in connection with the Separation.

Termination of Financing Arrangements

In April 2017, MetLife, Inc. and MetLife Reinsurance Company of South Carolina ("MRSC") terminated the MRSC collateral financing arrangement associated with secondary guarantees. As a result, the \$2.8 billion collateral financing arrangement liability outstanding was extinguished utilizing \$2.8 billion of assets held in trust, with the remaining \$590 million of assets held in trust returned to MetLife, Inc. as a cash return of capital from a subsidiary. Total fees associated with the termination were \$37 million and were reported in discontinued operations.

In April 2017, MetLife, Inc. and MetLife Reinsurance Company of Vermont ("MRV") terminated the \$4.3 billion committed facility, and MetLife, Inc. and MRSC terminated the \$3.5 billion committed facility. Total fees associated with the terminations were \$257 million and were reported in discontinued operations.

See Note 14 for information on the junior subordinated debentures in connection with the Separation.

New Financing Arrangements

In April 2017, BRCD entered into a new financing arrangement with a pool of highly rated third-party reinsurers with a total capacity of \$10.0 billion. This financing arrangement consists of credit-linked notes that each have a term of 20 years.