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Jonathan G. Katz, Secretary
The Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: New York Stock Exchange, Inc.
Corporate Governance Rules
File No. SR-NYSE-2002-33



Dear Mr. Katz:

On November 4, 2003, the Securities and Exchange Commission approved the New York Stock Exchange corporate governance rules initially submitted to it as proposals on August 16, 2002, as amended by Amendments No. 1, 2 and 3. While we fully subscribe to the director independence rules, we believe that the Transition Rule, as stated in Section 303A.02(b), (i) if applied in a mechanical manner, would operate to disqualify otherwise independent directors without achieving a substantive end, (ii) is contrary to expectations that have been generally anticipated for some time, and (iii) could work an unreasonable hardship on NYSE-listed companies.

Under Section 303A.02(b), a director would not be independent if any of the relationships set forth had existed during the three-year period prior to the date on which the test for independence is applied. Under the Transition Rule, until November 4, 2004 (the "First Anniversary Date"), such relationships must not have existed during the one-year period prior to the date of application of the test. After the First Anniversary Date, the full three-year period will be applicable.

Under the Transition Rule, the following anomalous situations could occur in the case of NYSE-listed companies:

- A director who currently heads a committee that is required to consist of independent directors could be independent until November 4, 2005, the First Anniversary Date. Then, because of circumstances that existed in 2002, the director might not be independent from the First Anniversary Date until November 4, 2005, or some earlier date if the three-year disqualifying period has passed, at which point the Director would again be deemed "independent". It would be highly disruptive to the operation of the committee if a knowledgeable director has to be taken off of the committee for

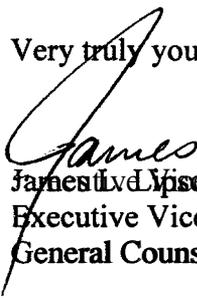
a few month's to a year's time unnecessarily, especially in light of the difficulties public companies encounter in finding qualified directors.

- Similarly, if the company's 2005 annual meeting occurred before the November 4, 2005 date, and the director, as a nominee to the Board, would not be independent at the time of election in 2005 under the Transition Rule, but then become independent only months later. Such a result would require extensive explanation and could be confusing to shareholders.

The Report of the NYSE Corporate Accountability and Listing Standards Committee (the "Report") was made available for public comment in June 2002. Companies that attempted to address and remove the circumstances potentially impairing independence immediately after the NYSE publication of the Report in June 2002 could find their efforts were fruitless. While the August 2002 NYSE proposal provided for a full five-year look-back, because of the strong reaction provoked by such a rigid approach there was good reason to believe that the look-back would be modified to provide a reasonable transition period. Indeed, the April 2003 NYSE proposal provided for such a period. Thus, for approximately a fifteen-month period to October 8, 2003, NYSE-listed companies had reason to believe they were taking appropriate steps to deal with the potential impairment of a director's independence.

We ask that the Commission revisit the Transition Rule to avoid automatically disqualifying directors who would be deemed independent if all facts and circumstances were considered. We believe the Transition Rule would work less of a hardship if directors on a board at the time of the Commission's approval of the Transition Rule who would qualify as independent under the one-year look-back not be subject to a three-year look-back after one year. In the alternative, we believe the NYSE should be allowed flexibility to review specific situations such as the one we described above and make determinations as to whether in light of the facts, exceptions should be made to the Rule.

Very truly yours,


James L. McInnis, President and
Executive Vice President
General Counsel