Jackson National Life Insurance Company

JNL Accounting Metrics

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JNL ACCOUNTING METRICS
H1, 2005 IFRS Results

Jackson National Life Insurance Company

Strong Financial Results

(millions)	H1 2005	H1 2004	FY 2004
Operating profit for North American Operations	$ 316	$ 283	$ 516
Short-term fluctuations	112	192	374
Discontinued operations (JFB)	-	21	32
Gain on sale of discontinued operations (JFB)	-	-	70
Profit before tax	428	496	992
Income tax	(154)	(172)	(353)
Profit after tax	$ 274	$ 324	$ 639
Longer-term investment returns included in operating earnings:			
Default provision	$ (46)	$ (42)	$ (86)
Amortization of bond interest related gains	42	46	83
Longer-term returns on equity type investments	27	31	57
	$ 23	$ 35	$ 54
Short-term fluctuations:			
Adjust realized gains, LPs and equities to actual	$ 56	$ 41	$ 108
Consolidate investment entities	(10)	(16)	3
Derivatives mark-to-market	66	167	263
	$ 112	$ 192	$ 374

- Operating profits are up 12% year-over-year
- Spread income has improved, credit experience is positive, expenses are well controlled – the fundamentals of the business are strong

Note: IAS 39 is adopted effective 1 January 2005. 2004 amounts are restated on a pro forma basis to include the effect of IAS 39.

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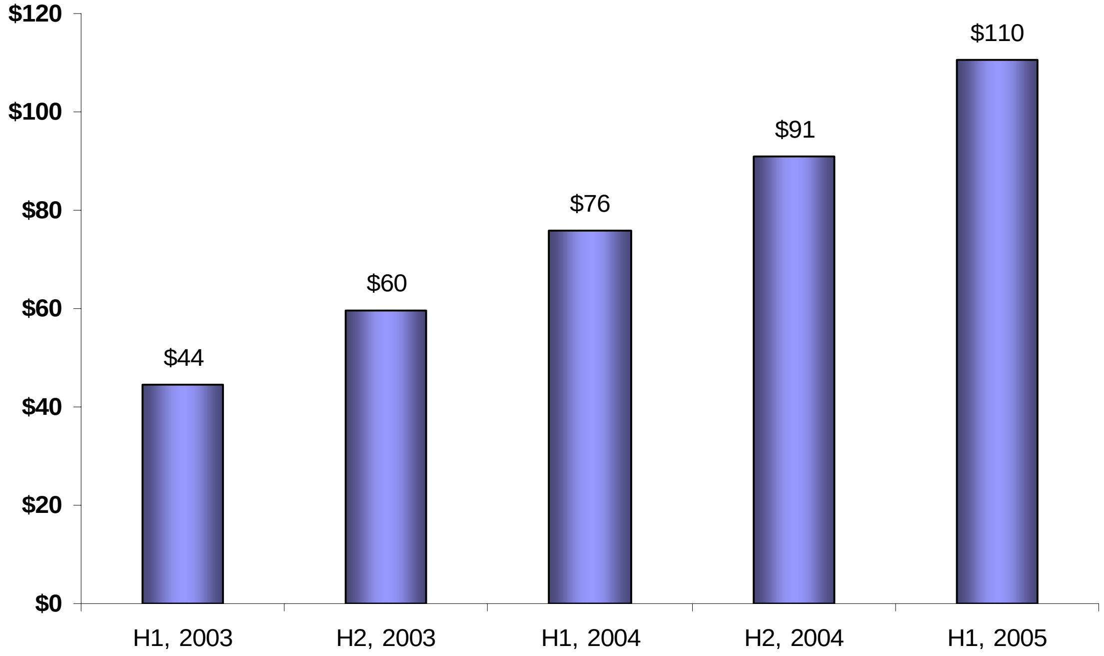
H1, 2005 IFRS Results

Variable annuity fee income has increased due to strong net flows

Variable Annuity Fee Income
$ Millions



- VA fee income is up 45% over H1, 2004 and is 250% of H1, 2003 fee income
- Strong VA net flow enhances earnings and helps to diversify the revenue stream

JNL ACCOUNTING METRICS
H1, 2005 Achieved Profits Results

Jackson National Life Insurance Company

Solid Fundamentals Produce Solid Results

(millions)	**H1 2005**	H1 2004	FY 2004
New business profits	**$ 190**	$ 149	$ 286
Inforce profits:			
Experience variances and other	**84**	42	83
Amortization of bond interest related gains	**50**	55	99
Unwind of discount	**145**	128	254
Return on opening surplus assets	**41**	34	65
Non-economic assumption changes	**271**	(5)	(5)
Pretax operating profit before discontinued operations	**781**	403	782
Discontinued operations (JFB)	**-**	21	32
Pretax operating profit	**781**	424	814
Short-term fluctuations in investment returns	**22**	21	174
Economic assumption changes	**39**	(111)	(97)
Gain on sale of discontinued operations (JFB)	**-**	-	70
Total long-term pretax profits for JNL	**842**	334	961
Operating profit from fund mgt. and other	**22**	(4)	(26)
Total long-term pretax profits for North American Operations	**$ 864**	**$ 330**	**$ 935**

- New business profits are up 28% year-over-year
- Excluding the H1, 2005 $263m term premium increase, pretax profits from continuing operations are up 29% year-over-year

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H1, 2005 Achieved Profits Experience Variances

Jackson National Life Insurance Company

Experience variances are favourable and earned spreads are above targets

A positive $82m spread variance accounted for substantially all of the H1, 2005 experience variance

- spread targets remain achievable
- average crediting rate is 3.94%, which is more than 60 basis points higher than the 3.29% guaranteed minimum
- private equity portfolio is performing well and is in-line with long-term expectations; returns are normalized at 8% under achieved profits reporting

Persistency and mortality are in line with expectations

H1, 2005 Experience Variances	
Spread	$82m
Persistency	7
Mortality/Morbidity	1
Other	(6)
Total	**$84m**

Earned Spread at 30 June 2005	
Investment yield (Note 1)	5.86%
Crediting Rate	3.94%
Earned rate	**1.92%**

(Note 1) Investment yield includes private equity at the long-term earnings rate. The 30 June year-to-date private equity book yield on a GAAP basis is 24.1%.

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H1, 2005 AP Non-Economic Assumption Changes

Jackson National Life Insurance Company

The operating assumption change relates to increased term premium cashflows

Premiums have been increased on older term life products

- Certain term life products issued between 1985 and 1996
- Changes are contractually allowed and are subject to guaranteed maximum levels
- Annualized premiums increased from $75m to approximately $125m
- Increased premium levels were determined with consideration of associated lapse and mortality impacts

H1, 2005 Assumption Changes	
Term premium increase	$263m
Other assumption changes	8
Total	**$271m**

- A term life premium increase accounts for a majority of the H1 assumption changes
- The remainder of the assumption changes are routine updates reflecting current company experience

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JNL ACCOUNTING METRICS
European Embedded Value – Underlying Assumptions

- Risk discount rates are calculated using a ‘bottom-up’ approach, reflecting risk characteristics of the business unit and volatility of product cashflows
- Cost of capital determined using ‘AA’ calibrated economic capital as a basis
- Cost of options and guarantees has been included in embedded value, calculated on a stochastic basis
- Credit defaults – ~200 basis point gross spread with a weighted average ~25 basis point default provision results in discounting back a ~175 basis point spread. This is consistent with stochastically determined default charge used in economic capital
- Future increases in interest rates approximate the forward curve

JNL ACCOUNTING METRICS
European Embedded Value – Risk Discount Rates

Risk Discount Rate (RDR) at 31 December 2004

	Variable Annuities	General Account Products
Risk free rate	4.26%	4.26%
ERP * beta	2.50%	0.24%
Additional margin	0.50%	0.50%
Rounding	0.04%	0.00%
Product RDR	**7.30%**	**5.00%**

Aggregate in-force RDR	**5.80%**
Aggregate new business RDR	**6.10%**

- Equity risk premium is 300 basis points
- Strong correlation to equity market movements results in a 0.83 beta for variable annuities
- Beta for general account products is low due to low cashflow volatility after excluding risks allowed for elsewhere

JNL ACCOUNTING METRICS
European Embedded Value – Key Sensitivities*

Sensitivities	Impact on Embedded Value
Economic	
1% absolute increase in risk discount rate	($158m)
10% relative decrease in market value of equities	($103m)
1% absolute increase in equity yields	$46m
Non-Economic	
10% relative decrease in maintenance expenses	$64m
10% relative decrease in lapse rates	$86m
5% relative decrease in mortality and morbidity	$133m

2004 Embedded value = $4,872

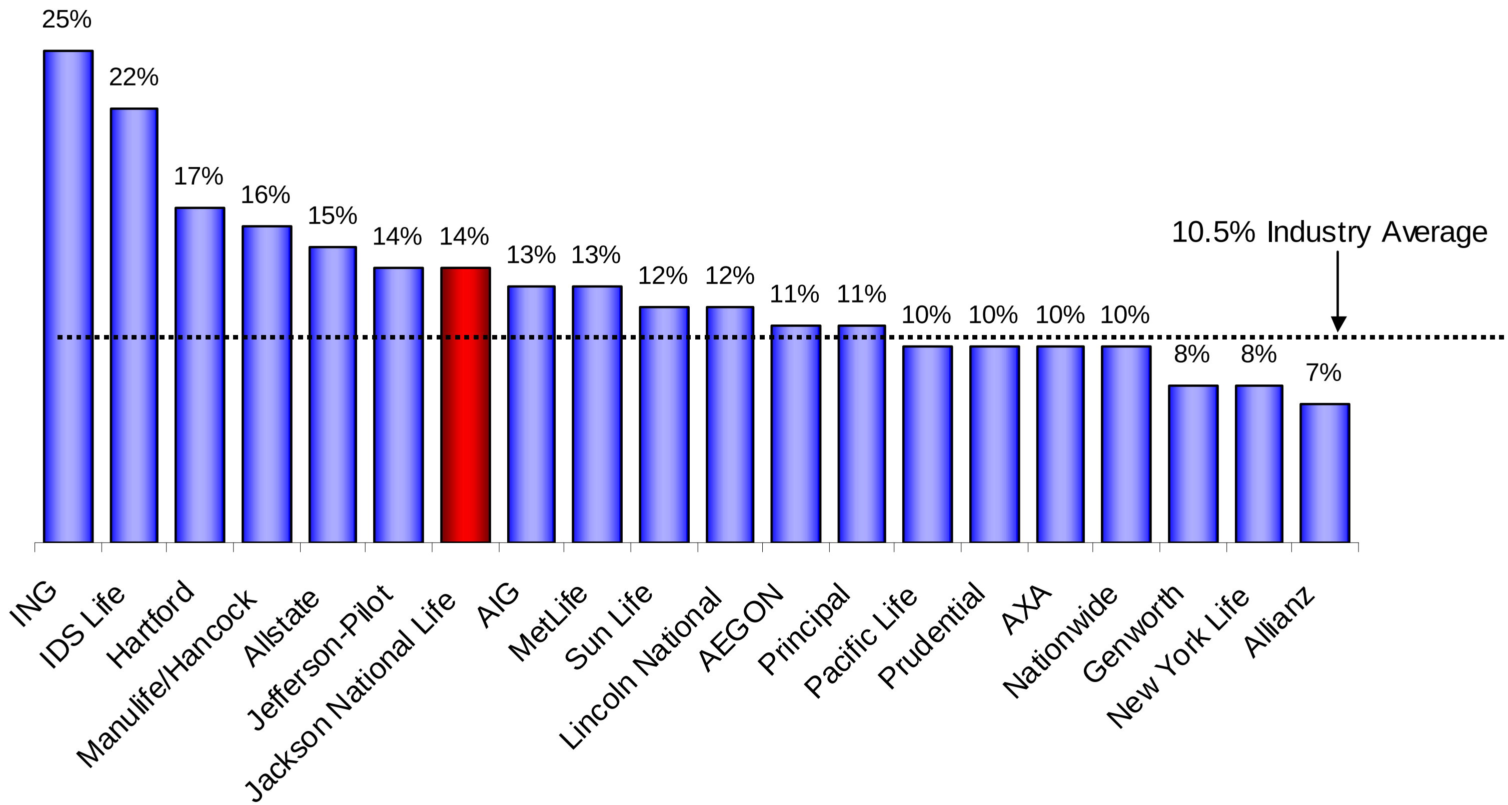
* Unaudited

JNL ACCOUNTING METRICS
JNL 2004 Return on Equity (GAAP)

JNL compares favourably to our peer competitive group – 2004 returns were well in excess of the industry average

Return on Equity as Reported By Bloomberg (Note 1)

Peer Competitive Group Ranked by 2004 ROE



(Note 1) JNL ROE is not available on Bloomberg and is calculated from public US GAAP audited financial statements. Companies are shown on the basis reported by Bloomberg, which is not, in all cases, US GAAP. On a US GAAP basis (reflecting 20-F filings for foreign insurers), the 6 foreign insurers excluding JNL had a 2004 average ROE of 12.3% versus an average ROE of 13.6% as reported by Bloomberg. Industry average from Value Line.

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JNL ACCOUNTING METRICS
Summary

Strong and improving financial markets

Strong and improving fundamentals

Above market returns