

A young girl with curly hair is shown in profile, blowing a bubble. The background is a bright, bokeh-filled sky with many out-of-focus light spots. The overall tone is warm and optimistic.

# Connecting Values with Actions

Corporate Citizenship Report

 **Northwestern Mutual®**

# Connecting values with actions

We believe being a responsible corporate citizen involves acting ethically in everything we do, from our relationships with clients, employees, suppliers and the communities where we do business, to how we approach the marketplace and our investments. It also extends to how we treat the environment and how we share our good fortune with those less fortunate. This report provides a few highlights of how we connect these values with our actions.

Northwestern Mutual

# Connecting with clients through trust and integrity

Northwestern Mutual has been “speaking” corporate citizenship for over a century and a half. Since 1857, we’ve conducted our business in such a way that ethical conduct is valued, integrity is of the utmost importance, and trust is cultivated in every choice. At Northwestern Mutual, these values are lived out every day in the very nature of our business, as a mutual company seeking to serve client needs.

In today’s environment, what we do and how we do it has become more important than ever. Anyone can prove they’re strong once. The real question is whether they can prove it again and again. Northwestern Mutual has answered that question in the affirmative consistently, by:

- Putting our clients’ needs first by offering quality products and sound, suitable recommendations and providing good overall value for the long-term. For example, we have paid dividends to our policyowners every year since 1872, providing real value and financial stimulus to people in communities throughout the country. In 2010 alone, we will pay more than \$4.7 billion in dividends to our participating policyowners.<sup>1</sup> These dividends are credited to policyowners in every state, sending money back to our clients and their local economies, or increasing their cash values and death benefits.
- Building trust through safeguarding our financial strength. Our philosophy as a mutual company makes maintaining and building financial strength part of every decision every day. This philosophy has helped provide our clients with financial security and safeguarded the company during turbulent economic times. It enables us to protect and preserve wealth and assets for our clients, thus helping to provide the financial means to keep families in our communities strong. Once again in 2010, Northwestern Mutual maintains the best possible ratings for insurance financial strength from all four major rating agencies.<sup>2</sup>

<sup>1</sup> The policy dividend is reviewed annually by the company’s Board of Trustees. Dividends are not guaranteed beyond 2010 and are subject to change.

<sup>2</sup> Third-party ratings are subject to change.

The economic impact of Northwestern Mutual’s financial security blanket:

- > Covers **3.3 million** policyowners and clients
- > Provides **\$1.2 trillion** of life insurance protection in force nationwide
- > Encompasses more than **\$11.5 billion** of benefits and dividends paid nationwide in 2009

# Connecting with clients through how we do business

**An independent Policyowners' Examining Committee has evaluated the company's operations, management and strategic plans – independently and without restrictions – since 1907.**

As a mutual company with more than 150 years of experience, we have been able to maintain our focus on the long-term interests of our clients and policyowners – steadfastly helping them achieve financial security.

While our focus rests squarely on helping our clients reach their goals, the resulting economic impact of our work is also felt in the larger community every time we deliver on our promises.

This economic impact, a product of the company's business activities and services, impacts people and communities in many ways. Here are just a few:

**People:** Through the insurance and investment products and services we provide to more than 3 million people, we're committed to meeting clients' needs through every stage of life. The impact of our work is felt in the larger community every time we pay a claim that keeps a family or business strong or help a family achieve a financially secure retirement.

Northwestern Mutual paid almost \$7 billion in policyowner benefits alone in 2009.

**Local Investments:** Northwestern Mutual is one of the United States' largest real estate investors, with institutional investments providing the necessary underlying financing for the development of apartment, office and retail buildings in cities throughout the country, helping to stimulate economic growth. At year-end 2009, Northwestern Mutual had nearly \$46 billion in real-estate related investments.

**Philanthropy:** Through charitable giving to initiatives targeting health, education and the arts. The Northwestern Mutual Foundation provided \$15 million in grants in 2010 to nonprofit organizations serving communities nationwide. This dollar amount is in addition to the thousands of hours of service donated by employees, financial representatives and staff members to their own communities. More information on the company's giving can be found later in this report.



Please see [www.northwesternmutual.com](http://www.northwesternmutual.com) | About Northwestern Mutual for more on "Our Mutual Advantage" and the full Policyowners' Examining Committee report.

# Connecting with the communities where we live and work

For every 40 hours of volunteer service performed by an employee for an eligible nonprofit organization, our Foundation donates \$500 to the nonprofit on that employee's behalf. And our Days of Sharing Program engages employees in community contributions by enabling them to nominate a nonprofit for a Foundation grant.

Through its Foundation, Northwestern Mutual extends the company's strength and consistency to promote strong communities nationwide. Some notable contributions in 2009 include:

- \$500,000 to the American Red Cross Disaster Relief Fund. Donations in advance of major disasters are essential to allow the Red Cross to provide shelter, food and other care immediately after a disaster strikes.
- Sponsorship of "The Adventures of MR. POTATO HEAD" – an exhibit designed to help children ages three to eight develop school readiness and academic skills – currently making a cross-country museum tour.
- Matching more than \$4 million in employee and field gifts to accredited schools and universities.
- Continuing to serve as the top corporate contributor to Milwaukee's United Performing Arts Fund and United Way of Greater Milwaukee with more than \$1 million and \$3.5 million raised through Foundation and employee donations to the respective nonprofits.

Our Foundation's efforts also seek to recognize volunteerism and community leadership. Among the milestones we celebrate in 2010:

- 25 years of Mutual Friends – the formal volunteer program for our corporate family to collectively lend a helping hand to community volunteer projects. Annually, more than 1,000 employees donate 29,000-plus hours to community volunteer efforts through group activities; mentoring; charity drives; and service on nonprofit boards.
- The 16th anniversary of our Community Service Award, which recognizes the volunteer efforts of 25 financial representatives from across the country. The nonprofits for which they volunteer each receive a \$10,000 grant, with one Most Exceptional Volunteer earning \$25,000 for his or her nonprofit partner.
- The second year of our Community Impact Award, which highlights the outstanding philanthropic and volunteer commitment of Northwestern Mutual field offices with a \$50,000 donation to each of four network offices' nonprofit partners.



Please see [www.northwesternmutual.com](http://www.northwesternmutual.com) | About Northwestern Mutual for more information on these topics.

Northwestern Mutual is the top corporate philanthropic giver in Wisconsin, contributing a total of \$15 million to causes nationwide through its Foundation during its July 2009-June 2010 fiscal year.

# Connecting with employees through programs and development

It takes a top-notch workforce to achieve historic results like we have – and the company recognizes that fact with actions like the following:

- During this period of high unemployment, Northwestern Mutual has managed our workforce smartly and efficiently, redeploying resources as needed to meet the changing needs of the organization. In fact, we've never had a layoff in our existence.
- Two Mutual Health Centers offer on-site medical and wellness services. As an integral aspect of our overall health care strategy – which is to help employees get informed, get active and get healthy – the Centers are equipped to provide a full range of primary care services.
- Our Employee Home Purchase Plan encourages homeownership in targeted areas of the City of Milwaukee.

We also believe meeting customer needs requires unique experiences and perspectives. We strive to provide that diversity by:

- Connecting with underrepresented populations through recruiting events like the NBMBA

(National Black MBA Association) and NSHMBA (National Society of Hispanic MBA).

- Sponsoring scholarship and internship programs for under-represented populations.
- Supporting and participating in professional networking organizations and events geared toward under-represented populations.
- Maintaining a professional, respectful and inclusive work environment through professional conduct training, including training managers on leading diverse teams.
- Enforcing non-discrimination and anti-harassment policies that help ensure no employee is excluded from contributing positively.

While we continue to seek opportunities for growth, we are pleased to report that women make up more than 60 percent of our workforce, 22 percent of our executive officers and 51 percent of our management-level workforce. People of color make up about 14 percent of our workforce population today, and we continue to make progress with the percentage of minorities in management-level positions.

Developing opportunities with minority and women-owned business enterprises (M/WBEs) enhances our ability to purchase goods and services at competitive prices and continuously improve our supplier base. In 2009 we spent \$11.4 million with tier one M/WBEs.



Please see [www.northwesternmutual.com](http://www.northwesternmutual.com) |  
Career Opportunities for more.

# Connecting our business with care for our environment

As a mutual company seeking to remain financially strong and reward our clients with outstanding benefits and long-term value, we naturally look for efficiencies in all we do. Consistent with this mission, as well as our goal to be responsible stewards of our natural resources, Northwestern Mutual has formed a Green Initiatives Team. This cross-functional group identifies and catalogs environmentally sustainable business activities, methods and practices that represent cost-saving or cost-neutral opportunities for our operations.

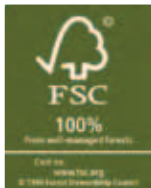
Here are just a few of our recent activities:

- Continuing to strengthen our robust recycling program. Examples include an initiative to ensure re-use of data and phone cable, and the recycling of 800 tons of waste paper (that equates to saving 13,600 trees, 2,400 barrels of oil, 5.6 million gallons of water and 3.2 million kilowatt-hours, and eliminating 2,400 cubic yards of landfill – a total carbon offset of nearly 2,700 metric tons).
- Purchasing locally grown, organic fruits and vegetables for our restaurant operations.
- Seeking everyone's input to make all we do "greener." For example, an employee idea

led the company to recycle coffee grounds for worm composting.

- Turning off the air handlers at our Franklin campus at night and on the weekends, resulting in a carbon offset of more than 500 metric tons.
- Qualifying and joining Metro Milwaukee Green, which challenges organizations to become more sustainable. Qualifying as an engaged participant required our conducting an energy audit, implementing a systematic and comprehensive green cleaning program, joining the sustainable business network at [www.TheSRO.org](http://www.TheSRO.org) and more.
- Serving as a sponsor for Milwaukee's Bike to Work Week.
- Making our IT operations more sustainable through initiatives like virtualization/server consolidation, replacing CRT monitors with energy-efficient flat panels, purchasing practices favoring energy-efficient products, revising data center rack design layout (hot/cold aisles) to reduce energy consumption, asset disposal through certified recyclers, and using equipment power management settings to conserve energy.

By changing the way we produce some of our financial materials, we reduced annual paper consumption by more than **300,000 pounds** (equating to a carbon offset of 544 metric tons).



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