Northwestern Mutual Announces Commitment To Downtown Milwaukee

Planned office tower means 2,800 downtown jobs

MILWAUKEE, Dec. 6, 2012 /PRNewswire/ -- Northwestern Mutual today announced plans for a new downtown Milwaukee office tower expected to preserve 1,100 current jobs in the city while creating capacity for as many as 1,700 new jobs.

(Logo: http://photos.prnewswire.com/prnh/20120126/CG42140LOGO)

The development could cost Northwestern Mutual upwards of $300 million and create an estimated 840,000 square feet of space. The plan is contingent on city approval of a tax incremental financing (TIF) plan that will help bring millions of dollars in additional property tax revenue to the city.

Pending city approvals, the development could be complete in 2017. The company has not yet defined building specifications or developed a design. It expects to share proposed architectural renderings by mid-2013.

The development is planned on the site of the company's current east office building (the brown structure at the southeast corner of North Cass and East Mason streets). Last year, the company announced it would demolish the 500,000-square-foot building due to significant maintenance costs. The building currently houses about 1,100 employees.

According to Northwestern Mutual Chairman and Chief Executive Officer**John E. Schlifske**, the decision comes after months of strategic planning to define the current and future growth needs of the company, including evaluation of the size, function and location of new facilities.

"We believe in Milwaukee. It's been our hometown for virtually all of our 155 years," said Schlifske. "This will be a signature development that makes a huge statement about the attractiveness of the whole Milwaukee metro area. We are going to be here, and continue to play a vital role in this community for generations to come."

Long-term investment in Milwaukee's future

Northwestern Mutual was founded in Janesville in 1857 and moved to Milwaukee in 1859. It built its iconic, neoclassical Wisconsin Avenue headquarters building 100 years ago. Its current home office spans two campuses with four buildings and 3,000 employees in downtown Milwaukee and two buildings and 2,000 employees at its Franklin campus just south of the city.

"The real story is that Northwestern Mutual is strong and growing," said Schlifske. "We are on pace to sell an all-time record number of new polices in 2012. We need to expand in a responsible way to be able to serve our policyowners."

Schlifske said Northwestern Mutual's building plans are based on a 2025 growth horizon. In the past 20 years, the company has added about 2,000 employees in Milwaukee and Franklin.

"We are conservative in our estimates," he said. "Building now in downtown Milwaukee is the right thing for us, just as 10 years ago it was right to add capacity in Franklin. We said then and I'll say now, we expect over the decades to continue to grow at both campuses. Obviously, doing business in Wisconsin has been good for us. Great companies can do great things here."

Mayor Barrett: "Once in a generation investment"

"Everyone in our region benefits when top employers like Northwestern Mutual make a long-term commitment to grow in downtown," said Milwaukee Mayor **Tom Barrett**. "This is a once in a generation chance to make an investment of this scale in downtown Milwaukee. It means more jobs, a stronger tax base, more community support, and more Northwestern Mutual employees giving back to all areas of the community."

According to Barrett, a developer-funded tax incremental financing (TIF) plan will help support the project. The TIF, which requires approval by the Milwaukee Common Council and the Joint Review Board, will help defray additional costs that Northwestern Mutual will take on in order to re-build a larger facility on the site of its current east office building.

"We discussed with Northwestern Mutual what it would take for them to make the strongest possible statement about their future in Milwaukee," said Barrett. "They were willing to rebuild and keep these 1,100 jobs downtown, but they faced unique challenges expanding on the current site. With the city's support, this decision makes good financial sense to their policyowners."

"By choosing to expand downtown, Northwestern Mutual is not merely affirming a select neighborhood – they are demonstrating

their belief in the entire city," said Common Council President **Willie L. Hines Jr.** "I am excited about this announcement and the prospect of this terrific development. My colleagues and I look forward to discussing the specific proposal with a company that comes to the table with a 150-year track record of supporting our great city."

Developer-funded TIF

The Barrett administration has proposed a tax increment financing plan to facilitate this project. However, rather than have the city borrow money to finance the plan, the proposed financing would be structured as a developer-funded tax incremental district.

Under this method, Northwestern Mutual will initially pay for all of the costs of the project.

Once the company's new building is producing property tax revenue beyond that generated by the current east office building, a portion of those "incremental" taxes will be returned to Northwestern Mutual. These payments, contingent on meeting employment projections, will help the company defray some of the additional costs it will initially incur by building a structure of this magnitude on its downtown site.

Northwestern Mutual will receive 70 percent of the tax increment and the city will receive 30 percent until a net present value total of $48 million is paid to the company. If for some reason the project produces less property tax revenue than expected, Northwestern Mutual will not have the full $48 million developer funding repaid to it.

Over the life of the plan, the city anticipates expending its portion of the tax incremental revenue to fund public improvements in the vicinity of the new development. When the plan ends, all the property taxing authorities begin to receive 100 percent of the incremental tax revenue.

"Northwestern Mutual is also committing to use small, emerging, and women's business enterprises for 25 percent of the total construction cost and to use Milwaukee workers for 40 percent of the hours on the constructions site," said Barrett.

Commitment to Milwaukee

In addition to being one of the largest property taxpayers in the city, Northwestern Mutual and its employee volunteers support the community in many ways.

The Northwestern Mutual Foundation has given approximately $231 million to nonprofits nationwide since its inception in 1992; $135 million of those funds stayed in Wisconsin. More than 50 percent of the foundation's grants benefited organizations in southeastern Wisconsin where Northwestern Mutual's employees and financial representatives live and work.

The company is a leading supporter of both United Way of Greater Milwaukee and the United Performing Arts Fund (UPAF), with employee, retiree and foundation contributions to the organizations totaling more than $40 million since 2002.

Northwestern Mutual employees are also leaders in volunteerism. In 2011 alone, more than 20,000 volunteer hours were donated by more than 1,000 employees.

About Northwestern Mutual

The Northwestern Mutual Life Insurance Company – Milwaukee, WI (Northwestern Mutual) – among the "World's Most Admired" life insurance companies in 2012 according to FORTUNE® magazine – has helped clients achieve financial security for more than 155 years. As a mutual company with $1.3 trillion of life insurance protection in force, Northwestern Mutual has no shareholders. The company focuses solely and directly on its clients and seeks to deliver consistent and dependable value to them over time. Northwestern Mutual and its subsidiaries offer a holistic approach to financial security solutions including: life insurance, long-term care insurance, disability insurance, annuities, 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; Northwestern Long Term Care Insurance Company; and Russell Investments.

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For further information: Betsy Hoylman, 1-800-323-7033, mediarelations@northwesternmutual.com

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