

PORTFOLIO PERFORMANCE

2013 INVESTMENT REPORT



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I am pleased to report the Northwestern Mutual general account portfolio once again performed very well for you, our policyowners, in 2013.



While many people focus on the lofty public equity returns as the obvious story of 2013, the reality of the recent world economy and investment markets is much more complicated.

On the bright side, the domestic markets, at least, reflected renewed optimism about economic growth, falling unemployment, the lack of any new economic catastrophe in Europe and our own Congress apparently understanding it can't manage by crisis.

But by now, much of this optimism is built into equity prices, leaving much less room for the type of equity returns we saw in 2013.

On the fixed income side, 10-year Treasuries were stuck below 3 percent for much of the year, rising to what may be a new normal closer to 3 percent as we look forward. Modest weaning by the Federal Reserve of its bond buying and simple statements about the possibility of raising rates at some point in our future caused enough consternation to make one wonder how ready the economy is to stand on its own two feet.

Pictured on cover:
Mark Raffles, Director,
 Fixed Income, Mason Street Advisors

In summary, I'd call our economic situation more stable, but not stellar.

That is why I am so pleased at the contribution the portfolio made to Northwestern Mutual's results in 2013.

- Invested assets grew by 6 percent to \$186.2 billion.
- Net investment income grew 1 percent to \$8.7 billion.
- Net capital gains before taxes and deferrals totaled \$1.3 billion.
- Bond portfolio quality remains high, with 90 percent of assets rated investment grade.
- Investment write-downs were a modest \$111.1 million, or 0.1 percent of managed assets.

Those results contributed to both your company's financial strength and our dividend-paying capacity.

As you look more closely at the makeup of our managed assets, you'll see we feel good about the current position of the portfolio. On the surface, allocations changed very little during 2013, and we maintain an average bond duration between five and six years.

If interest rates remain low, we will continue to look toward risk- and less-liquid assets (such as private placements and mortgage loans) to help mitigate low rates. Should rates rise, our relatively short duration positions us well.

Either way, the current steep yield curve is producing value as our portfolio "rolls down the curve."

Below the surface, we of course are working actively to meet our goal of generating superior returns while maintaining a well-balanced portfolio. Although more than 90 percent of our managed assets are invested in a broad basket of fixed income instruments, we do have the wherewithal to pursue gains in areas such as real estate and private equities. I am happy to highlight a few of these on the pages that follow.

Thank you for the faith you place in Northwestern Mutual. It is truly my honor to fulfill the responsibilities you've entrusted to me and my entire investment team.



Ronald P. Joelson
Chief Investment Officer

INVESTMENT OBJECTIVE

Northwestern Mutual's investment objective is to generate superior returns while maintaining a well-balanced and diversified investment portfolio to preserve the company's exceptional financial strength. This time-tested strategy fundamentally supports Northwestern Mutual's ability to help deliver lifelong financial security to its policyowners and clients.

Consistent with this policy, the company invests a significant portion of managed assets in high-quality fixed income instruments and the remainder in high-yield bonds and equity investments. Allocations among these asset classes will change as the portfolio is adjusted in response to market conditions and opportunities as well as investment risk management considerations more fully described on the following page.

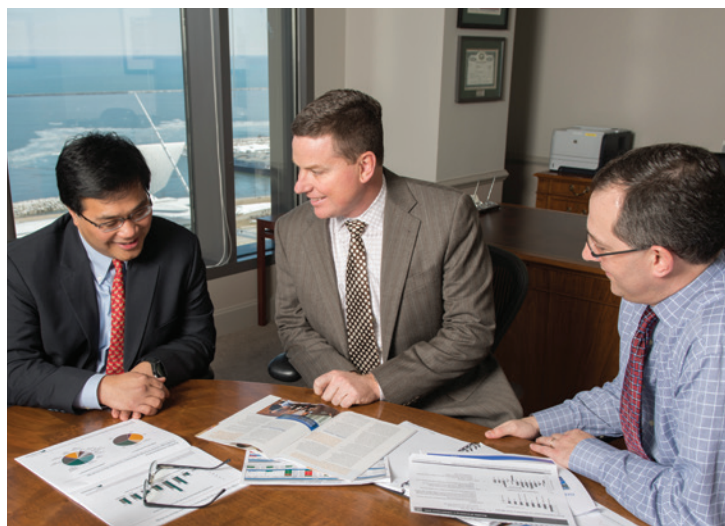
Fixed income investments represent the core of Northwestern Mutual's investment portfolio, providing a stable foundation while generating current income. Northwestern Mutual's portfolio of fixed income investments is largely highly rated and is well diversified within and among fixed income sectors to minimize risk.

Northwestern Mutual's equity investments include private equities, real estate and public common stock. Typically, such diversification across different types of equities enables the company to offset weakness in any one area with attractive performance in another. Furthermore, similar to fixed income, equity investments are highly diversified across countries, industries, company sizes and other parameters.

Northwestern Mutual's greater allocation to real estate, private, and public equities and high-yield bonds – investments with a higher risk level and corresponding higher return potential – relative to fellow insurers is a distinguishing component of

the company's investment portfolio (source: SNL Financial, 2013) . Over the long term, the added diversification of these asset classes makes an important contribution to the overall performance of the portfolio.

Ultimately, the combination of asset diversification, active portfolio management and a long-term perspective supports outstanding product value and enhances the company's financial strength. Northwestern Mutual's prudent investment strategy and unique business model have contributed to more than 155 years of strength and stability.



Pictured left to right: **Caesar Castoverde**, Director, Investment Strategy; **David Eils**, Vice President, Investment Strategy and **Daniel Flesch**, Director, Investment Strategy

The vast majority of the company's managed assets back most of its life, disability income and portfolio income annuity liabilities. The investment strategies described in this booklet apply to the investment of those assets. A portion of managed assets back the remaining liabilities (primarily fixed deferred annuities and income plans), which have different investment exposures than described in the pages that follow. Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI, a subsidiary of Northwestern Mutual.

MANAGING INVESTMENT RISK

Northwestern Mutual employs a comprehensive approach to identifying, monitoring and managing risks in the investment portfolio.

This approach begins with a formally stated investment policy, approved by the company's Board of Trustees. The asset allocation guidelines described in the prior section are just one aspect of this policy. In addition, guidelines consistent with the company's risk tolerance have been established to manage exposure to single issuers, security types, below-investment-grade holdings, foreign investments and foreign currency. The policy also addresses minimum liquidity levels and duration guidelines that reflect the long-term nature of the company's liabilities.

Consistent with the company's investment policy, Northwestern Mutual may enter into transactions that are designed to manage the company's exposure to fluctuations in interest rates, foreign currency exchange rates and market volatility. These strategies include the use of forwards, futures, options and swaps. In implementing these strategies, the company closely manages and monitors counterparty risk, utilizing minimum ratings requirements, maximum exposure limits and collateral agreements, which require the counterparty to post collateral should the market value of a contract exceed established thresholds.

The policy guidelines are based primarily on analysis of the possible impact of different economic environments on investment performance and the resulting effect on the company's financial strength. Several measures are used to gauge financial strength, including surplus level, risk-based capital, current income requirements and liquidity.

The company's investment policy promotes accountability for investment decision-making by delegating authority within the prescribed objectives to specific senior investment managers. These senior managers are members of the Corporate Investment Committee that reviews investment strategies to assure they fit within the company's policy. This committee works under the authority of the company's chief investment officer, who reports to the chief executive officer of Northwestern Mutual. The Finance Committee of the Northwestern Mutual Board of Trustees oversees the investment policy.

As part of a system of checks and balances, an Investment Risk Management Committee provides independent oversight and reports to the company's Corporate Investment Committee. The Investment Risk Management Committee oversees the investment policy and monitors, evaluates and reports on current and emerging risks.

Compliance with the investment policy is maintained via weekly analysis of portfolio holdings conducted by internal staff independent of the investment managers. This analysis assures investments remain within defined tolerances and is shared monthly with the Finance Committee. On a quarterly basis, the Finance Committee receives a portfolio risk management overview that reports information such as alignment of investments with tolerances defined in the policy, bond portfolio quality and duration, liquidity levels, how investments are affecting the company's capital levels, and exposure to emerging risks.

Details of holdings within the portfolio are reported at year-end on the company's corporate website, www.northwesternmutual.com.

Allocation of Managed Assets

(Percentage of 2013 Year-End Total Managed Assets)



- 84% Fixed Income Investments Excluding High-yield Bonds
- 7% High-yield Bonds
- 4% Private Equities
- 4% Real Estate Equities
- 1% Public Common Stock

OVERALL RESULTS ON INVESTED ASSETS

PORTFOLIO PERFORMANCE

Northwestern Mutual's total invested assets increased 6 percent to \$186.2 billion in 2013, primarily due to the continued investment of new and renewal insurance and annuity premiums as well as reinvestment of interest, dividends and capital gains.

Net investment income grew 1 percent in 2013 to \$8.7 billion. This includes interest payments on fixed income investments, dividends on equities and distribution of earnings from subsidiaries.

Fixed income investments, including policy loans, contributed 88 percent of net investment income, while equity investments contributed the remainder, largely in line with each asset class's allocation within the overall portfolio.

Net realized and unrealized capital gains before taxes and deferrals of interest-related gains or losses totaled \$1.3 billion. These results included the impact of \$111.1 million of investment write-downs for other-than-temporary declines in value in 2013. After taxes and deferrals, net capital gains (realized and unrealized) totaled \$622 million.

Throughout the last decade, total invested assets and net investment income have shown consistent growth, increasing at compound annual rates of 7 percent and 4 percent, respectively. Over the same period, capital gains have also contributed to investment earnings. All of this produces significant contributions to Northwestern Mutual's dividend-paying capacity and to the company's financial strength in the form of additions to total surplus.

CHANGES IN ASSET VALUES

Asset allocations within the general account portfolio at year-end 2013 closely mirrored those that existed 12 months earlier.

About 91 percent of total managed assets were allocated to fixed income at year-end 2013 – the same level as at year-end 2012.

In absolute numbers, fixed income investments increased by 7 percent to \$154.7 billion by the end of 2013. The company added \$7.1 billion to its holdings of public and private bonds and preferred stock, and another \$2.3 billion to its commercial mortgage loan portfolio.

Equities overall remained at about 9 percent of total managed assets as the real estate equity portfolio grew by \$307 million. Private equities decreased by \$292 million reflecting the net effect of opportunistic sales outpacing significant new investments. Strong performance in public equities combined with sales of holdings aimed at reducing exposure in this area resulted in a small net decrease. At year end, public equities represented about 1 percent of total managed assets, down from 2 percent a year earlier.

PORTFOLIO QUALITY

The creditworthiness of public and private bond and preferred stock holdings improved in 2013, with 90 percent of these assets rated as investment grade (compared to 89 percent at year-end 2012) and 31 percent rated AAA (or its equivalent).

Net Investment Income and Net Capital Gains in millions

	Net Investment Income	Net Capital Gains
2013	\$ 8,744	\$ 1,255
2012	\$ 8,677	\$ 1,457
2011	\$ 8,439	\$ 476
2010	\$ 8,306	\$ 1,871
2009	\$ 7,772	\$ 797
2008	\$ 7,835	\$ (6,310)
2007	\$ 7,568	\$ 1,009
2006	\$ 7,073	\$ 1,355
2005	\$ 6,543	\$ 1,117
2004	\$ 6,117	\$ 1,525

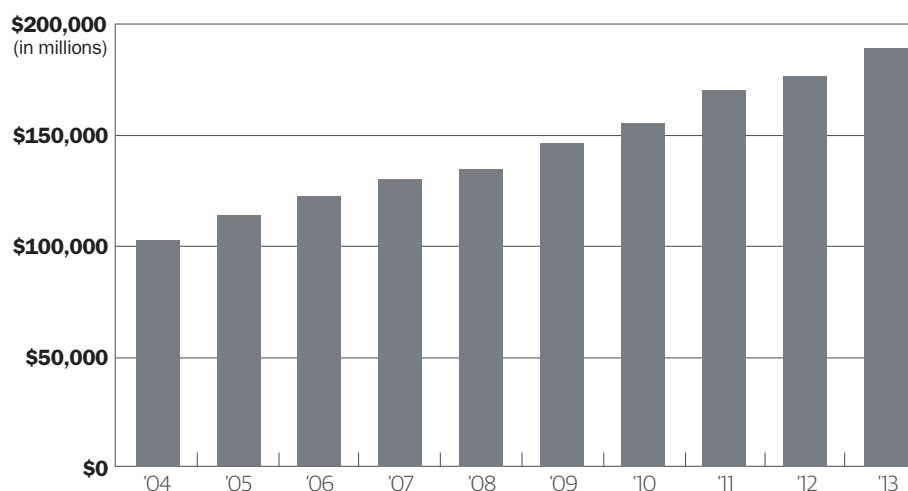
Net capital gains are realized and unrealized, before taxes and deferrals of interest-related gains or losses. Not all products benefit directly in the form of dividends from capital gains or other earnings from equities and real estate.

Total Invested Assets

in millions

2013	\$ 186,239
2012	\$ 175,798
2011	\$ 166,030
2010	\$ 157,059
2009	\$ 146,074
2008	\$ 136,637
2007	\$ 133,187
2006	\$ 123,745
2005	\$ 114,265
2004	\$ 106,640

Includes investment income due and accrued.



The commercial mortgage loan portfolio of \$25.4 billion is well collateralized with an aggregate ratio of loan balances to fair value of collateral of 55 percent at year-end 2013. The portfolio had no loans that were delinquent or in foreclosure at year-end 2013.

Investment write-downs of \$111.1 million in 2013 were below 2012's level and below the investment portfolio's 10-year average of \$458 million. These losses represented only 0.1 percent of total managed assets.

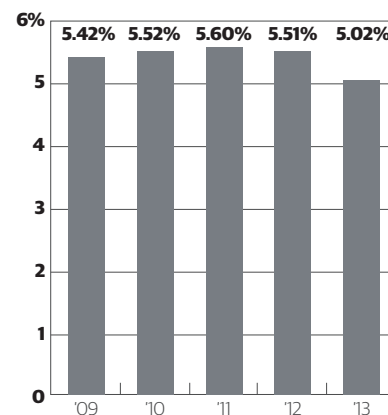
PORTFOLIO YIELD

The Northwestern Mutual general account yield reflects the impact of investment income and realized capital gains and losses for the period. It excludes income from policy loans and is net of investment expenses.

Northwestern Mutual's greater allocation to equities and high-yield bonds – investments with a higher risk level and corresponding higher return potential – relative to fellow insurers is a distinguishing component of the company's investment portfolio (source: SNL Financial, 2013). Over the long term, the added diversification of these asset classes makes an important contribution to the overall performance of the portfolio in the form of dividends and capital gains.

The general account yield is not the same as the various dividend interest rates credited to participating insurance policies or annuity contracts, nor is it a measure of a policy's internal rate of return.

Northwestern Mutual General Account Yield
(As of December 31, 2013)



TOTAL ASSETS

	December 31, 2013 in millions	December 31, 2012 in millions
Fixed Income Investments		
Money Market Investments	\$2,848	\$2,102
Public Bonds and Preferred Stock	98,825	92,877
Private Bonds and Preferred Stock	27,575	26,427
Commercial Mortgage Loans	25,417	23,143
Total Fixed Income Investments	154,665	144,549
Equity Investments		
Real Estate	6,036	5,729
Public Common Stock	2,278	2,554
Private Equities*	6,096	6,388
Total Equity Investments	14,410	14,671
Total Managed Assets	\$169,075	\$159,220
Loans on Policies	16,306	15,789
Other Investments	858	789
Total Invested Assets**	\$186,239	\$175,798
Other Assets	5,524	5,276
Separate Account Business	25,343	21,376
Total Assets	\$217,106	\$202,450

* As presented in this report, private equities include direct investment in certain subsidiaries and affiliates.

** Includes investment income due and accrued of \$1,840 million in 2013 and \$1,822 million in 2012.

Note: Please read table above in conjunction with Reporting Considerations on page 18 of this publication.

FIXED INCOME INVESTMENTS

OBJECTIVES AND CHARACTERISTICS

Northwestern Mutual's fixed income investments serve as the foundation of the overall investment portfolio. Fixed income assets include money market investments, bonds and preferred stock (both public and private) and commercial mortgage loans. The fixed income portfolio is designed to provide liquidity and current income while minimizing loss of principal.

This well-diversified portfolio is primarily invested in investment-grade assets.

The company's investments in fixed income instruments are managed to maximize returns while seeking a high level of safety, liquidity and diversification. To manage portfolio risk, investments are broadly diversified by security type.

Northwestern Mutual's investments in private bonds and private preferred stock provide further diversification to the company's overall portfolio and often benefit from higher yields and more attractive terms relative to public issues.

Composition of Fixed Income Portfolio

Type	Percentage of Total Managed Assets		Detail
	2013	2012	
Corporate	48%	48%	Corporate investments include bonds and other fixed income instruments issued by public and private corporations in the U.S. and abroad.
Residential Mortgage-backed Securities	16%	15%	Residential mortgage-backed securities include public fixed income investments primarily issued by the U.S. government or government-sponsored entities and backed by pools of residential mortgages.
Commercial Mortgage Loans	15%	15%	Commercial mortgage loans include private fixed income investments backed by individual income-producing commercial properties.
U.S. Government	4%	5%	U.S. government securities include fixed income investments issued or guaranteed by the U.S. government or affiliated agencies.
Municipal/Other	3%	3%	Municipal/other investments include a variety of fixed income securities issued by U.S. municipalities and other government entities.
Commercial Mortgage-backed Securities	2%	2%	Commercial mortgage-backed securities include public fixed income investments backed by pools of commercial mortgages.
Asset-backed Securities	2%	2%	Asset-backed securities include a variety of fixed income securities backed by pools of different types of financial assets, including credit card receivables, auto loans and other assets.
Money Market Investments	1%	1%	Money market investments include generally short-term and highly liquid instruments, such as bankers' acceptances, commercial paper, repurchase agreements and government bills.
Total	91%	91%	Total fixed income investments (including high-yield bonds) represent a large portion of total managed assets.

FIXED INCOME INVESTMENTS CONTINUED

MORTGAGE INVESTMENTS

The company's total commitment to mortgage-related fixed income investments, including residential mortgage-backed securities and commercial mortgage-backed securities as well as commercial mortgage loans, represented 33 percent of total managed assets at year-end 2013, just greater than 2012's level of 32 percent. While all of these investments are related to real estate, it is important to note that each has unique qualities and attributes.

Commercial mortgage loans are fixed income investments originated in the private market directly with owners of commercial real estate. The loans are secured primarily by apartments, office buildings, shopping centers and industrial warehouses throughout the nation. These transactions offer more control over both property quality and choice of borrowers than publicly traded commercial mortgage-backed securities do. This portfolio has historically produced attractive yields and low delinquency and loss percentages.



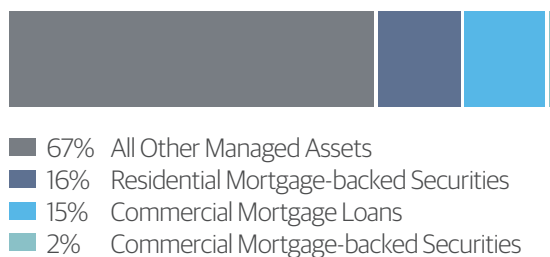
Pictured left to right: **Zachary Bloom**, Trading Associate, Mason Street Advisors and **Brett Elver**, Director, Investment Strategy

Residential mortgage-backed securities are generally highly liquid public bonds backed by a standardized pool of residential mortgages. The mortgage payments from the individual loans within the pool are passed through for payment of principal and interest to the bondholders. As of year-end, 95 percent of residential mortgage-backed securities within the portfolio were backed by either the U.S. Government or government-sponsored entities, and 99 percent were rated investment grade.

Commercial mortgage-backed securities are publicly traded bonds secured by a diversified pool of commercial mortgage loans originated by third parties. These investments typically offer more liquidity than commercial mortgage loans. As of year-end, 91 percent of commercial mortgage-backed securities within the portfolio were rated investment grade, and 67 percent held the highest-quality rating of AAA, compared to 84 percent and 68 percent respectively at year-end 2012.

These ratings are based on the lower of the credit ratings from Standard & Poor's, Moody's Investors Service or Fitch Ratings when available, or internal rating evaluations when third-party ratings are not available.

Mortgage Investment Type (Percentage of 2013 Year-End Total Managed Assets)





John Kendall, Director, Fixed Income, Mason Street Advisors and **Ramona Rogers-Windsor**, Managing Director, Fixed Income, Mason Street Advisors

QUALITY OF PUBLIC AND PRIVATE BOND AND PREFERRED STOCK INVESTMENTS

The company's portfolio of public and private bonds and preferred stock totaled \$126.4 billion at year-end 2013. This portfolio includes all the fixed income assets described in the table on page 9, excluding commercial mortgage loans and money market investments. (For purposes of this report, preferred stock is also included in the analysis of bond quality.)

Ninety percent of these securities were rated investment grade (BBB or greater), and 31 percent held the highest-quality rating of AAA.

Credit quality is defined as the ability of the issuer to pay interest and principal on a timely basis. These ratings are based on the lower of the credit ratings from Standard & Poor's, Moody's Investors Service or Fitch Ratings when available, or internal rating evaluations when third-party ratings are not available.

Bond Portfolio Duration: Duration is a measure of the sensitivity of the price of a fixed income investment to a change in interest rates. For example, a five-year duration means a bond is expected to increase in value by 5 percent if interest rates fall 1 percent and decrease in value by 5 percent if interest rates rise 1 percent.

We maintain a relatively short bond portfolio average duration of five to six years. As a result, the value of our bond holdings is not overly sensitive to changes in the interest rate environment.



Investment Grade

- 31% AAA
- 6% AA
- 21% A
- 32% BBB

Below Investment Grade

- 4% BB
- 4% B
- 2% CCC & Lower

EQUITY INVESTMENTS

Northwestern Mutual's higher-than-average allocation to equity investments as compared to our peers is a distinguishing element of the company's investment portfolio. The equity portfolio is broadly diversified across private equities, real estate and public common stock. At year-end 2013, this portfolio represented 9 percent of total managed assets.

Over the long term, the company expects equities to contribute higher returns and provide incremental diversification to the overall investment portfolio. The company's allocation to equities has enhanced Northwestern Mutual's dividend-paying capacity and financial strength.

PRIVATE EQUITIES

Private equity investments at year-end 2013 totaled \$6.1 billion, or 4 percent of total managed assets. The private equity portfolio includes direct mezzanine debt and equity investments in buyouts of companies, limited partnership interests and direct investments in selected other companies and subsidiaries. Northwestern Mutual's private equity investments offer an additional potential source of attractive returns, primarily in the form of capital gains. Additionally, these assets have generally exhibited lower volatility than their public market counterparts and provide diversification benefits. Northwestern Mutual's long-term investment horizon allows the company to hold significant investments in this asset class.

Diversification of Equities

(Percentage of 2013 Year-End Total Managed Assets)



- 91% All Other Managed Assets
- 4% Private Equities
- 4% Real Estate Equities
- 1% Public Common Stock

REAL ESTATE EQUITIES

Commercial real estate equity investments at year-end 2013 totaled \$6.0 billion, or 4 percent of total managed assets. The real estate equity portfolio consists primarily of apartment, warehouse and office properties held through both direct and joint venture ownership. Through partnerships with developers nationwide, Northwestern Mutual develops apartment communities and warehouse properties and also purchases properties directly. Asset managers, operating out of our real estate field offices, monitor local markets and actively manage the investment properties, creating additional long-term value.

PUBLIC COMMON STOCK

At year-end 2013, the public common stock portfolio totaled \$2.3 billion, or 1 percent of total managed assets. The public equity portfolio includes investments in domestic large-, medium- and small-capitalization companies, as well as in foreign companies. Risk is well diversified by company size, industry and country.

INVESTMENT PERFORMANCE, FINANCIAL STRENGTH AND DIVIDENDS

An essential ingredient that contributes to Northwestern Mutual's financial strength and its capacity to pay dividends on participating insurance and annuity products is investment earnings from the general account investment portfolio.



Leah Westfall, Director, Fixed Income, Mason Street Advisors

The way Northwestern Mutual invests billions in assets can produce income for the company in the form of interest payments, equity dividends and capital gains. These investment earnings:

- produce capital that helps build the company's strong financial base;
- help fund the premium, benefit, cash value and annuity income promises we make to you; and
- help fund dividends the company may pay. (Dividends are not guaranteed. See page 18.)

Keep in mind that insurance dividends involve more than just investment earnings. Favorable expense management and claims experience also contribute to dividend-paying capacity. All of these factors come together to produce overall financial results.

Those results allow Northwestern Mutual to pay an expected \$5.2 billion in total dividends to participating policyowners in 2014. That reflects more than triple the life insurance dividends of the company's nearest competitor and more than 10 times that of the nearest disability income insurance competitor (source: Northwestern Mutual analysis of ordinary life insurance dividends and disability income based on historical SNL data).

But don't lose sight of the full picture. After all, you're not investing in the general account portfolio when you purchase insurance or annuities. You're buying products backed by the financial strength of Northwestern Mutual.

DIVERSIFIED INVESTING WITH A LONG-TERM TERM VIEW

While bond investments represent the core of the general account portfolio, Northwestern Mutual invests in diversified assets. Here are just a few examples of real estate and private equity investments to help you understand the full scope of the portfolio.



Tysons Corner Center

Tysons Corner, Virginia

Northwestern Mutual partnered with two other lenders in 2013 to provide \$850 million in mortgage financing for Tysons Corner Center, a 1.9-million-square-foot super regional mall located in Tysons Corner, Virginia. Northwestern Mutual contributed \$283.3 million, as did the other lenders. Considered one of the most successful malls in the country, Tysons Corner Center reported \$1 billion in sales in 2012. The mall's transit-oriented location, high-quality tenants and strong demographics helped make this an attractive investment.



Stanford Research Park

Palo Alto, California

Northwestern Mutual acquired a leasehold interest in 3330 Hillview, a two-story 29,744-square-foot office building in the Stanford Research Park in Palo Alto, California. The Stanford Research Park was a cornerstone in what would eventually be known as Silicon Valley, and it remains the home for companies on the leading edge of technology. The building is 100 percent leased to a well-known law firm.



Levi Plaza

San Francisco, California

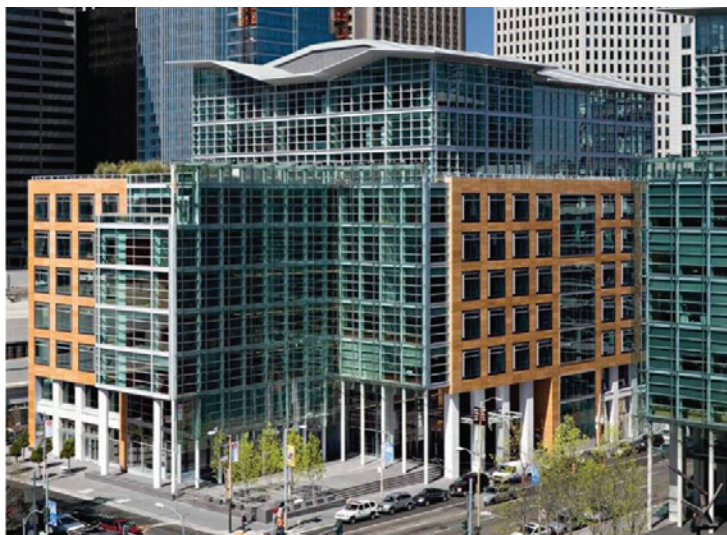
Northwestern Mutual funded a \$140 million mortgage loan in 2013 for Levi Plaza, a multi-building office campus that serves as the global headquarters for Levi Strauss & Company. The campus, developed in the early 1980s, is located on just over nine acres in the North Waterfront neighborhood in San Francisco.



25 Broad Street

New York, New York

Northwestern Mutual in 2013 provided a \$110 million loan to refinance a luxury rental apartment building at 25 Broad Street in Manhattan's Financial District. The building, once the largest commercial building in the United States, provided a unique opportunity to invest in a historic property with roots in Wall Street's past.



NuCO2

In May 2008, Northwestern Mutual invested in a public-to-private acquisition of NuCO2, the sole national supplier of beverage-grade CO2 equipment and refill systems supporting the carbonated beverage industry. Customers include restaurant and convenience store chains, movie theaters, theme parks, resorts and sports venues. In partnership with the majority owner, Northwestern Mutual provided a portion

of the funding with a \$35 million equity investment. Between 2008 and 2012, NuCO2's profits grew at a 17 percent compound annual growth rate. When the company was sold in 2013, Northwestern Mutual realized a \$53.1 million gain and 22 percent internal rate of return on the investment.



Hertz

Northwestern Mutual invested \$60 million in December 2005 and joined two private equity firms to purchase this well-known auto and equipment rental company. Improvements were made after the purchase, including changing the company's management and moving from an airport strategy to an off-airport strategy. Hertz doubled its profit in just a couple of years. When the company was sold in 2013, Northwestern Mutual realized a \$75 million gain and 27 percent internal rate of return on the investment.

airport strategy. Hertz doubled its profit in just a couple of years. When the company was sold in 2013, Northwestern Mutual realized a \$75 million gain and 27 percent internal rate of return on the investment.

Foundry Square

San Francisco, California

Northwestern Mutual in 2013 funded a \$110 million mortgage loan on Foundry Square I, a 10-story 334,320-square-foot property in San Francisco's Central Business District. The loan was provided to The State Teachers Retirement System of Ohio, which has been providing benefits and services to Ohio's active and retired educators for more than 90 years. The building is 97 percent leased to BlackRock, Inc., and adjacent to the Transbay Transit Center, which is scheduled for completion in 2017.

These are examples of some of the thousands of investments made by Northwestern Mutual each year. Not all investments made by Northwestern Mutual experience similar results. Some investments may result in losses. In addition, past investment performance by Northwestern Mutual is not necessarily indicative of future investment results. No investment or investment strategy can assure a profit or protect against a loss in a declining market. For more information about other Northwestern Mutual investments, see www.northwesternmutual.com.

FINANCIAL STRENGTH RATINGS

Moody's Investors Service Aaa (highest), 1/2014

A.M. Best Company A++ (highest), 4/2013

Fitch Ratings AAA (highest), 1/2014

Standard & Poor's AA+ (second highest), 6/2013

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The ratings reflect "the company's exceptional intrinsic strengths, including leading positions and strong franchise in its core markets, including a significant focus on participating whole life, leading position overall in individual life insurance, excellent distribution channel, strong underwriting skills as shown by excellent persistency and mortality experience and robust and resilient balance sheet."

Moody's Investors Service, 1/2014

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"The ratings reflect Northwestern Mutual's sizable and mature participating ordinary life insurance franchise, consistently positive operating performance and superior risk-adjusted capitalization. The ratings also recognize the loyalty and productivity of the Northwestern Mutual Financial Network, its exclusive distribution system, as well as the competitive advantages derived from historically favorable investment, expense, persistency and mortality experience in its core business lines."

A.M. Best, 4/2013

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"Fitch's ratings reflect Northwestern's leading competitive position in the U.S. individual life insurance market, extremely strong balance sheet fundamentals, and stable earnings profile. Fitch considers Northwestern's key competitive advantages to include its successful distribution system, large and stable block of traditional life insurance, and focus on expense control."

Fitch Ratings, 1/2014

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"The ratings on Northwestern Mutual Life Insurance Co. and subsidiary Northwestern Long Term Care Insurance Co. reflect our view that the consolidated insurer maintains an excellent business profile complemented by an extremely strong financial risk profile. Our view is supported by the company's extremely strong competitive position and excellent capital strength."

Standard & Poor's, 6/2013

Ratings are subject to change. Third-party ratings are a measure of a 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.

INVESTMENT MANAGEMENT TEAM

Northwestern Mutual's managed assets are overseen by an experienced team of investment professionals working together to achieve the company's investment objectives. The investment team is led by the following senior executives.

Ronald P. Joelson
Executive Vice
President & Chief
Investment Officer

David D. Clark
Senior Vice President
(Real Estate)

R. David Ells
Vice President
(Investment Strategy)

Gary M. Hewitt
Vice President
(Investment Risk
Management)

Jeffrey J. Lueken
Senior Vice President
(Private Markets)

The Investment Strategy department is responsible for overall asset allocation for Northwestern Mutual.

Investment strategy and portfolio management are executed by teams of investment professionals within Mason Street Advisors, LLC, Northwestern Mutual Capital, LLC, and Northwestern Mutual Real Estate Investments, LLC, all wholly owned subsidiaries of The Northwestern Mutual Life Insurance Company.

MASON STREET ADVISORS

Mason Street Advisors, a registered investment advisor, is responsible for managing the public fixed income, preferred stock and common stock investments in Northwestern Mutual's investment portfolio.

Ronald P. Joelson
President

David R. Keuler
Managing Director
(Common Stock)

Mary R. Linehan
Managing Director
(Common Stock)

**Ramona L. Rogers-
Windsor**
Managing Director
(Public Fixed Income)

Jason S. Steigman
Managing Director
(Derivatives
Management)

Brian K. Yeazel
Managing Director
(Public Fixed Income)

Dennis E. Korjenek
Managing Director
(Public Fixed Income)

Steven J. Lyons
Managing Director
(Public Fixed Income)

Christopher P. Swain
Vice President
(MSA Investments)

Steven P. Swanson
Managing Director
(Public Fixed Income)

NORTHWESTERN MUTUAL CAPITAL

With offices in Milwaukee and London, Northwestern Mutual Capital invests globally in North America, Europe, Australia and Asia. The company manages a diversified portfolio that includes private fixed income investments, mezzanine investments and equity co-investments in private equity transactions and private equity funds.

Jeffrey J. Lueken
President

Jerome R. Baier
Managing Director
(Private Debt & Equity)

Timothy S. Collins
Managing Director
(Private Debt & Equity)

Randal W. Ralph
Managing Director
(Private Equity Funds)

Howard Stern
Managing Director
(Private Debt & Equity)

David A. Barras
Managing Director
(Private Debt & Equity)

Mark E. Kishler
Managing Director
(Private Debt & Equity)

Richard A. Strait
Managing Director
(Private Equity Funds)

NORTHWESTERN MUTUAL REAL ESTATE INVESTMENTS

Northwestern Mutual Real Estate Investments is one of the largest real estate investors in the nation, with investments in commercial mortgage loans and equities across all major property types. Origination, underwriting and servicing are enhanced by having real estate professionals in eight regional field offices familiar with local markets, borrowers and investors.

David D. Clark
President

Michael P. Cusick
Managing Director
(Mortgage Loan
Production West)

Paul J. Hanson
Managing Director
(Real Estate)

Thomas D. Zale
Managing Director
(Mortgage Loan
Production East)

REPORTING CONSIDERATIONS

Northwestern Mutual publishes its Investment Report annually to provide information on the asset mix of its portfolio and the investment results generated during the previous calendar year.

Certain types of investments have been grouped differently for this report than in Northwestern Mutual's Consolidated Financial Statements (CFS). The most significant of these differences as of December 31, 2013, are:

- Other investments of \$12.2 billion reported in the CFS include certain interests in subsidiaries and affiliates, joint ventures and partnerships. This report classifies these investments based on the character of the underlying assets, such as public bonds, private equities, real estate and public common stock.
- Mortgage loans of \$26.8 billion reported in the CFS include \$1.7 billion of loans made to real estate joint ventures in which the company is an equity investor. This report classifies these assets as real estate equity investments.
- Due and accrued investment income of \$1.8 billion is reported separately in the CFS. This report includes these amounts in their respective asset classes.

The notes to the CFS provide further details as to the accounting and valuation methods applied to the reported investment values. PricewaterhouseCoopers LLP is the company's independent auditor.

A copy of Northwestern Mutual's 2013 Consolidated Financial Statement is available at www.northwesternmutual.com, or by written request to: Northwestern Mutual, Corporate Communications, NO4, 720 E. Wisconsin Ave., Milwaukee, WI 53202.

In regard to Northwestern Mutual's dividend payout and dividend scale interest rate, comments in this document pertain generally to life insurance policy dividends. 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 the 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 out in 2015 pursuant to 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.

\$5.2 BILLION DIVIDEND PAYOUT

An essential ingredient to Northwestern Mutual's financial strength and its capacity to pay dividends is investment earnings from the general account portfolio.

Northwestern Mutual expects to pay \$5.2 billion in total dividends to participating policyowners in 2014. That includes more than triple the life insurance dividends of the company's nearest competitor.*

Dividends reflect more than just investment earnings. Favorable expense management and claims experience also make major contributions to the company's dividend-paying capacity.

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