

Life Insurer Financial Analysis

Company	Northwestern Mutual
Ratings	
A.M. Best Company (Best's Rating, 15 ratings)	A++
Standard & Poor's (Financial Strength, 20 ratings)	AAA
Moody's (Financial Strength, 21 ratings)	Aaa
Fitch Ratings (Financial Strength, 21 ratings)	AAA
Asset Analysis	
Total Admitted Assets	166,746,624
Total Liabilities	154,344,064
Separate Accounts	16,343,999
Total Surplus & AVR	14,237,548
As % of General Account Assets	9.5%
Invested Assets	143,992,967
Bonds (%)	62.9%
Stocks (%)	4.1%
Mortgages (%)	14.6%
Real Estate (%)	1.1%
Policy Loans (%)	9.5%
Cash & Short-Term (%)	1.8%
Other Invested Assets (%)	<u>6.0%</u>
	100.0%
Net Yield on Mean Invested Assets	
2009 (Industry Average 4.63%)	5.64%
2008 (Industry Average 5.40%)	5.96%
2007 (Industry Average 5.63%)	6.05%
2006 (Industry Average 5.54%)	6.10%
2005 (Industry Average 5.52%)	6.04%
5 Year Average (Industry Average 5.34%)	5.96%
Total Investment Return	
2009 (Industry Average 4.72%)	5.77%
2008 (Industry Average 3.36%)	3.16%
2007 (Industry Average 5.74%)	6.54%
2006 (Industry Average 6.06%)	6.95%
2005 (Industry Average 5.80%)	6.68%
5 Year Average (Industry Average 5.14%)	5.82%
Asset Growth	
2009 Total Admitted Assets	166,746,624
1-Year Growth	7.7%
3-Year Compound Growth	4.8%
2009 Total Surplus & AVR	14,237,548
1-Year Growth	6.1%
3-Year Compound Growth	-1.2%

Data for Year-End 2009 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of June 15, 2010.

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Company Northwestern
Mutual

Asset Quality Analysis

Non-Investment Grade Bonds (Class 3 - 6)	
Non-Investment Grade Bonds/Total Bonds	9.6%
Non-Investment Grade Bonds/Surplus & AVR	62.5%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.2%
Non-Performing Bonds/Surplus & AVR	1.3%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	0.0%
Non-Performing Mort & R.E./Surplus & AVR	0.1%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	1.3%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	<u>0.1%</u>
Total Non-Performing Assets/Surplus & AVR	1.3%
As a Percent of Invested Assets	0.1%

Bond Portfolio Analysis

Total Bonds Book Value	90,563,825
Total Bonds Market Value	92,115,224
Bonds Market Value/BookValue	101.7%
Quality	
Class 1: Highest Quality	62.3%
Class 2: Higher Quality	28.1%
Class 3: Medium Quality	4.1%
Class 4: Low Quality	3.0%
Class 5: Lower Quality	2.3%
Class 6: In or Near Default	0.2%
Weighted Bond Class	1.6
Maturity	
1 Year or Less	8.2%
1 to 5 Years	28.5%
5 to 10 Years	37.3%
10 to 20 Years	12.9%
Over 20 Years	13.0%
Weighted Bond Maturity (Years)	8.9

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Life Insurer Financial Analysis

Company	Northwestern Mutual
Operating Income Analysis	
Total Income	21,152,575
Total General Expenses	1,112,138
Total General Expenses/Total Income	5.3%
Earnings Before Policy Dividends & Taxes	5,242,645
Policy Dividends	4,709,458
Policy Dividends/Earnings	<u>89.8%</u>
Pretax Earnings from Operations	533,187
Federal Income Taxes	42,057
Income Taxes/Pretax Earnings	<u>7.9%</u>
Net Earnings from Operations	491,130
Net Realized Capital Gains	<u>-152,983</u>
Net Income	338,147
As % of Admitted Assets	0.2%
Unrealized Capital Gains	307,073
Premium Growth	
2009 Total Premium Income	12,832,832
1-Year Growth	-3.8%
3-Year Compound Growth	2.3%
2009 Ordinary Life Premium	10,425,806
1-Year Growth	-5.5%
3-Year Compound Growth	1.7%
Profitability	
Return on Assets	0.3%
Return on Equity	4.0%
2009 Lapse Ratio	4.5%
3-Year Average Lapse Ratio	4.0%
Net Investment Income	7,712,821
Required Interest	5,074,003
Interest Margin	52.0%
Ordinary Life Expenses/Premiums	5.8%
General Expenses/Total Income	5.3%
Commissions & General Expenses/Total Income	9.0%

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Analysis of Face Amount of Insurance

Total Insurance In Force	1,177,946,433
Ordinary Life	99.9%
Group Life	0.1%
Other	0.0%
Total Reinsurance Ceded	475,999,378
% of In Force Ceded	
Ordinary Life	40.4%
Group Life	0.0%
Other	0.0%
Ordinary Life Policies In Force	5,092,588
Average Policy Size (in dollars)	231,090
Ordinary Life Policies Issued in 2009	276,140
Average Policy Size (in dollars)	409,693

Analysis by Line of Business

Net Premiums Written	12,832,832
Individual	
Life	81.2%
Annuities	9.9%
Health	6.5%
Group	
Life	0.0%
Annuities	1.8%
Health	0.5%
Credit Life & Health	0.0%
Other Lines	0.0%
Net Earnings from Operations	491,130
Individual	
Life	72.7%
Annuities	8.2%
Health	16.8%
Group	
Life	0.0%
Annuities	0.6%
Health	1.7%
Credit Life & Health	0.0%
Other Lines	0.0%

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