

Northwestern Mutual achieves record revenue, assets and surplus

Company expects to pay \$5.5 billion in dividends

MILWAUKEE, Feb. 19, 2015 /PRNewswire/ -- As demand grows for Northwestern Mutual's distinctive approach to providing financial guidance, the company today announced it has achieved record levels of revenue, assets and surplus, as well as a record dividend payout to policyowners for 2015 expected to exceed \$5.5 billion.

"We continue to grow and evolve, yet one thing remains the same: We are committed to providing unsurpassed financial strength and the best long-term product value for our millions of policyowners and clients," said John E. Schlifske, Northwestern Mutual chairman and CEO. "It's clear that consumers are responding to our comprehensive financial planning approach, which integrates insurance and investment solutions."

In 2014, Northwestern Mutual:

Achieved records in *total revenue*, \$26.7 billion; *total assets*, \$230 billion; and *operating gain before dividends and taxes*, \$6.1 billion; *total surplus* also grew to a record \$22.6 billion.

Increased its life insurance in force to \$1.5 trillion, a 5 percent increase over 2013.

Managed more than \$87 billion in client investment assets, a 12 percent increase over 2013.

Announced industry-leading \$5.5 billion of total dividends its expects to distribute to policyowners in 2015¹, including record dividends on traditional permanent life insurance, \$4.8 billion; disability income insurance, \$320 million; term life insurance, \$150 million; and variable life insurance, \$105 million. We also expect to pay \$45 million on fixed and variable annuities.

Maintained the highest financial strength ratings awarded to any U.S. life insurer.²

Additionally, the company expanded its popular Portfolio Income Annuities to the non-qualified market in 2014, fueling annuity sales. Total annuity sales reached a record \$2.4 billion, up 4 percent over 2013. In 2015, the company plans to introduce the Accelerated Care Benefit, a new optional benefit available with its permanent life insurance to help meet long-term care needs.

"There is growing hunger for comprehensive financial planning, and our results show we are uniquely positioned to help people both protect and grow their wealth," added Schlifske.

Growing the company

To keep up with the demand for its distinctive planning approach, Schlifske says the company is expanding in Milwaukee.

Construction recently began on a new 1.1 million sq. ft. expansion of Northwestern Mutual's corporate headquarters in downtown Milwaukee, Wisconsin, which has been the company's home for over the last century and a half. The company expects to add 1,900 jobs by 2030. Additionally, in 2015, Northwestern Mutual is adding more than 450 employees, many of whom will work in the company's technology areas to enhance the solutions it delivers to its clients and field force.

¹ Dividends may be declared and credited, at the Board of Trustees' discretion, when current experience in investment earnings, mortality, morbidity and expenses is more favorable than the original assumptions used to establish policy premiums. Future dividends are not guaranteed

² A.M. Best Company A++ (highest), 4/2014; Fitch Ratings AAA (highest), 11/2014; Moody's Investors Service Aaa (highest), 12/2014; and Standard & Poor's AA+ (second highest), 7/2014. Ratings are subject to change.

About Northwestern Mutual

[Northwestern Mutual](#) has been helping families and businesses achieve financial security for nearly 160 years. Our financial representatives build relationships with clients through a distinctive planning approach that integrates risk management with wealth accumulation, preservation and distribution. With \$230 billion in assets, \$27 billion in revenues and more than \$1.5 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.2 million people who rely on us for insurance and investment solutions, including life, disability income and long-term care insurance; annuities; trust services; mutual funds; and investment advisory products and services.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI, and its subsidiaries. Northwestern Mutual and its subsidiaries offer a comprehensive approach to financial security solutions including: life insurance, long-term care insurance, disability income insurance, annuities, life insurance with long-term care benefits, investment products, and advisory products and services. Subsidiaries include Northwestern Mutual Investment Services, LLC, broker-dealer, registered investment adviser, member FINRA and SIPC; the Northwestern Mutual Wealth Management Company, limited purpose federal savings bank; and Northwestern Long Term Care Insurance Company.

Summary of Operations

(Statutory basis, in millions)

Twelve months ended December 31:	2014	2013
Premiums	\$17,001	\$16,599
Net investment income	9,104	8,693
Other income	<u>602</u>	<u>566</u>
Total revenue	26,707	25,858
Policyowner benefits paid	8,396	7,898
Increase in benefit reserves	9,411	9,560
Commissions and expenses	<u>2,831</u>	<u>2,680</u>
Total benefits and expenses	<u>20,638</u>	<u>20,138</u>
Gain before dividends and taxes	6,069	5,720
Policyowner dividends	<u>5,511</u>	<u>5,212</u>
Gain before taxes	558	508
Income tax expense/(benefit)	<u>22</u>	<u>(18)</u>
Net gain from operations	536	526
Net realized capital gains	<u>143</u>	<u>276</u>
Net income	<u>\$679</u>	<u>\$802</u>

Summary of Financial Position

(Statutory basis, in millions)

	December 31, 2014	December 31, 2013
Bonds	\$128,126	\$122,331
Mortgage loans	29,341	26,845
Policy loans	16,756	16,306
Common and preferred stocks	3,713	2,965
Real estate	1,610	1,506
Other investments	12,827	12,184
Cash and short-term investments	<u>2,588</u>	<u>2,262</u>
Total investments	194,961	184,399
Other assets	7,916	7,364
Separate account assets	<u>27,056</u>	<u>25,343</u>
Total assets	<u>\$229,933</u>	<u>\$217,106</u>
Policy benefit reserves	\$167,508	\$158,581
Policyowner dividends payable	5,510	5,210
Other liabilities	7,261	7,415
Separate account liabilities	<u>27,056</u>	<u>25,343</u>
Liabilities (excluding AVR)	207,335	196,549
Asset valuation reserve (AVR)	3,544	3,358
Surplus	<u>19,054</u>	<u>17,199</u>
Surplus and AVR	<u>22,598</u>	<u>20,557</u>
Total liabilities and surplus	<u>\$229,933</u>	<u>\$217,106</u>

The summarized financial statements above were prepared on the statutory basis of accounting in accordance with the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin. Financial statements prepared on the statutory basis of accounting differ materially from financial statements prepared in accordance with generally accepted accounting principles ("GAAP").

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/northwestern-mutual-achieves-record-revenue-assets-and-surplus-300038127.html>

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