

Putting you first

Why being a mutual company matters



WHAT DOES IT MEAN TO BE A MUTUAL COMPANY?

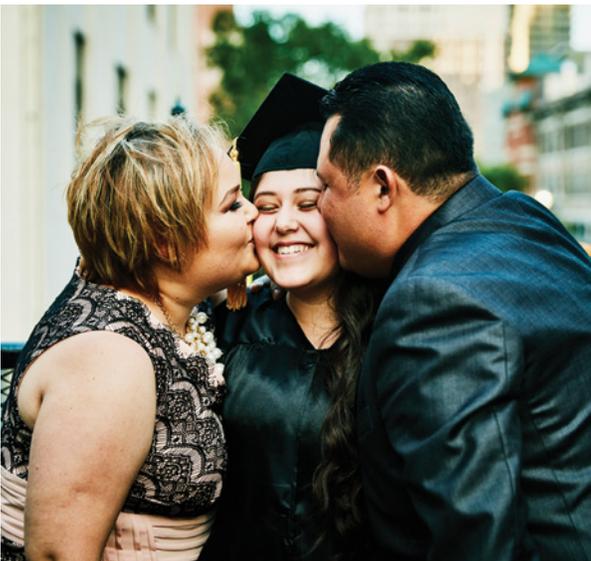
As a mutual company, we're not traded on the stock exchange, and we don't have shareholders. That means we don't answer to Wall Street – everything we do is for the benefit of our policyowners.

Still true today ...

“

The company is a mutual organization in the strictest and best sense. This is a company operated by the policyholders and for the best interests of the policyholders.”

– Examination of the Wisconsin Insurance Department, 1905



Mutuality drives and defines us

We were established in 1857 with a mission to do what's right for our policyowners. This principle is at the heart of our business model.

“Is what we're doing in the best long-term interest of our policyowners?”

Our mutual values are distilled into this single question. We ask this at every stage of our business, and we make sure that the answer is yes before moving forward. From the products we develop to the way we manage our finances, this question guides every decision we make.



Clients stay with us year after year because our long-term strategy aligns with their long-term goals.



Relationships built to last

Our financial representatives and advisors earn the loyalty of their clients by helping them feel confident about their financial choices and plan for the future they dream about. They provide insight, guidance and support every step of the way.

They work with clients to get to know them, understand their big picture and help them navigate what can seem like an overwhelming world of financial choices. They consider the “what-ifs” and then create personalized financial plans designed to meet their clients’ goals and needs, now and in the future.

The long view

Many other companies measure their success by whether or not they hit quarterly earnings targets and push their stock prices higher. But because we don’t have shareholders to answer to, we’re able to focus entirely on our policyowners.

Our aim is to consistently deliver the highest possible value to our clients, which means taking the long view. Our products have long time horizons, and most clients keep them for decades. This means that our business objectives align with our clients’ financial goals. Our long-term view also guides everything from growing the business with capabilities that may take years to develop to investing policyowner assets in markets that could be unpredictable in the short term but have a proven record of growth over time.

All of our products
have long time horizons,
and most clients keep
them for decades.

Northwestern Mutual's total dividend payout is larger than our two closest competitors' combined.¹

Dividends paid every year since 1872

Our industry-leading dividend payouts are one of the many ways that our mutuality benefits policyowners in a tangible way. If we had shareholders, our profits would go to them. Since our company belongs to our policyowners, our profits are often paid to them in the form of dividends.²

Fair treatment for all

Some insurance companies favor certain clients or products over others by offering promotional pricing that subsidizes one product with assets from another or by transferring risk from one group of policyowners to another. We don't. We work to treat all policyowners fairly, setting premiums and guarantees so that each policyowner covers their fair share of costs.

Listening to you

Each year, the Policyowners' Examining Committee (a group made up of our policyowners) provides us with an independent evaluation of our operations, management and strategic plans. We listen to your feedback and include this evaluation in our [online annual report](#) so our clients can get an unbiased view of the company.



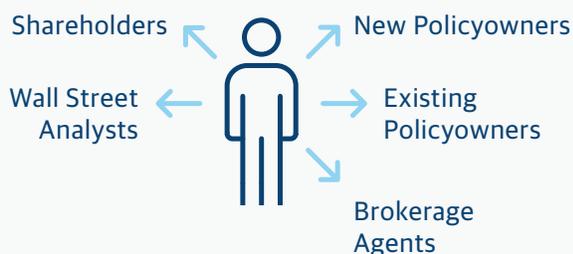
“Clients count on us to be a long-term partner in their financial planning.

They ask us, 'Can I be assured that you're going to be around if I live into my 80s, 90s or beyond?' It's a natural question. We're trusted to be here for their future, to have the staying power and the performance to live up to our commitments. That's one reason, among many, why our exceptional financial strength and reputation for honoring our commitments remain two of our fundamentals - cornerstones of our company.”

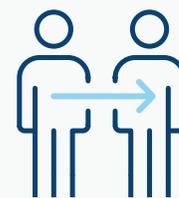
- John E. Schlifske, Chairman, President and Chief Executive Officer

Many other companies struggle to satisfy multiple competing interests. But as a mutual company, we can focus entirely on our policyowners.

TYPICAL STOCK COMPANY COMPETING INTERESTS



NORTHWESTERN MUTUAL SINGULAR FOCUS



Long-term benefit of policyowners

Strongest in the industry

We consistently deliver for our clients because we focus on:

- ✓ Careful underwriting and diligent management that keeps our costs lower than the industry average.³
- ✓ Recommending the right products so clients can buy what they need and keep what they have.
- ✓ Smart investing of assets to drive product value.

FINANCIAL STRENGTH YOU CAN COUNT ON

AAA

A++, Aaa, and AA+ the highest financial strength ratings of any U.S. life insurer from all four major credit rating agencies⁴

96%

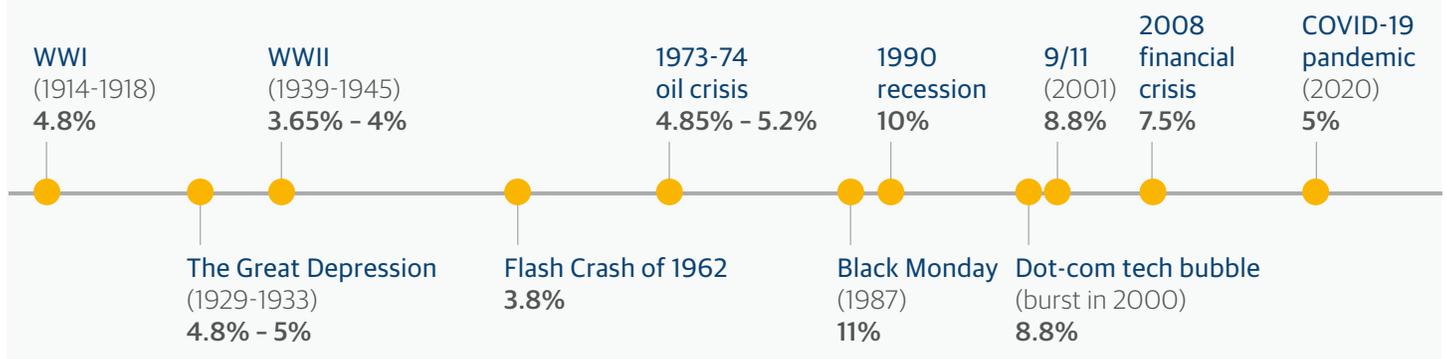
of our clients stay with us year after year⁵

160+

years strong through depressions, downturns, pandemics and two world wars

Economic ups and downs are inevitable. It's important to know that your financial company can weather any storm, and Northwestern Mutual has stayed strong through everything that's happened over the years.

DIVIDENDS PAID EVERY YEAR SINCE 1872



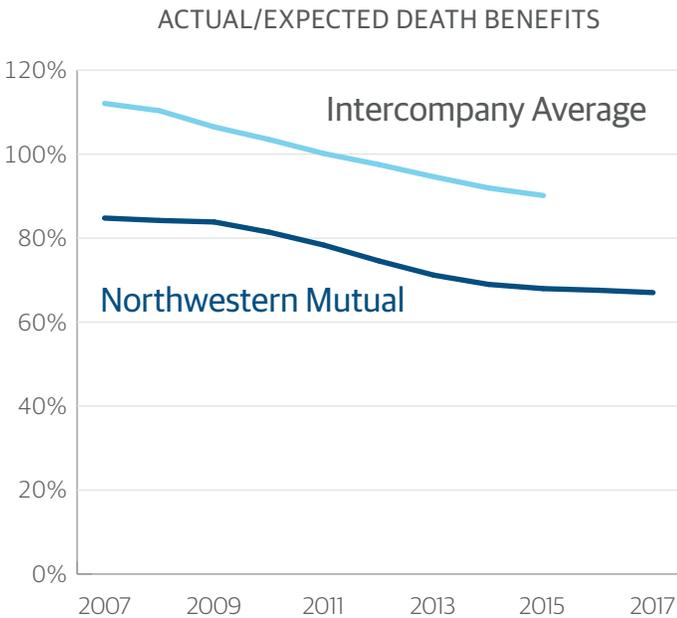
Maximizing value

Delivering the best product performance year after year is key to fulfilling our commitment to do what’s right for our policyowners. There are four main ways we do this:

Careful underwriting

“Underwriting” is the insurance industry term for deciding whom we’ll insure and how much to charge for taking on risk. Choosing well matters because what we save in claims gets returned to our policyowners. Thanks to careful underwriting, our life insurance policies have been in force for an average of about 40 years by the time we pay a death claim. And because our policyowners tend to live longer, the overall cost of our claims is lower than the industry average – meaning we can return more money to our policyowners.

Our mortality advantage compared to the industry is 20%-25%



Source: Society of Actuaries Intercompany Mortality Studies with expected basis of 2015 Valuation Basic Table (VBT). Ratios represent rolling 5-year averages for standard traditionally underwritten business, select period only, ages 18+.

Low expenses

Keeping costs low is central to our business strategy because lower expenses mean we can return more value to you, our policyowners.

Expenses as a percentage of life insurance premium

	2019	5-Year Average
Northwestern Mutual	19.7%	19.4%
John Hancock	21.0%	20.3%
Equitable	21.2%	21.0%
Lincoln	24.1%	21.4%
Guardian	21.6%	21.7%
Prudential	23.5%	23.3%
Pacific Life	24.8%	24.1%
Industry Average	25.2%	25.5%
New York Life	29.1%	29.6%
MassMutual	25.8%	30.8%

Source: S&P Global Market Intelligence. Prepared and calculated by Northwestern Mutual

Policyowner loyalty

Because our financial representatives recommend the right products for their clients’ needs, they tend to keep them for decades. Our industry calls this “high persistency.”

Northwestern Mutual is a leader in persistency. This is good for policyowners because incoming premiums maintain a steady cash flow that adds to our investment portfolio and helps keep costs down.

96.4% of clients keep their NM policies year after year.⁵

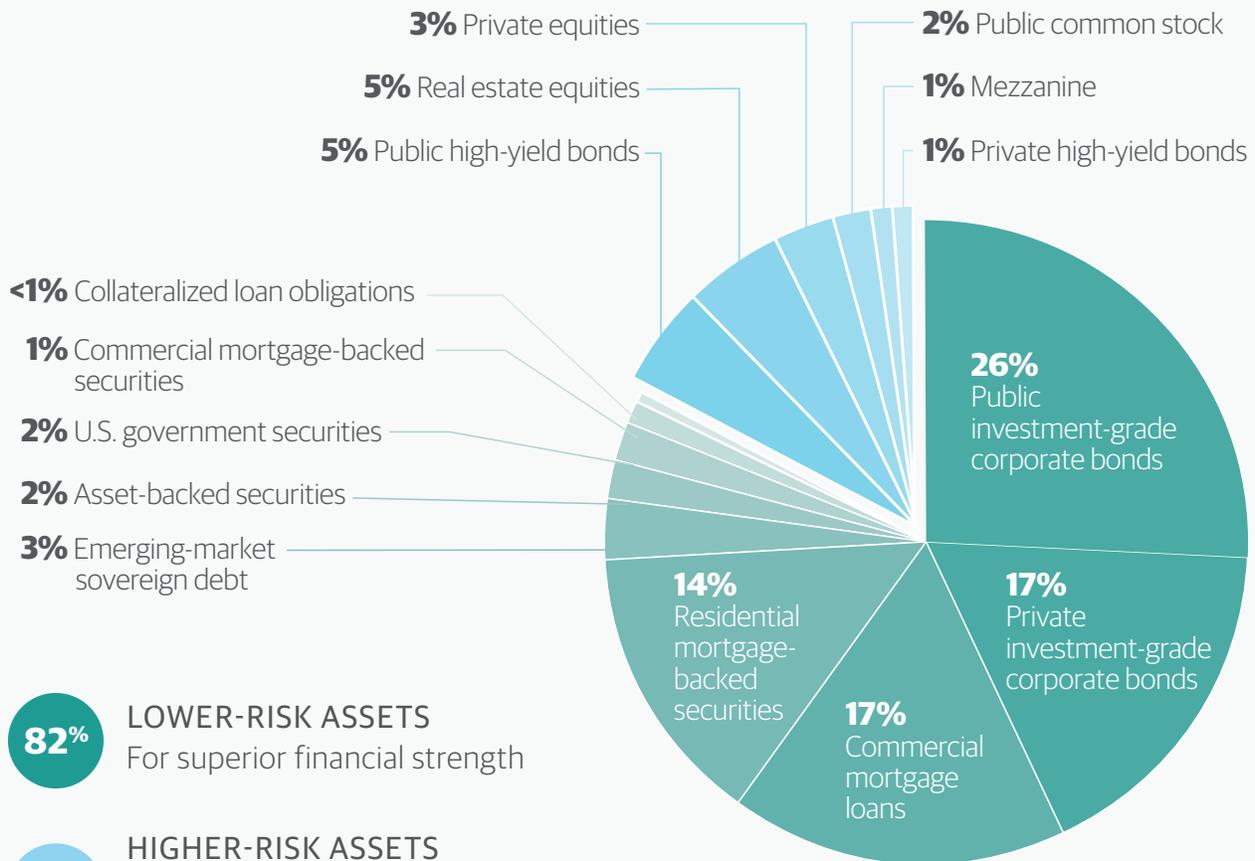
Smart investing

Money that doesn't go to pay claims gets invested, and those earnings can increase policyowner dividends. Our successful management of the investments in our General Account is another way we drive value for our clients:

- Our goal is to earn the highest possible long-term returns while maintaining our unsurpassed financial strength.
- Superior liquidity means we can take advantage of investment opportunities and sell investments when the time is right.
- Our expertise enables us to actively invest across global markets, from high-quality corporate bonds to real estate to private equities.



OUR HIGHLY DIVERSIFIED ASSET ALLOCATION



82% LOWER-RISK ASSETS
For superior financial strength

18% HIGHER-RISK ASSETS
For higher potential returns and long-term performance

TARGET ALLOCATIONS

As of December 31, 2019.
May not add to 100% due to rounding.



The ambition of the Northwestern has been less to be large than to be safe; its aim is to rank first in benefits to policyowners rather than first in size. ... It [is] pre-eminently the policyowner's company."

– Executive Committee, 1888

We put our mutual values into action by:

- Doing what's right for our policyowners.
- Taking the long view.
- Delivering superior product value.
- Building life-long relationships.
- Maintaining exceptional financial strength.

Our commitment to mutuality allows us to help our clients live the life they love – today and tomorrow.



¹Based on historical total dividend payouts of major life insurers, 2012-2020

²The dividend scale and the underlying dividend interest rates are reviewed annually and are subject to change. Future dividends are not guaranteed, although Northwestern Mutual has paid a dividend every year since 1872.

³Source: 2020 Fitch Ratings report

⁴Northwestern Mutual continues to have the highest financial strength ratings awarded to any U.S. life insurer by all four of the major rating agencies: A.M. Best Company, A++ (highest), April 2020; Fitch Ratings, AAA (highest), August 2020; Moody's Investors Service, Aaa (highest), July 2020; S&P Global Ratings, AA+ (second highest), June 2020. Third-party ratings are subject to change and are a measure of the company's relative financial strength and security but are not a reflection of the performance or stability of funds invested in a company's separate accounts. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company.

⁵Loyalty is based on Northwestern Mutual client data.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries.

Products and services are offered through properly credentialed Northwestern Mutual financial representatives. Many Northwestern Mutual financial representatives can offer some but not all of the products and services described.