

LIVE MORE

2013 ANNUAL REPORT



A man with short dark hair and a friendly smile, wearing a dark grey suit, a white shirt, and a patterned orange and white tie. He is standing in front of a large window that looks out onto a cityscape with buildings and greenery. His right hand is in his pocket, and his left hand is resting on a white ledge.

"I AM MOST
PROUD OF
OUR COMPANY'S
POSITIVE IMPACT
ON YOU AND ALL
POLICYOWNERS."

POWERFUL APPROACH

As I look back on 2013 – and forward to the future – I am most proud of our company's positive impact on you and all policyowners. You're telling us and our field force that we're helping you get more out of life – whether that means more security for your families, more flexibility to pursue your passions, or more financial freedom to enjoy your retirement years. And we're helping you reach those outcomes through a powerful approach.

PERSONALIZED PLANNING

First, we're giving our financial representatives the training and tools to do meaningful financial planning with you. This is contrary to the more products-driven (versus needs-driven) approach that many other companies take. But we've never been a company to follow the pack. We're more interested in building lifelong relationships with clients than making short-term sales. We want to get to know you and your financial goals. Only then can we create a personalized plan to address those goals and determine the best products to meet your needs.

PRODUCT VALUE

Second, we offer the best long-term product value in the industry (measured by Blease Research).¹ As a longtime policyowner, I've seen the value of our products firsthand. I recently marked the 50th anniversary of my first Northwestern Mutual policy – a \$25,000 permanent life policy that my dad took out on me when I was 3. That policy and the many others I've purchased from the company have put me on a path to financial security. Over the years, I've watched the total death benefit and cash value grow steadily and reliably. Other companies offer this type of protection, but we offer the best cash value return on permanent life insurance among major U.S. insurance companies.

FINANCIAL STRENGTH

Third, even the best planning and products are futile without a strong company behind them. You can have the utmost confidence in the strength of Northwestern Mutual. Our 2013 financial results are evidence: \$5.2 billion in policyowner dividends projected for 2014, including a total life insurance dividend expected to be more than triple that of our nearest competitor²; a record high total surplus of \$20.6 billion; and the highest financial strength ratings awarded to any U.S. life insurer.³ Those are excellent results at a time of historically low interest rates. More important, we're prudently managing our fundamentals to help ensure our continued success – no matter which direction the markets go.

All of us here wish you and your family a prosperous 2014. We look forward to helping you find more ways to *live more*.



John E. Schlifske
Chairman, President and Chief Executive Officer

RESULTS IN BRIEF (in millions)	2013	2012	Change
Policyowner dividends	\$5,212	\$5,045	+3%
Policyowner benefits paid	\$7,949	\$7,302	+9%
Individual life insurance in force	\$1,462,000	\$1,385,000	+6%
Total revenue	\$25,909	\$24,621	+5%
Total assets	\$217,106	\$202,450	+7%
Surplus & asset valuation reserve (consolidated statutory basis)	\$20,557	\$19,392	+6%

¹ Blease Research Full Disclosure 2013 Whole Life Edition

² Northwestern Mutual analysis of ordinary life insurance dividends based on historical SNL data.

³ A.M. Best Co., A++ (highest), 4/2013; Fitch Ratings, AAA (highest), 1/2014; Moody's Investors Service, Aaa (highest), 1/2014; Standard & Poor's, AA+ (second highest), 6/2013. Ratings current as of Feb. 14, 2014.



MORE TIME TO HEAL

"We were able to take time off and not worry about a lot of things that could have just added grief on top of our grief:"

**—Mark and Robin Hunter
Verona, Wis.**

Parents find strength after tragedy as policy eases financial burdens, allows them to put family first



There is surely no pain worse than the loss of a child. And the grieving process allows no shortcuts; it is something that must simply be endured. Sadly, Mark and Robin Hunter know this all too well.

Maddie was the second of their four daughters, and she had “a zest for life, a beautiful spirit and the ability to love endlessly,” says Robin. “Although we believed it was important to have insurance policies on our children’s lives as well as our own, we never imagined we would make a claim. For us, it was one of the ways we could help secure the girls’ financial futures.”

When Maddie died unexpectedly before the age of 2 in 2005, the policy eased the stress on their family and marriage, says Mark. “There was a night when we literally said to each other, ‘This is a defining moment in our lives. It will tear us apart or it will make us stronger.’ Because we had the time to work through it, this tragedy did not break us.”

Financial Representative Jessica Schock helped the couple through the claims process. Knowing funeral expenses were taken care of and that they could take time off work to grieve, the Hunters had the freedom to do what they needed to heal.



The Hunter family works with Financial Representative Jessica Schock in Middleton, Wis.

It also gave the couple an ability to honor their daughter’s memory by creating “Maddie’s Miracle,” an organization that helps support families who have children in the hospital where Maddie stayed (by delivering meals to parents, hosting toy drives, providing child care for siblings and more). They wanted to help others the way they had been helped.

Today, this couple shares the following advice with other families: “Start planning young, and plan for what you least expect,” says Mark. “Personally, we have seen the benefits of this approach.”



WATCH VIDEO ON TABLET VERSION:

northwesternmutual.com |
[About Northwestern Mutual](#) | [Our Company](#) |
[Annual Report](#) | [Learn More](#)

MORE FREEDOM IN RETIREMENT



**"We feel so lucky to have
the lifestyle we have, and
it's because of the financial
planning we've done."**

**— Ralph and Lea Basch
Boulder, Colo.**

Sticking to a plan has helped this couple live their retirement dream



When Ralph and Lea Basch met Wealth Management Advisor Dan Day, they had a vision: to retire in their early 60s and travel.

That was a little over 25 years ago when the Basches were in their 40s. "We had rewarding, stable jobs, but we wouldn't have been considered 'high earners,'" Ralph recalls. "In addition, we hadn't started saving aggressively yet. But by that time we were determined to meet our goal to have life experiences while we could enjoy them."



The Basch family works with Wealth Management Advisor Dan Day, CLU, ChFC, CLTC, in Boulder, Colo.

Wealth management advisors offer investment advisory services through Northwestern Mutual Wealth Management Co., a limited purpose federal savings bank.

The results speak for themselves. Two years ago – Lea's first year of retirement – the couple spent six months traveling.

"With Dan's help and guidance, we had a plan, and we stuck to it," Lea says. "Today, we are in a very comfortable retirement that includes traveling on month-long road trips across the country and visiting places like Thailand, Cambodia, Laos, Bali, and cities all over Europe."

To develop that plan, Dan used Northwestern Mutual's Personal Planning Analysis tool to assess the Basches' specific situation. Following the results of the analysis, the couple addressed their insurance needs first, giving them the ability to save for the future with confidence. They then turned to investment solutions to work toward future goals.

The reason the plan worked, Ralph adds, is "Lea and I were committed to implementing the plan and systematically saving money every month. We trusted Dan's guidance; we were disciplined, and it has paid off for us."

Ralph and Lea particularly appreciate Dan's straightforward approach. "Any time we've had a question," says Lea, "Dan has reminded us about our goals and how much we needed to save to reach those goals. It has worked out beautifully. Our teamwork set the stage for a secure future and a happy retirement."



WATCH VIDEO ON TABLET VERSION:

northwesternmutual.com | [About Northwestern Mutual](#) | [Our Company](#) | [Annual Report](#) | [Learn More](#)

A photograph of a woman with blonde hair, wearing a dark blue sweater with teal horizontal stripes, smiling and holding a young child. The child is wearing an orange and white striped shirt and blue jeans, also smiling. They are standing outdoors on a grassy area with fallen autumn leaves. The background shows more trees with yellow and orange leaves.

MORE SECURITY FOR 'LITTLE ONES'

"We want to have a large family, so being able to provide for that family is an important goal."

**— Robbie and Amanda Tindall
Louisville, Ky.**

For this growing family, each child brings a new beginning and a renewed look at their plan

He was a young guy, just out of college, working at his first “real” job – but Robbie Tindall had potential.

“At least that was what Rob King thought,” says Robbie of his first meetings with the Northwestern Mutual financial representative. “I didn’t have much to offer, and I didn’t know anything about life insurance or preparing for the future. In addition, it was before Amanda and I were married. I’m conservative by nature, and my parents instilled in me the importance of responsibility, but protection and security were not priorities for me back then.

“Yet Rob worked with me from that first day as if I had all the assets in the world,” Robbie adds. “And he’s continued to work with me – and now us – consistently and diligently.”

As their family has grown, Robbie’s and Amanda’s lives have transitioned from spontaneous weekends away to afternoons at the park and movie nights on bean bags with their sons.



The Tindall family works with Financial Representative Rob King in Louisville, Ky.

With each child has come a new beginning and a renewed look at their financial plan.

“Each time our circumstances change, we are glad we’ve had Rob’s guidance on the right amount of insurance coverage and emergency savings to feel secure,” says Robbie.

“And we are glad we’ve had the discipline to follow that guidance.”

This is especially true as Robbie and Amanda prepare to welcome their third son into the family. Their teamwork with Rob has given them a plan that’s flexible as needs change. As a result, the couple is able to look back on good decisions that have created a sound foundation – and look ahead to a brighter financial future.



WATCH VIDEO ON TABLET VERSION:
northwesternmutual.com |
[About Northwestern Mutual](#) | [Our Company](#) |
[Annual Report](#) | [Learn More](#)

MORE POSSIBILITIES



"I have decreased my expenses and redefined living - and it doesn't look like marble countertops and a condo or a big home. It looks like my daughter and me enjoying life and doing the things we love."

**— Blanca Palomo
Chicago**

Planning helps mother and daughter pursue their passions, 'live less extravagantly but more richly'



Adventure. Global consciousness. Planning and good decisions.

These are the qualities that can lead to an extraordinary life, says Blanca Palomo. Teaming with Financial Representative Andres Baltazar – and having the discipline to carry out his guidance – she is creating more possibilities for herself and her daughter, Sol.

Blanca grew up in poverty as well as great happiness. Today, as a nurse and worker’s compensation case manager, she does not face the same financial struggles her mother did, but she wants to “give Sol a sense of what it means to rise above a challenge and reap the rewards.”

“I want her to see that what we have requires work, and that the best work is doing something you love that compensates you for your talents,” she says.

As a result of the financial planning she’s done with Andres, which involves living within her means and aggressive savings goals, Blanca has been able to pursue her passions and embark on extraordinary adventures with Sol. One adventure included a

trip to Cuba during which the two lived in a village with their relatives and no hot water. Blanca’s lesson to Sol was to feel gratitude and to define for herself what really matters by observing how happy the people were, even when they had so little by American standards.

After returning, to help her daughter and others understand their rich heritage (Blanca is Mexican-Cuban-American, and Sol’s father is African-American), Blanca took a year off work to make an award-winning film, *Children of Color*. During that time, she was able to keep funding her education and retirement accounts due to the budgeting and savings habits she had adopted. And after returning to her regular career, she began to do so even more aggressively.

“When we visited Cuba, we were humbled by how everyone lived,” Blanca says. “It inspired me to make



The Palomo family works with Financial Representative Andres Baltazar in Skokie, Ill.

even better financial choices and live less extravagantly – but more richly.

“Financial security is empowerment,” she adds. “It’s thinking about more than just ‘the now,’ yet having the freedom to live the lifestyle you choose. Andres has been like a life coach on this journey. He has helped me see that virtually anyone can pursue goals with a solid financial plan. It requires discipline and sacrifice, but those are your choices – and they have great power.”



WATCH VIDEO ON TABLET VERSION:
northwesternmutual.com |
About Northwestern Mutual | Our Company |
Annual Report | Learn More

2013 FINANCIAL RESULTS

SUMMARY OF OPERATIONS

(CONSOLIDATED STATUTORY BASIS, IN MILLIONS)

Year ended Dec. 31:	2013	2012
Premiums	\$16,599	\$15,394
Net investment income	8,744	8,677
Other income	566	550
Total revenue	25,909	24,621
Policyowner benefits paid	7,949	7,302
Increase in benefit reserves	9,560	9,053
Commissions and expenses	2,680	2,609
Total benefits and expenses	20,189	18,964
Gain before dividends and taxes	5,720	5,657
Policyowner dividends	5,212	5,045
Gain before taxes	508	612
Income tax expense (benefit)	(18)	37
Net gain from operations	526	575
Net realized capital gains	276	208
Net income	\$802	\$783

These summary financial statements are derived from the company's audited consolidated financial statements, which are prepared on the statutory basis of accounting. Insurance regulators require financial statements prepared on a statutory basis of accounting, which differ materially from financial statements prepared in accordance with generally accepted accounting principles (GAAP). PricewaterhouseCoopers LLP is the company's independent auditor. The company's audited consolidated financial statements are available at northwesternmutual.com or by written request to:

Northwestern Mutual
Corporate Communications
Room NO4
720 E. Wisconsin Ave.
Milwaukee, WI 53202

SUMMARY OF FINANCIAL POSITION

(CONSOLIDATED STATUTORY BASIS, IN MILLIONS)

Dec. 31:	2013	2012
Bonds	\$122,331	\$114,524
Mortgage loans	26,845	24,346
Policy loans	16,306	15,789
Common and preferred stocks	2,965	4,266
Real estate	1,506	1,304
Other investments	12,184	11,353
Cash and temporary investments	2,262	2,393
Total investments	184,399	173,975
Other assets	7,364	7,099
Separate account assets	25,343	21,376
Total assets	\$217,106	\$202,450
Policy benefit reserves	\$158,751	\$149,599
Policyowner dividends payable	5,210	5,041
Other liabilities	7,245	7,042
Separate account liabilities	25,343	21,376
Liabilities (excluding AVR)	196,549	183,058
Asset valuation reserve (AVR)	3,358	3,216
Surplus	17,199	16,176
Surplus and AVR	20,557	19,392
Total liabilities and surplus	\$217,106	\$202,450

Northwestern Mutual's principal financial goal remains the same in any economic environment: to pay a level of dividends that delivers the highest product value to policyowners without compromising the company's superior financial strength and stability.

MUTUALITY AND POLICYOWNER VALUE

Northwestern Mutual is managed for the long-term benefit of our policyowners. This mutual philosophy leads us to pay participating policyowners the highest possible dividends deemed consistent with preserving the long-term strength and security of the company. Dividends reflect our underlying claims experience, investment performance and expense management.

In total, dividends to policyowners are estimated to be \$5.2 billion in 2014 and are expected to be the highest amount of dividends paid in company history. This includes approximately:

\$4.6 BILLION

in dividends on permanent life insurance policies

\$145 MILLION

in dividends on term life insurance policies

\$300 MILLION

in dividends on individual disability insurance policies

\$37 MILLION

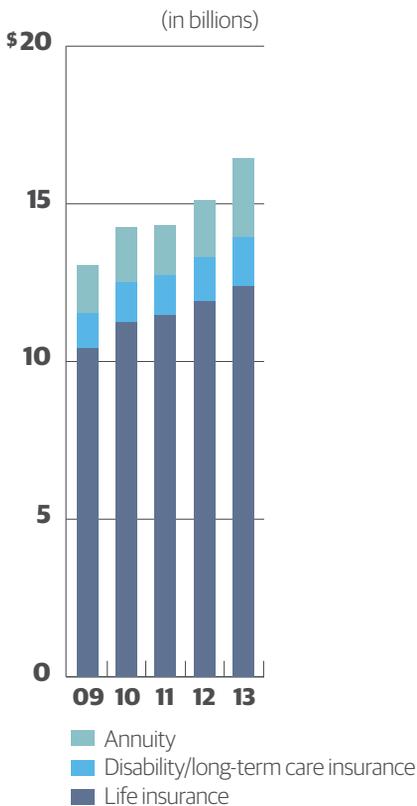
in dividends on annuity contracts

Despite downward pressure on investment earnings due to low interest rates, the dividend scale interest rate on most unborrowed permanent life insurance funds with direct recognition will remain at 5.60 percent for 2014. While important, investment performance is only a part of permanent life insurance policyowner value. Our favorable claims experience and rigorous approach to expense management also contribute to the dividend payout.

Superior product value contributes to policyowner satisfaction and loyalty, demonstrated by our persistency rate for life insurance in force, which was greater than 96 percent again during 2013. Life insurance policyowners used approximately 75 percent of dividends available during 2013 to purchase additional insurance protection, contributing to a 6 percent increase in total life insurance in force, which reached \$1.5 trillion at year-end 2013.

2013 FINANCIAL RESULTS

Premium Revenue



OPERATING RESULTS

Total premium revenue was \$16.6 billion for 2013, an increase of 8 percent from 2012. Premium revenue from life insurance increased 4 percent during 2013 and included a 4 percent increase in renewal premiums from in-force policies. Annuity premium increased 41 percent from 2012, while premium revenue for disability and long-term care insurance increased 5 percent and 18 percent, respectively.

Net investment income increased 1 percent during 2013 to \$8.7 billion. This included 2 percent growth in interest income from fixed-income investments as an increased allocation to these investments was partially offset by continued low market interest rates.

Benefits paid to policyowners or their beneficiaries totaled \$7.9 billion during 2013, a 9 percent increase from 2012. Insurance claims experience remained favorable during 2013, in part a reflection of the company's careful assessment of insurance risk. Reserves for future policy benefits increased by \$9.6 billion during 2013 and totaled \$158.8 billion at the end of the year. Operating results for 2013 also reflected the productivity of our field force and our continued commitment to rigorous management of operating expenses.

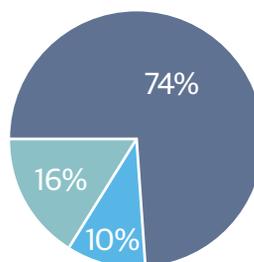
Net income was \$802 million for 2013, an increase from \$783 million in 2012. Net realized capital gains added \$276 million to 2013 net income and reflected both capital gains from the sale of common stock and low investment impairments.

The Power of Our Portfolio

A well-balanced and diversified portfolio contributes to the company's exemplary dividend record.

General Account Managed Investments

(excludes policy loans)



At year-end 2013

- 74% Bonds & cash
- 16% Mortgage loans
- 10% Stocks & other equities

PROVEN INVESTMENT STRATEGY

The company's **\$122 billion** bond portfolio remains the cornerstone of our general account investment strategy.

INVESTMENT RESULTS

The company's general account investment portfolio is well diversified and is primarily allocated to high-quality bonds and commercial mortgage loans. Our investment strategy provides superior returns over the long term while limiting overall credit, market and interest-rate risk. Our investment guidelines limit exposure to any single asset class or issuer.

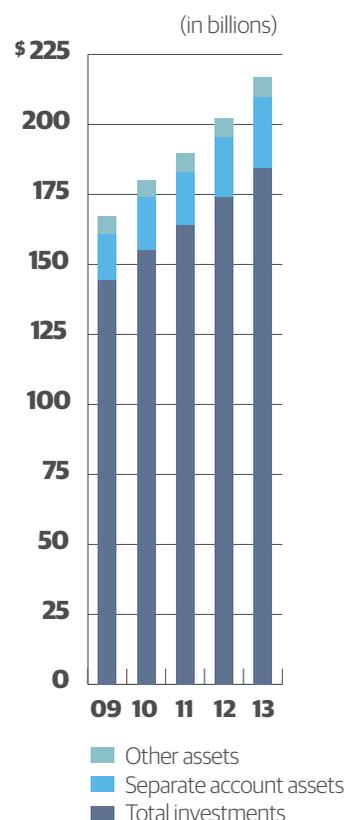
The \$122 billion bond portfolio includes both public and private bonds, with 91 percent of the total rated as investment grade at year-end 2013. The company's \$27 billion commercial mortgage loan portfolio is originated and underwritten by our own real estate professionals. It had a conservative overall loan-to-value ratio of 55 percent at year-end 2013, reflecting our disciplined approach to mortgage lending.

Equity investments include public and private common stocks, real estate and other holdings. The market value of these investments can be volatile, but they enhance total portfolio returns over the long term. In 2013, the company continued to follow this diversified investment strategy and maintained a consistent level of exposure to equity investments.⁴

In total, net realized and unrealized capital gains, after taxes and required deferrals of interest rate-related gains, increased total surplus (including asset valuation reserve) by \$622 million during 2013. This result reflected realized gains on the sale of common stock and unrealized gains from equity market appreciation during 2013.

Northwestern Mutual maintains a very strong liquidity position. At year-end 2013, the company held \$2.3 billion in cash and short-term investments. The company enjoys substantial positive operating cash flows, primarily from the large and stable block of participating life insurance business.

Total Assets



⁴The vast majority of the company's general account managed assets back the company's surplus and most of the life, disability and portfolio income annuity liabilities. The investment strategies described here apply to the investment of those assets. A portion of managed assets backs the remaining liabilities (including liabilities for fixed rate annuities and deferred annuities issued prior to 1986) and has different investment exposure than described above. Long-term care insurance is issued by Northwestern Long Term Care Insurance Co., Milwaukee, WI, a subsidiary of Northwestern Mutual.

2013 FINANCIAL RESULTS

FINANCIAL STRENGTH

Total surplus (including asset valuation reserve) increased \$1.2 billion during 2013 to \$20.6 billion. In addition to policy benefit reserves, surplus provides the company with protection against the unexpected. The asset valuation reserve supports our long-term investment strategy by absorbing credit losses and short-term market volatility.

At year-end 2013, surplus and asset valuation reserve represented 13 percent of general account insurance reserves, consistent with the surplus ratio one year earlier. This level of capitalization remains very strong compared to the company's historical surplus levels and the standards set by insurance regulators and the major rating agencies.

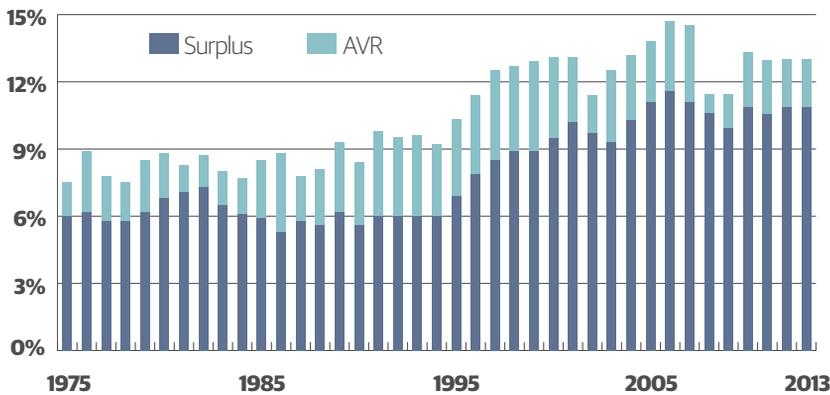
Our financial position remains strong with a surplus ratio of

13%

assuring that we can keep our promises to policyowners.

Surplus Ratio

(surplus and AVR as a percentage of general account insurance reserves)



LOOKING AHEAD

Northwestern Mutual will continue to focus on the fundamentals, including prudent management of insurance product risk; a balanced, diversified general account investment portfolio; and careful attention to operating expenses. This focus, along with our commitment to mutuality and the financial flexibility provided by participating dividends, will help the company weather even extreme financial stress. In good and bad times, you can count on Northwestern Mutual's commitment to long-term financial security.



John Schlifske
(center), chairman,
president and chief executive
officer of Northwestern Mutual, meets with
the 2013 Policyowners' Examining Committee (POEC)
during one of its visits to the home office.

2013 POLICYOWNERS' EXAMINING COMMITTEE REPORT

Since 1907, a group of three to five policyowners has been given unrestricted access to the company to independently evaluate its operations, management and strategic plans. Each year, the committee's findings are published in the Annual Report. The 2013 committee's complete report is printed here.

As members of this year's Policyowners' Examining Committee, we've had the opportunity to meet with Northwestern Mutual leaders and learn about the company's performance, operations and strategic direction for the future. Through this experience, we were positively impressed by management's transparency and openness in our interactions. As clients, each of us has trusted our own financial security to Northwestern Mutual. After this experience, we are confident that our trust in Northwestern Mutual is well placed.

A STRONG FOUNDATION

The company's strong foundation is built on its exceptional financial strength, reflected in its record surplus level and expected dividend payout. In 2014, Northwestern Mutual expects to pay \$5.2 billion in policyowner dividends, the largest payout in company history. Additionally, for the first time the company's total surplus has exceeded \$20 billion. This financial strength is a key differentiator for Northwestern Mutual.

"With an eye toward the future, the company is evolving to meet the challenges of a highly competitive financial services marketplace, to address the preferences of the nation's changing demographics, and to adapt to the rapid pace of technological change."

“We encourage financial representatives to continue to collaborate with one another in order to allow their clients to experience the financial security that comes from a solid planning approach coupled with access to high-quality products and services.”

Northwestern Mutual's foundation is also built on a suite of products and services, delivered through a comprehensive planning approach that offers excellent long-term value. The dedicated and highly trained financial representatives who deliver those products, services and planning tools are a clear competitive advantage. Company leadership is focused on strengthening this foundation by growing the number and productivity of financial representatives in order to help deliver financial security to more people.

We were also impressed by the company's strong management team and the commitment of both the home office and the financial representatives to not just doing things right, but more important, “doing the right thing” for the clients who put their trust in Northwestern Mutual.



POEC member **Barbara Daniel** is senior vice president and treasurer of Sirius XM Radio Inc., New York.

EVOLVING FOR THE FUTURE

Meeting the growing needs of its clients for over 156 years has been a hallmark of Northwestern Mutual's strategy. To continue to address those needs, the company's strategy and brand have evolved from that of predominantly a life insurance company to a comprehensive financial security business. With an eye toward the future, the company is evolving to meet the challenges of a highly competitive financial services marketplace, to address the preferences of the nation's changing demographics, and to adapt to the rapid pace of technological change. Following are three areas that will position Northwestern Mutual for continued success: an enhanced and more consistent

client experience, additional financial representative support, and a company culture that is increasingly accountable and diverse.

THE CLIENT EXPERIENCE

Company leadership is focused on continually improving the client experience. We believe Northwestern Mutual should enable its field force to be brand ambassadors. This means helping financial representatives communicate a more consistent brand message of financial security and then delivering a consistent brand experience through integrated product solutions.

Northwestern Mutual is making much-needed investments in client-facing and field-facing technology. We emphasize the need to leverage technology to enhance the client experience. The company must improve the user interface between its clients and its technology to meet clients' growing expectations. We encourage the company to continue to build technology tools that enable the field to provide seamless and consistent service to clients.

In keeping with Northwestern Mutual's brand promise, we want to reinforce the importance of consistently delivering holistic, needs-based planning to more people. We encourage financial representatives to continue to collaborate with one another in order to allow their clients to experience the financial security that comes from a solid planning approach coupled with access to high-quality products and services.

FINANCIAL REPRESENTATIVE SUPPORT

We applaud the strong partnership between Northwestern Mutual's home office and its field force. Through this partnership, the company seeks to fulfill its brand promise to deliver financial security to clients. We encourage the company to explore flexible ways to further support financial representatives throughout the different stages of their careers.

The company's infrastructure, training programs and incentives should all be aligned with the financial security brand promise. For instance, consider more ways to encourage experienced representatives to do joint work with newer financial representatives so together they can offer the full suite of insurance and investment products and services. This will help ensure a more consistent delivery of financial planning to clients. The company should also look to newer financial representatives for insights on the expectations of younger clients.

COMPANY CULTURE

Northwestern Mutual has built a strong culture by aiming to always do what's right. We were pleased to see the management team also working very cohesively to foster a culture in which leaders deliver results, maximize employee engagement and envision the future. We were impressed with the depth of Northwestern Mutual's steady commitment to diversity and inclusion, which is evident in its "tone at the top," training and development programs, succession planning and promotional opportunities. We strongly support the company's continued efforts to increase the gender and ethnic diversity of its field force and home office employees by measuring progress and infusing diversity and inclusion into the culture.



POEC members **Esther Campi**, chief executive officer of Campi & Co., Chapel Hill, N.C., teams up with **Jose Motta**, vice president of total rewards & shared services for Dean Foods Co., Dallas.

"We encourage the company to explore flexible ways to further support financial representatives throughout the different stages of their careers."

CALL TO ACTION

Some things will never change – Northwestern Mutual has always been there for its clients and will continue to be there for generations to come. Our future, however, certainly will look different from our past. Northwestern Mutual is preparing for the future by evolving from predominantly a life insurance company into a comprehensive financial security company. We all have a role to play in that evolution. The home office must support the field force in furthering the company's ambition to deliver enhanced financial security opportunities to more people. The field force must embrace and respond to this evolution on the front lines. Lastly, all clients should take ownership of their financial future by contacting their financial representative to create and implement a comprehensive financial security plan.

— Report submitted Nov. 18, 2013



Bryan Timm (right), chief operating officer and executive vice president of Columbia Sportswear Co., Portland, Ore., served as the 2013 POEC chair. He is pictured with POEC member **Nicholas Brathwaite**, founding partner of Riverwood Capital, Menlo Park, Calif.

COMPANY LEADERS

as of Feb. 14, 2014

EXECUTIVE LEADERSHIP TEAM

John Schlifske

Chairman, President and CEO

Michael Carter

Executive Vice President and Chief Financial Officer

Joann Eisenhart

Senior Vice President
Human Resources

Ronald Joelson

Executive Vice President and Chief Investment Officer

Raymond Manista

Senior Vice President
General Counsel and Secretary

Gregory Oberland

Executive Vice President
Products, Sales and Marketing

Timothy Schaefer

Executive Vice President
Operations and Technology

Todd Schoon

Executive Vice President
Agencies

EXECUTIVE OFFICERS

Sandra Botcher

Vice President
Disability Income

Eric Christophersen

Vice President
Wealth Management

David Clark

Senior Vice President
Real Estate

Christina Fiasca

Vice President
Product Finance

Timothy Gerend

Vice President
Agency

Kimberley Goode

Vice President
Communications and Corporate Affairs

Karl Gouverneur

Vice President and
Chief Technology Officer

John Grogan

Senior Vice President
Planning and Sales

Thomas Guay

Vice President
Field Rewards

Gary Hewitt

Vice President
Investment Risk Management

Todd Jones

Vice President and
Chief Risk Officer

J. Chris Kelly

Vice President and Controller

John Kordsmeier

Vice President
Strategic Philanthropy and
Community Relations

Jeffrey Lueken

Senior Vice President
Securities

Steven Mannebach

Vice President
Field Growth and Development

Christian Mitchell

Vice President
Corporate Strategy

Steven Radke

Vice President
Government Relations

David Remstad

Senior Vice President and
Chief Actuary

Bethany Rodenhuis

Senior Vice President
Field Strategy and Services

Tammy Rouu

Vice President
Enterprise Risk Assurance

Calvin Schmidt

Senior Vice President
Integrated Customer Operations

Sarah Schneider

Vice President
New Business

Sarah Schott

Vice President
Compliance/Best Practices

David Simbro

Senior Vice President
Life and Annuity Products

Steve Sperka

Vice President
Long Term Care

Conrad York

Vice President
Marketing

Todd Zinkgraf

Vice President
Enterprise Solutions

BOARD OF TRUSTEES

as of Feb. 14, 2014

John Balboni⁵

Retired Senior Vice President and Chief Information Officer
International Paper Co.
Memphis, Tenn.

David Drury^{2, 3, 4A}

Owner and CEO
Poblocki Sign Company LLC
Milwaukee

Connie Duckworth^{2, 3, 4}

Founder and CEO
ARZU Inc.
Chicago

James Hackett^{2, 4}

CEO
Steelcase Inc.
Grand Rapids, Mich.

P. Russell Hardin¹

President
Robert W. Woodruff Foundation
Atlanta

Hans Helmerich⁴

Chairman and CEO
Helmerich & Payne Inc.
Tulsa, Okla.

Dale Jones⁵

President
Diversified Search LLC
Philadelphia

Margery Kraus⁵

Founder and CEO
APCO Worldwide
Washington, D.C.

David Lubar^{3, 5}

President and CEO
Lubar & Co.
Milwaukee

Ulice Payne Jr.^{3, 4}

President and CEO
Addison-Clifton LLC
Brookfield, Wis.

John Schlifske^{2A, 3A}

Chairman, President and CEO
The Northwestern Mutual
Life Insurance Co.
Milwaukee

Mary Ellen Stanek^{1, 3}

Managing Director and Director of
Asset Management
Robert W. Baird & Co.
Milwaukee

Timothy Sullivan¹

President and CEO
Gardner Denver Inc.
Wayne, Pa.

S. Scott Voynich^{1A, 2}

Managing Partner
Robinson Grimes & Company P.C.
Columbus, Ga.

Ralph Weber⁴

Founding Member
Gass Weber Mullins LLC
Milwaukee

Barry Williams^{2, 5A}

Retired Managing General Partner
Williams Pacific Ventures Inc.
San Francisco

Benjamin Wilson¹

Managing Principal
Beveridge & Diamond P.C.
Washington, D.C.

Edward Zore^{3, 5}

Retired Chairman
The Northwestern Mutual
Life Insurance Co.
Milwaukee

Committee affiliation key:

1 Audit

2 Executive

3 Finance

4 Human Resources,
Nominating
and Corporate
Governance

5 Operations,
Technology and
Marketing

A Chair

Northwestern Mutual

Northwestern Mutual helps clients protect against financial risk and achieve financial security. The company, together with its subsidiaries, offers life, disability and long-term care insurance; annuities; investment products; advisory services; and trust services that address client needs for financial protection, wealth accumulation, estate preservation and asset distribution. Headquartered in Milwaukee, Wis., the mutual company has nearly 4 million policyowners and investment clients.

Subsidiaries

QuietCare® long-term care insurance is offered through Northwestern Long Term Care Insurance Co., Milwaukee, Wis. Securities are offered through **Northwestern Mutual Investment Services LLC** (NMIS). NMIS, a registered investment adviser, broker-dealer and member of FINRA and SIPC, is a wholly owned company of Northwestern Mutual. Northwestern Mutual Wealth Management Co., a wholly owned company of Northwestern Mutual, is a limited purpose federal savings bank authorized to offer a range of financial planning, trust, fiduciary, investment advisory and investment management products and services. The Frank Russell Co. (also known as Russell Investments) is a Washington, U.S.A., corporation, which operates through subsidiaries worldwide and is a subsidiary of The Northwestern Mutual Life Insurance Co.

More about dividends

Northwestern Mutual expects to continue as the leading U.S. company in total life insurance dividends paid to policyowners. Decisions with respect to the determination and allocation of divisible surplus are left to the discretion and sound business judgment of the company's Board of Trustees. There is no guaranteed specific method or formula for the determination and allocation of divisible surplus. Accordingly, the company's approach is subject to change. Neither the existence nor the amount of a dividend is guaranteed on any policy in any given policy year. Some policies may not receive any dividends in a particular year or years even while other policies receive dividends. In its 2014 dividend scale resolution, the Board of Trustees has exercised its discretion to guarantee a minimum amount of dividends to be paid in 2014 to policyholders as a group. If this guaranteed amount exceeds the aggregate amount of dividends actually paid to individual policyholders in 2014, that excess will be paid in 2015 in accordance with the 2014 dividend scale resolution. The presence of a guaranteed minimum amount in the 2014 dividend scale resolution does not obligate Northwestern Mutual to declare a dividend in future years or to guarantee any portion of dividends that may be declared in future years.

Reporting fraud

Every year, insurance fraud costs companies and consumers billions of dollars. What can policyowners do to help the company's anti-fraud efforts? The company's website has information on this topic. To report fraud, email antifraud@northwesternmutual.com or call toll-free 1-877-607-2485.

Client-representative relationships

This report contains profiles of certain Northwestern Mutual clients, their personal financial needs and how Northwestern Mutual met their needs. The personal financial needs and results of the clients shown in this report may not represent the experience of other clients. Please discuss your personal financial situation with your Northwestern Mutual financial representative before purchasing any product or service. Keep in mind that working with a Northwestern Mutual financial representative or any other financial services provider does not guarantee future investment success.

Enterprise risk management

Northwestern Mutual has a strong risk management culture prevalent at all levels of the organization that promotes vigilance in identifying and managing risks – whether financial, operational, strategic or environmental – that could impact the strength and security of your company. We apply risk models, experience and judgment as part of a well-coordinated structure to identify, evaluate, address and monitor current and emerging risks. This structure assures accountability for scrutinizing risks, defining tolerance thresholds and managing risks within those thresholds. Cross-functional committees review risks related to our business. They are central to our internal system of checks and balances. These committees leverage well-informed employees and work in partnership with the chief risk officer, who facilitates consistent direction and communication among various risk management functions in the company. The company's Board of Trustees is responsible for overseeing all risk management efforts. As a financial security company, we believe that managing risks lies at the heart of our business and is deeply rooted in the more than 156-year-old culture that guides our employees and financial representatives.

Annual Meeting of Policyowners

8 a.m., May 28, 2014

The Annual Meeting of Policyowners of The Northwestern Mutual Life Insurance Co. will be held at 8 a.m., Wednesday, May 28, 2014, at the company's downtown campus, 720 E. Wisconsin Ave., Milwaukee, WI.

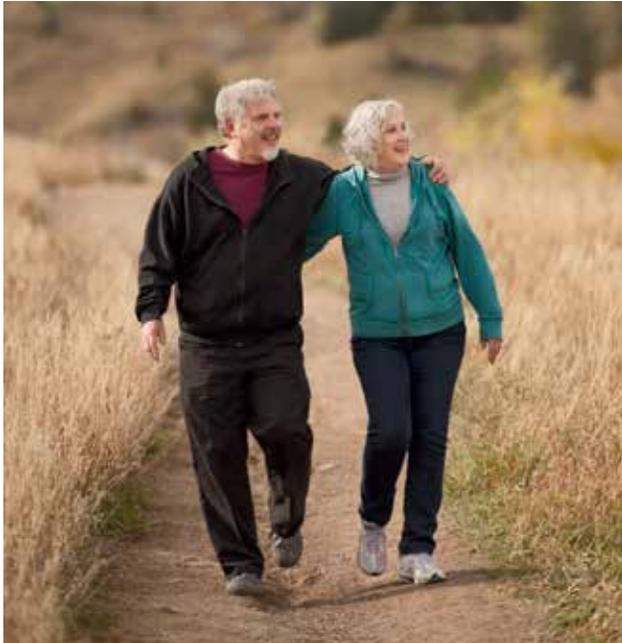
Have a question?

For policy inquiries or general information, go to northwesternmutual.com. For billing and payment inquiries, call 1-800-388-8123. The company's general phone number is (414) 271-1444.

HOW ARE WE DOING?

Visit <http://u.nm.com/share> to share your experience!

MORE RETIREMENT SOLUTIONS



No matter what your age, it's never too early to plan for retirement. Northwestern Mutual's approach to retirement planning helps you meet three important goals:

- Provide retirement income that will last a lifetime.
- Protect your savings from the financial risks in retirement, such as market volatility or a long-term care event that could wipe out your savings.
- Leave a legacy to a loved one or charity through an inheritance.



Your financial representative can help you meet these goals by working with you to build a comprehensive plan customized to your needs.

⁵Source: Annuity 2000 table with mortality enhancements using projection scale G2 and assuming a retirement age of 65.

⁶All annuity guarantees are backed solely by the claims-paying ability of Northwestern Mutual.

70%

of people turning 65 will need long-term care at some point in their lives.

Source: U.S. Department of Health and Human Services, <http://longtermcare.gov/the-basics>

CREATE PREDICTABLE INCOME IN RETIREMENT

Lots can change during the average retirement, which now lasts nearly 30 years.⁵ But one thing that hasn't changed is the desire to have predictable income to meet living expenses. Northwestern Mutual helps policyowners optimize their income while managing the risks they face in retirement through a variety of income strategies. This could be a combination of investments and our annuity products, including our new patent-pending *Select*[™] Portfolio Income Annuities. All of our annuities can provide guaranteed income⁶ for as long as the annuitant lives and some can be structured to leave funds to a surviving beneficiary. To learn more about these innovative retirement solutions, available only through Northwestern Mutual, visit northwesternmutual.com | **Products & Services** | **Annuities** | **Portfolio Income Annuities**.

TEST YOUR RETIREMENT READINESS

How prepared are you for retirement? Take the 9-Hole Retirement Challenge and find out. Through a series of nine questions, this interactive tool will help you better understand the financial realities of retirement. Go to northwesternmutual.com | **Financial Guidance** | **Retirement** | **Approaching Retirement**.

Whatever your retirement horizon, contact your financial representative to build a retirement plan that's right for you.

MORE REASONS TO CHOOSE NORTHWESTERN MUTUAL

MORE DIVIDENDS

In 2014, we expect to pay a total life insurance dividend **more than triple** that of our nearest competitor.

—Northwestern Mutual analysis of ordinary life insurance dividends based on historical SNL data.

MORE GUIDANCE

Our financial representative training program is recognized **among the country's best**, helping our representatives guide you to a more secure financial future.

—Training magazine's annual "Training Top 125" list, January/February 2014 issue

MORE CLAIMS PAID

We delivered on our promises to policyowners, paying more than **\$3.3 billion** in life, disability and long-term care insurance claims in 2013 – an 11 percent increase over 2012.