JACKSON
NATIONAL LIFE INSURANCE COMPANY

# Continued Success

**Mike Wells**
**Chad Myers**

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# Jackson Overview

- Built for Growth
- Strong Distribution
- Continued Diversification
  - Distribution
  - Product Mix
  - Product Line
- High Return
- Strong Cashflow

# VA Competitive Environment

**Industry Models Diverging**

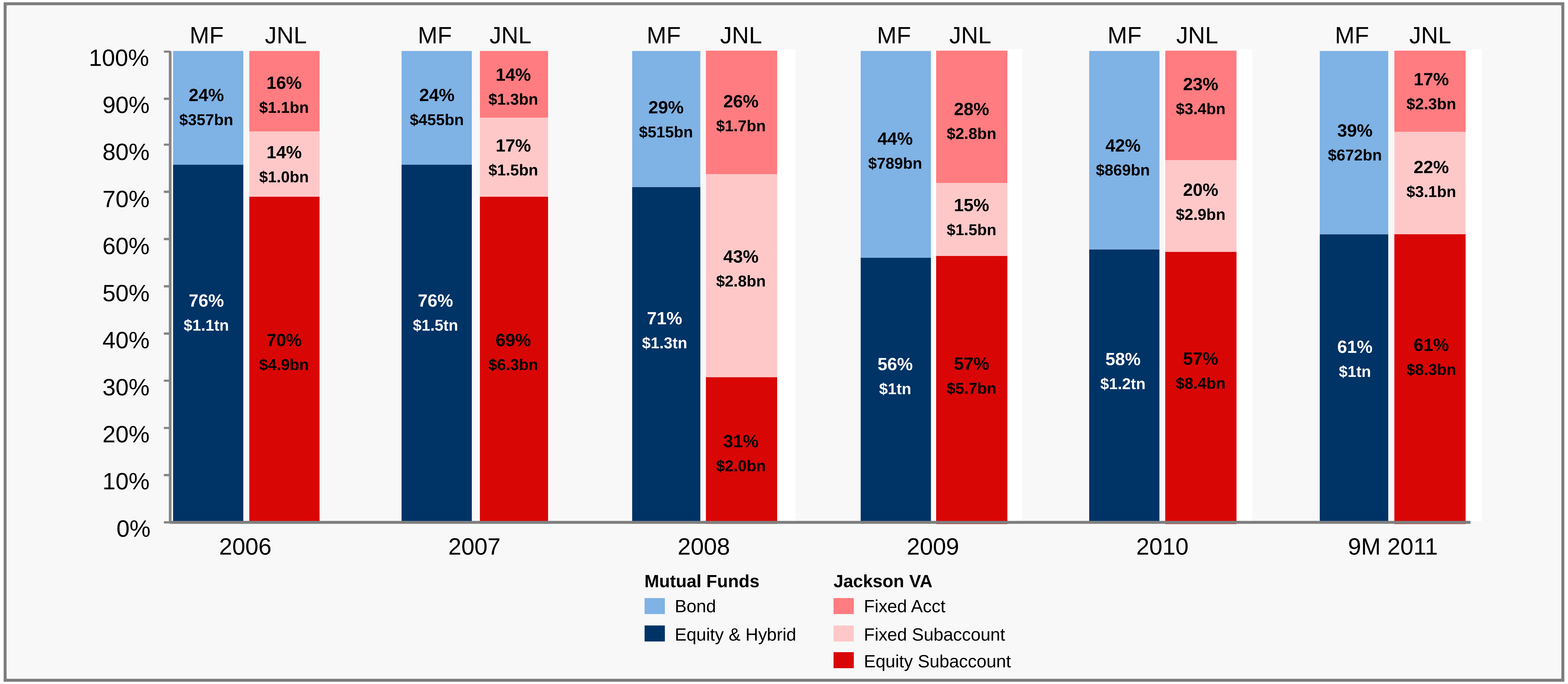
- Payout model
  - High withdrawal rates
  - High overall fees
  - Tightly controlled asset allocation with low equity exposure
- Self-hedging model
  - Hedging done through control of assets with insurer overriding customer allocations as market conditions change
  - Limited fund choices with dynamic asset allocation built into the fund mandate to protect against bad equity markets
- Traditional model
  - Focus more on accumulation with an underlying guarantee of income
  - Wide choice of funds and freedom to allocate among them
  - Hedging done outside of fund structure

# Company VA Sales by Channel Q2 2011

| Rank | Company | Bank/Credit Union | Independent NASD | Wirehouse | Captive Agency | Regional Firms | Direct Response | Total Sales | Features |
|---|---|---|---|---|---|---|---|---|---|
| 1 | MetLife | $1,382.8 | $4,437.0 | $1,640.5 | $3,214.1 | $2,459.4 | - | $13,133.8 | GMIB with asset allocation required. Optional Death Benefits available. |
| 2 | Prudential Financial | $1,888.2 | $6,000.5 | $2,014.4 | $1,111.5 | $333.4 | - | $11,349.3 | Lifetime GMWB with asset allocation required. Optional death benefits available. Highest daily lock-in |
| **3** | **Jackson National** | **$1,473.7** | **$6,279.8** | **$1,217.8** | **-** | **$554.8** | **-** | **$9,526.3** | **Lifetime GMWB with no asset allocation requirements. Premium credit. Combined living and death benefit available** |
| 4 | TIAA-CREF | - | - | - | $6,866.0 | - | - | $6,866.0 | Captive sales force targeting the education industry. No living or optional death benefits available |
| 5 | Lincoln Financial Group | $457.9 | $2,249.4 | $906.5 | - | $1,254.3 | - | $4,868.7 | Unique "Guaranteed Payout Annuity Floor" benefit with asset allocation required |
| 6 | SunAmerica/VALIC | $241.8 | $697.6 | $488.7 | $2,170.8 | $162.5 | - | $3,762.6 | Lifetime GMWB with asset allocation required. Premium credit. Optional death benefit available |
| 7 | Nationwide | $1,029.8 | $1,285.7 | $959.2 | $102.2 | $357.6 | - | $3,752.9 | Lifetime GMWB with asset allocation required. Optional death benefits available |
| 8 | AXA Equitable | $266.1 | $365.2 | $305.3 | $2,576.4 | $49.7 | - | $3,562.2 | Flagship product contains no living or death benefit and is sold primarily by their captive force |
| 9 | Amerprise Financial | $11.2 | $14.3 | - | $3,266.5 | - | - | $3,291.9 | Lifetime GMWB with asset allocation required. Many optional death benefits |
| 10 | AEGON/Transamerica | $517.2 | $1,346.0 | $489.5 | - | $73.5 | $205.4 | $2,631.6 | Lifetime GMWB's, asset allocation required, different prices for different allocation models. Optional death benefits available |
| 11 | Allianz Life | $260.6 | $1,355.8 | $223.2 | - | $97.9 | - | $1,937.9 | Lifetime GMWB with asset allocation required. No optional death benefits |
| 12 | Pacific Life | $700.6 | $777.4 | $115.5 | - | $119.7 | - | $1,713.1 | GMAB and Lifetime GMWB's available with asset allocation required on both types. Optional death benefits available |
| 13 | Sun Life Financial | $318.8 | $568.1 | $625.0 | - | $141.0 | - | $1,653.1 | Optional Lifetime GMWB's available with asset allocation required. One optional death benefit |
| 14 | Protective | $109.8 | - | - | - | $1,196.8 | - | $1,306.6 | Optional Lifetime GMWB's available, asset allocation available, can be added after issue for extra cost. One optional death benefit available |
| 15 | Thrivent Financial | - | - | - | $1,241.1 | - | - | $1,241.1 | Captive sales force using faith-based marketing |
| **Industry Total** | | **$9,055.0** | **$27,269.2** | **$8,292.9** | **$24,108.6** | **$8,816.7** | **$1,561.7** | **$79,145.0** | |

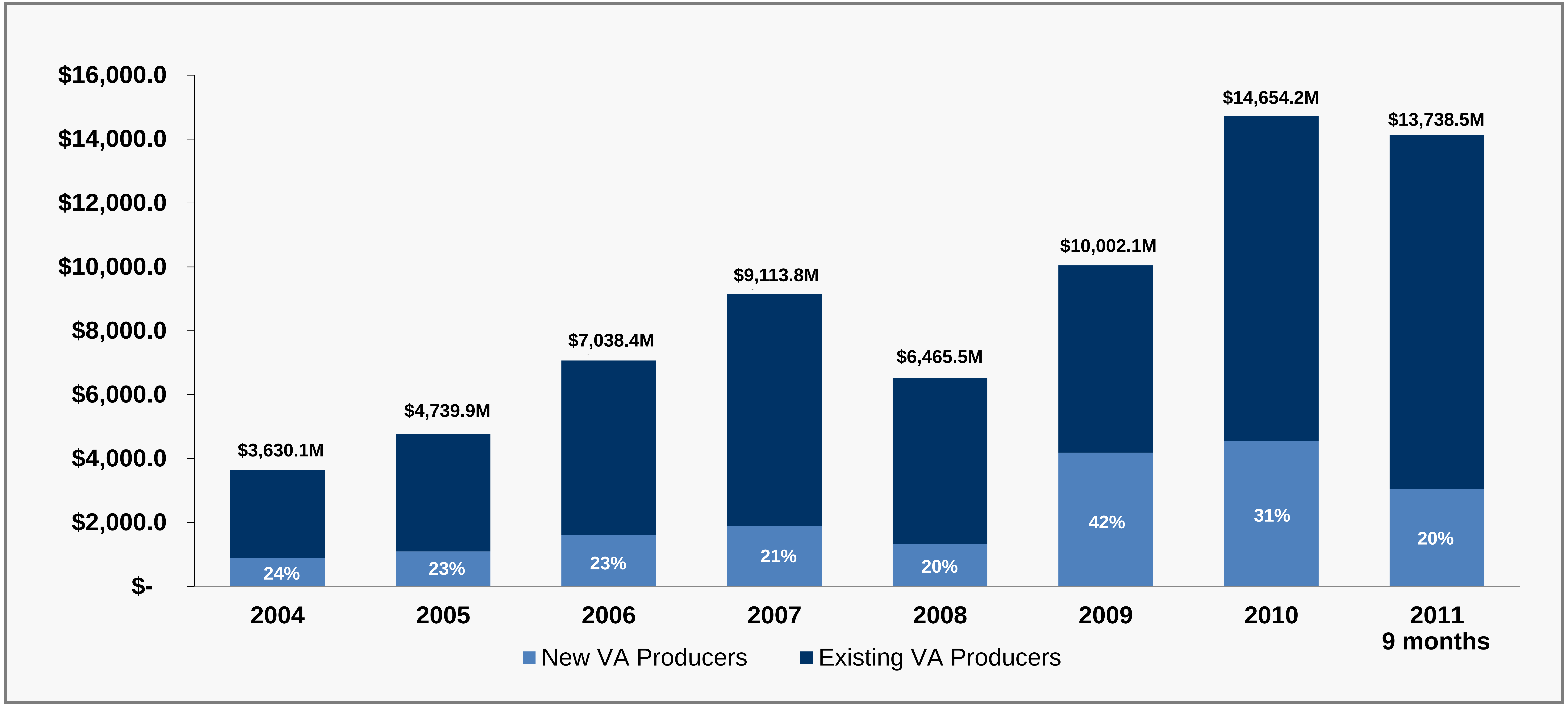
Source: MARC
All Numbers reported in $MMs

# Historical Sales Allocation: Mutual Funds vs. Jackson Variable Annuity

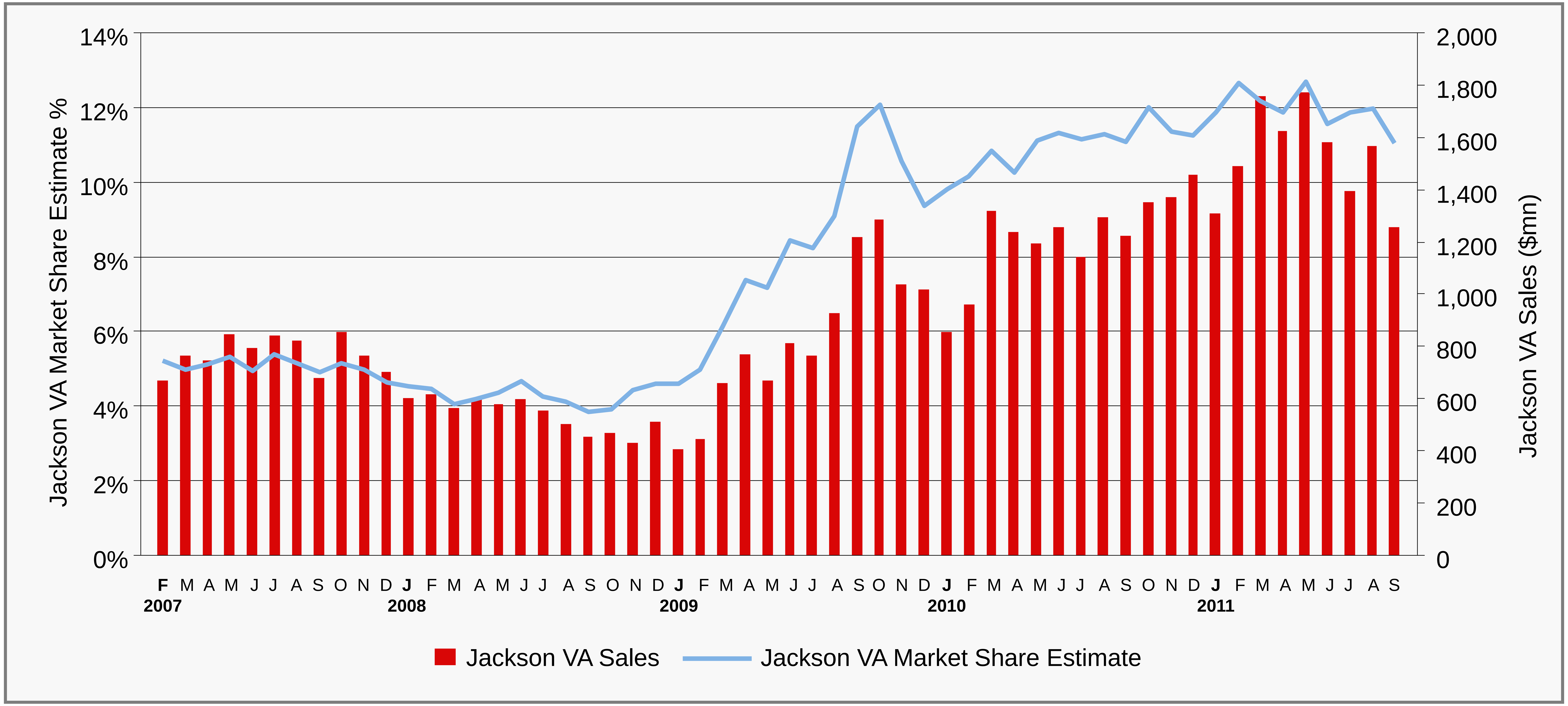



Sources: ICI and Morningstar Annuity Research Center.
Jackson VA allocation: Company data.
Mutual Fund allocation: based on New Sales into Equity/Hybrid and Bond Funds reported by ICI.

# Jackson VA Sales & New Adviser Production



# Jackson Monthly VA Market Share



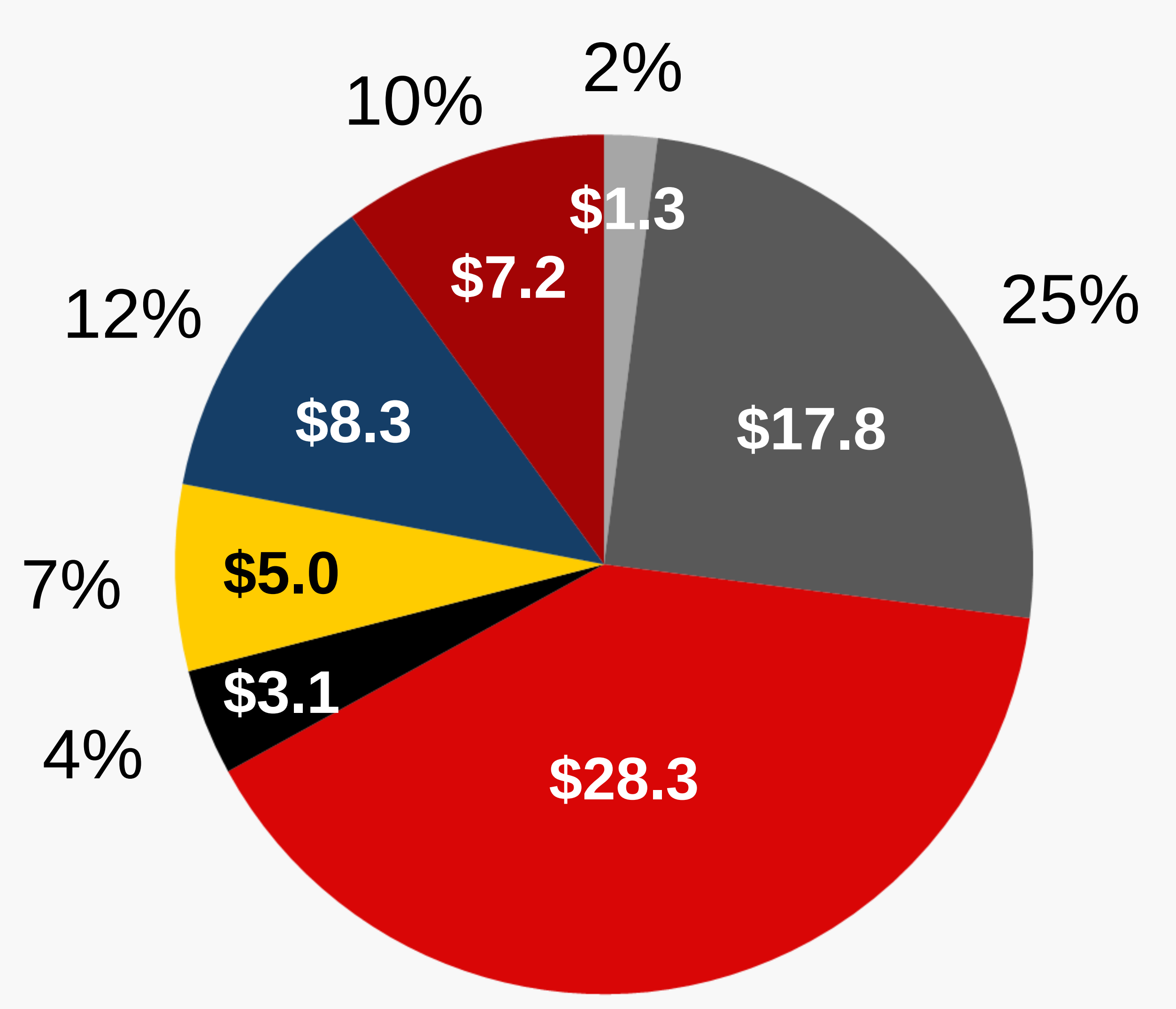

Source: Market share based on MARC September 2011 VA Sales Estimate Report. Jackson sales per internal reports

# Statutory Reserves

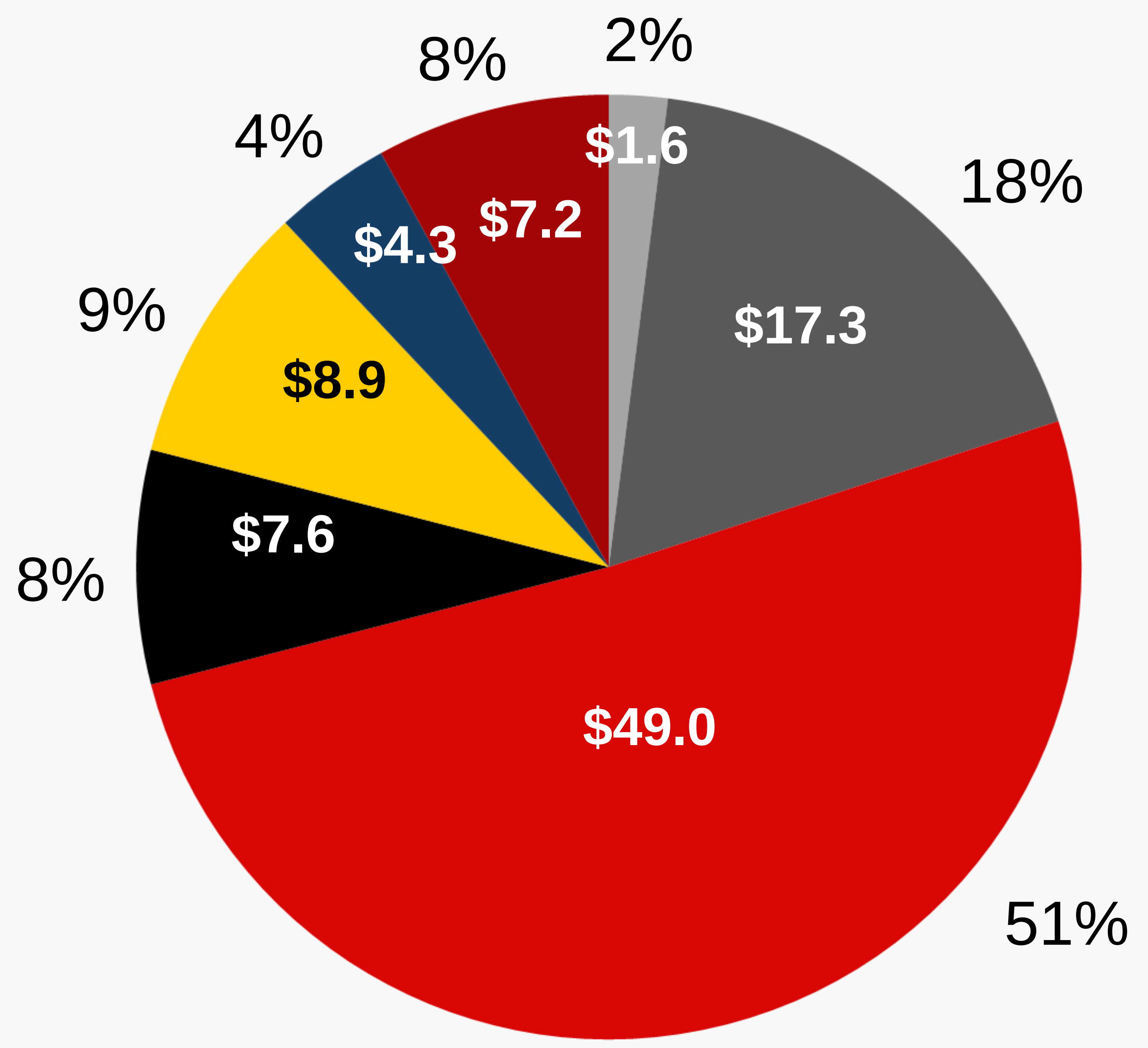
## Statutory Reserves - Major Product Categories

CAGR 2007 to 9/30/2011 = 8%

### 2007 = $71.0bn




### 9/30/2011 = $95.8bn



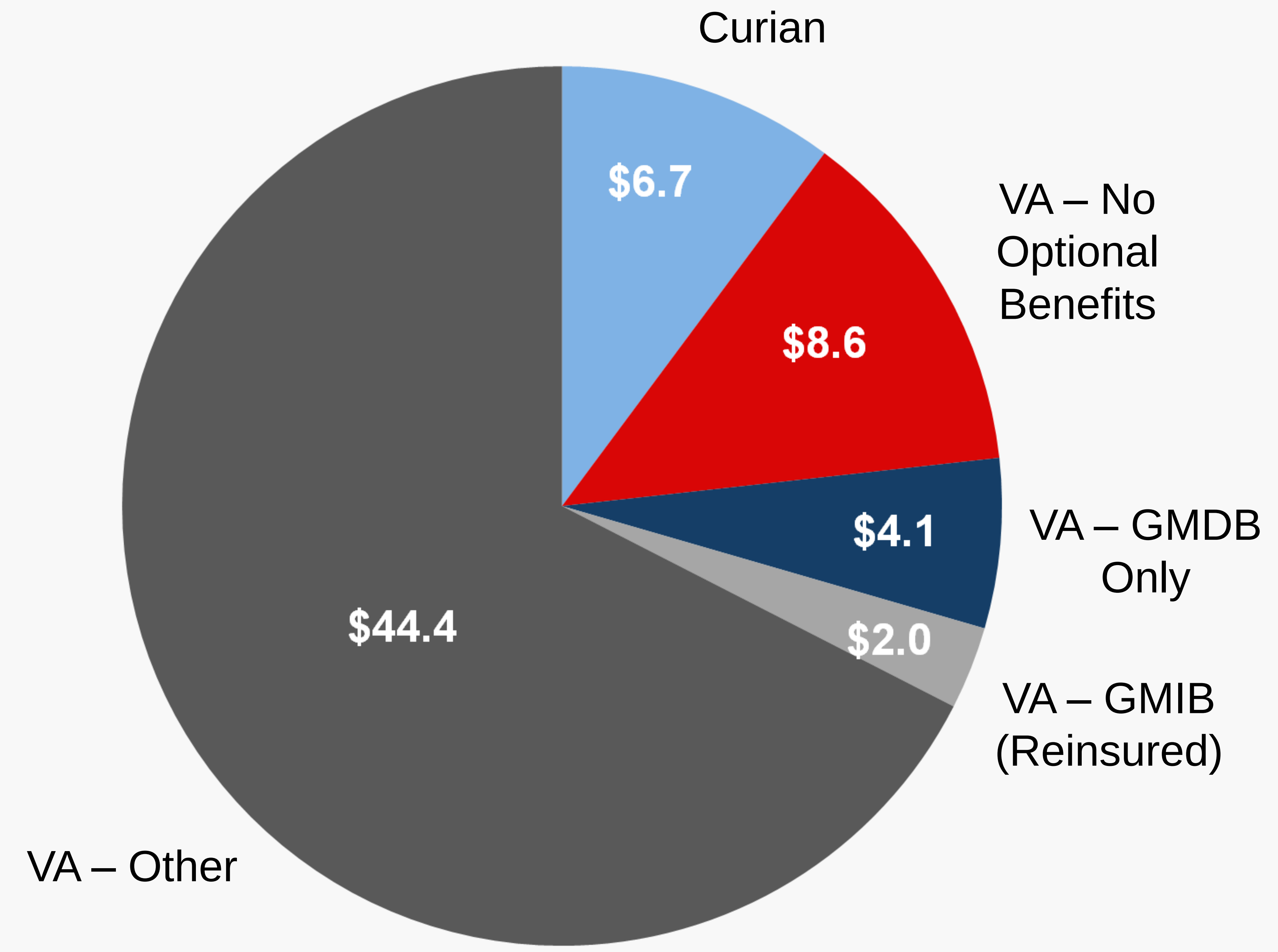

Notes:
- Variable Annuity reserves are net of reinsurance
- Life insurance reserves are before reinsurance
- Data is consolidated to include Jackson National of New York

- Fixed Annuities (-3%)
- Fixed Index Annuities (+80%)
- Variable Annuities - Separate Acct (+73%)
- Institutional Products (-49%)
- Variable Annuities - Fixed Acct (+141%)
- Life Insurance (+0%)
- Other (+21%)

# Jackson Fee Based Business

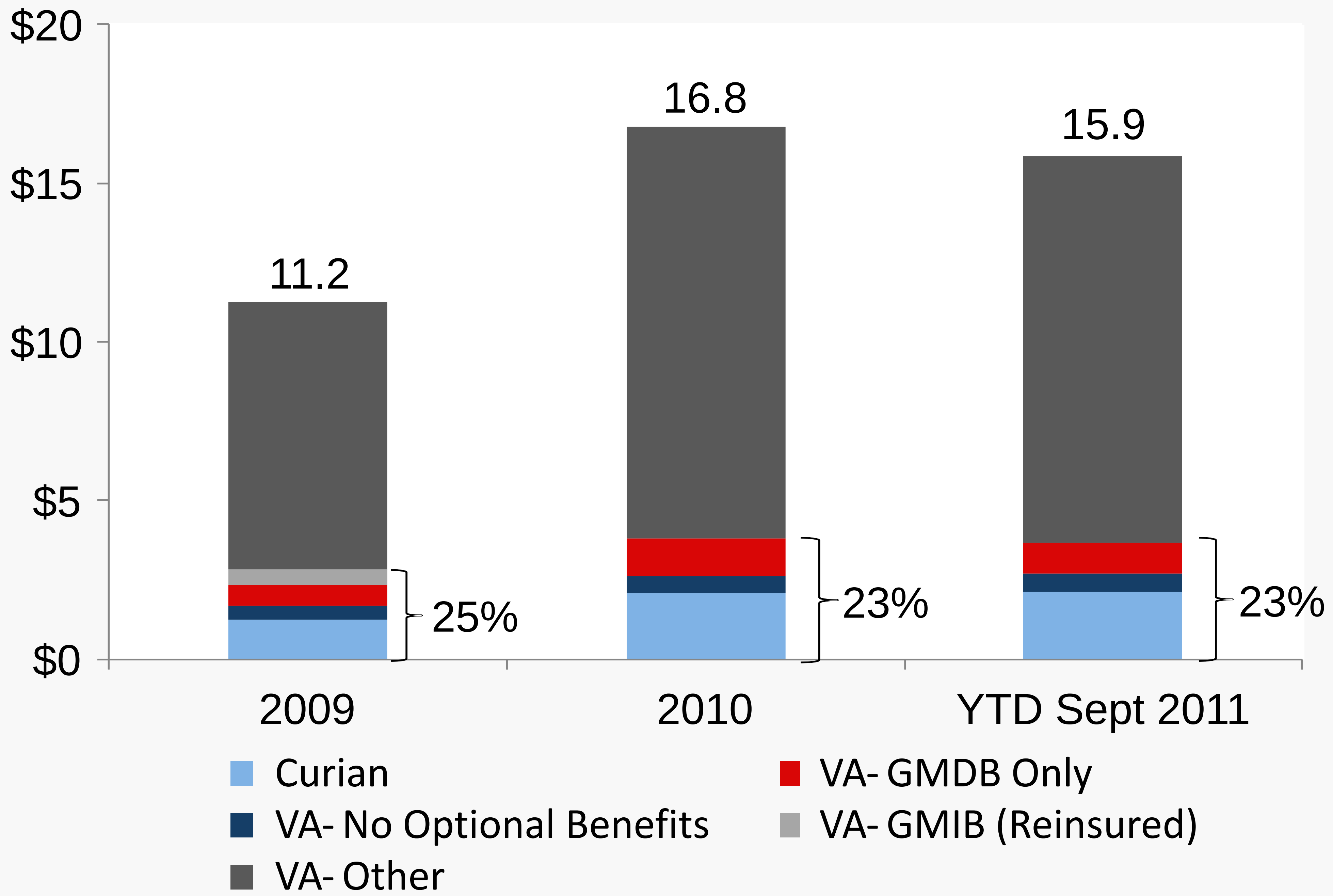
## VA Account Value and Curian AUM

$65.7bn ending 30 September 2011 - $ in billions




## Fee Based Premiums and Deposits

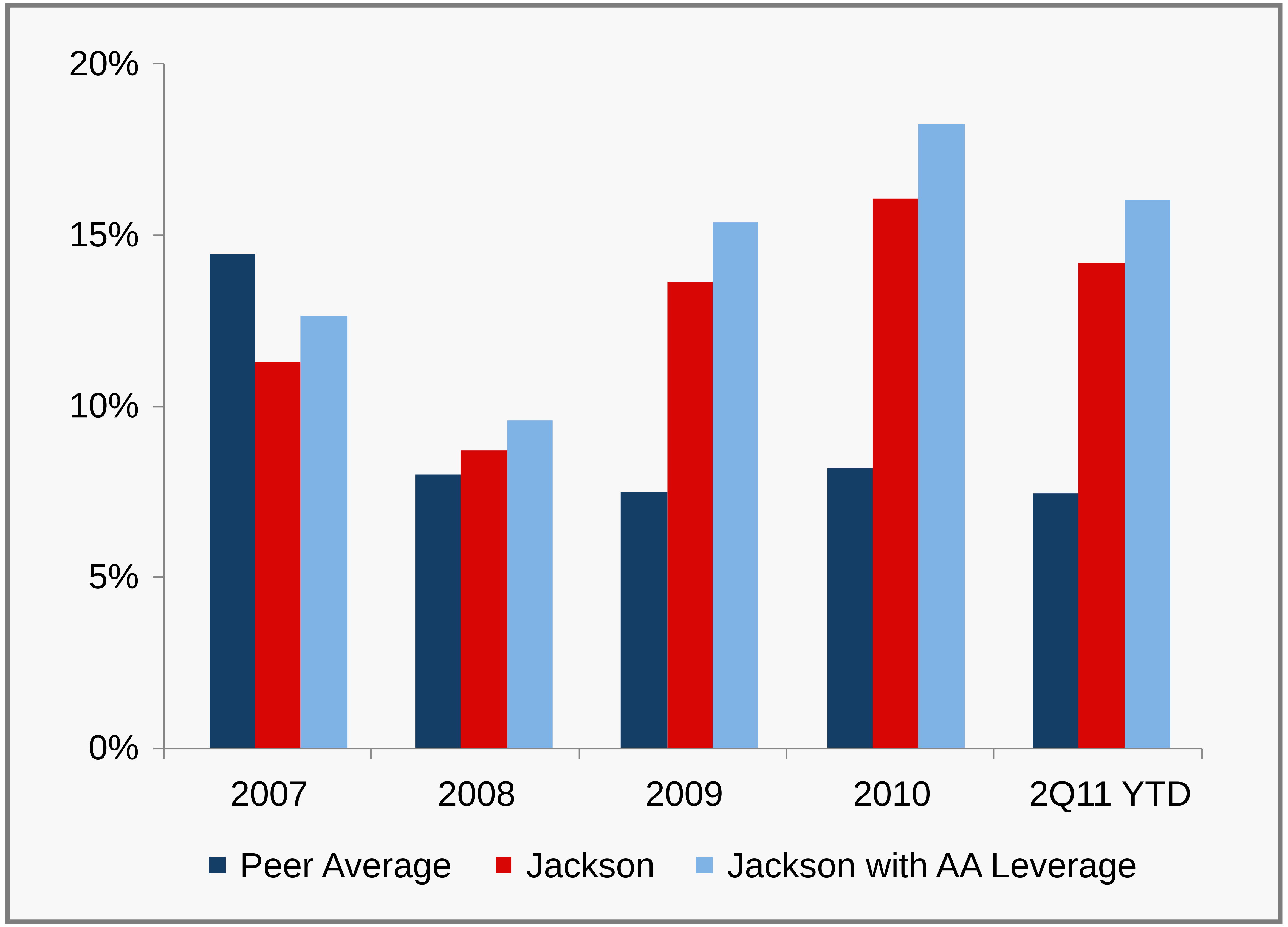
$ in billions




**Non-fee based retail premiums and deposits**

| 2009 | 2010 | YTD 2011 |
|---|---|---|
| 3.9 | 3.0 | 1.7 |

# Operating ROE vs Peers




- Jackson continues to return well above the cost of capital as well as significantly above industry ROEs
- Well hedged VA book coming into 2008 crisis means that profitability of back book is intact.
- Post crisis pricing environment has been favorable for VA writers and this is the period in which more than half of Jackson's VAs were sold
- Applying AA level leverage to Jackson's balance sheet (defined as 20% debt/capital) makes the comparison to industry metrics more meaningful and boosts already attractive ROEs

Source: Bloomberg and SNL Financial
Peer ROEs are U.S. GAAP and are calculated using adjusted operating EPS and equity excluding AOCI.
Peer group includes Ameriprise, MetLife, Lincoln National, Prudential Financial, Principal, Hartford, Genworth, and Allstate.

# Statutory Expenses

| | ($ millions) | Q2 2011 General Expenses | Q2 2011 Avg. Net Admitted Assets | Q2 2011 Ratio in bps | 2010 Ratio in bps | 2009 Ratio in bps | 2008 Ratio in bps | 2007 Ratio in bps | 2006 Ratio in bps | 2005 Ratio in bps | Basis Point Change 2005 to Q2 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Jackson** | **430** | **95,958** | **45** | **45** | **44** | **47** | **49** | **46** | **48** | **-3** |
| 2 | Allianz | 411 | 85,475 | 48 | 50 | 60 | 72 | 78 | 70 | 84 | -36 |
| 3 | Manulife (J. Hancock) | 1,118 | 231,888 | 48 | 50 | 59 | 62 | 58 | 61 | 73 | -25 |
| 4 | Pacific Life | 499 | 100,077 | 50 | 47 | 56 | 55 | 66 | 78 | 86 | -36 |
| 5 | AIG | 1,222 | 236,091 | 52 | 53 | 105 | 96 | 78 | 83 | 84 | -32 |
| 6 | AXA | 782 | 147,061 | 53 | 52 | 51 | 63 | 51 | 49 | 58 | -5 |
| 7 | Hartford | 1,344 | 228,601 | 59 | 60 | 67 | 66 | 64 | 74 | 71 | -12 |
| 8 | ING | 1,141 | 180,179 | 63 | 66 | 68 | 78 | 73 | 69 | 77 | -14 |
| 9 | Ameriprise | 580 | 91,438 | 63 | 61 | 73 | 91 | 116 | 114 | 120 | -57 |
| 10 | Aviva | 305 | 46,676 | 65 | 65 | 58 | 66 | 63 | 66 | 74 | -9 |
| 11 | Prudential Financial | 2,610 | 396,676 | 66 | 64 | 67 | 56 | 60 | 60 | 67 | -1 |
| 12 | AEGON (Transamerica) | 1,272 | 180,902 | 70 | 75 | 73 | 71 | 71 | 70 | 74 | -4 |
| 13 | Lincoln National | 1,284 | 165,024 | 78 | 76 | 81 | 84 | 80 | 73 | 86 | -8 |
| 14 | Allstate | 533 | 68,321 | 78 | 74 | 67 | 69 | 56 | 63 | 74 | 4 |
| 15 | Sun Life | 579 | 65,501 | 88 | 91 | 98 | 94 | 101 | 77 | 70 | 18 |
| 16 | Mass Mutal | 1,397 | 139,700 | 100 | 101 | 104 | 86 | 89 | 100 | 91 | 9 |
| 17 | Genworth | 734 | 66,432 | 111 | 107 | 100 | 112 | 104 | 121 | 123 | -12 |
| 18 | New York Life | 2,516 | 214,661 | 117 | 116 | 111 | 109 | 108 | 119 | 115 | 2 |
| 19 | Principal | 1,418 | 119,892 | 118 | 114 | 100 | 109 | 107 | 113 | 116 | 2 |
| 20 | MetLife | 7,219 | 572,630 | 126 | 124 | 99 | 93 | 84 | 88 | 101 | 25 |
| | GROUP AVERAGE | | | 75 | 75 | 77 | 79 | 78 | 80 | 85 | -10 |

Source: Highline Data

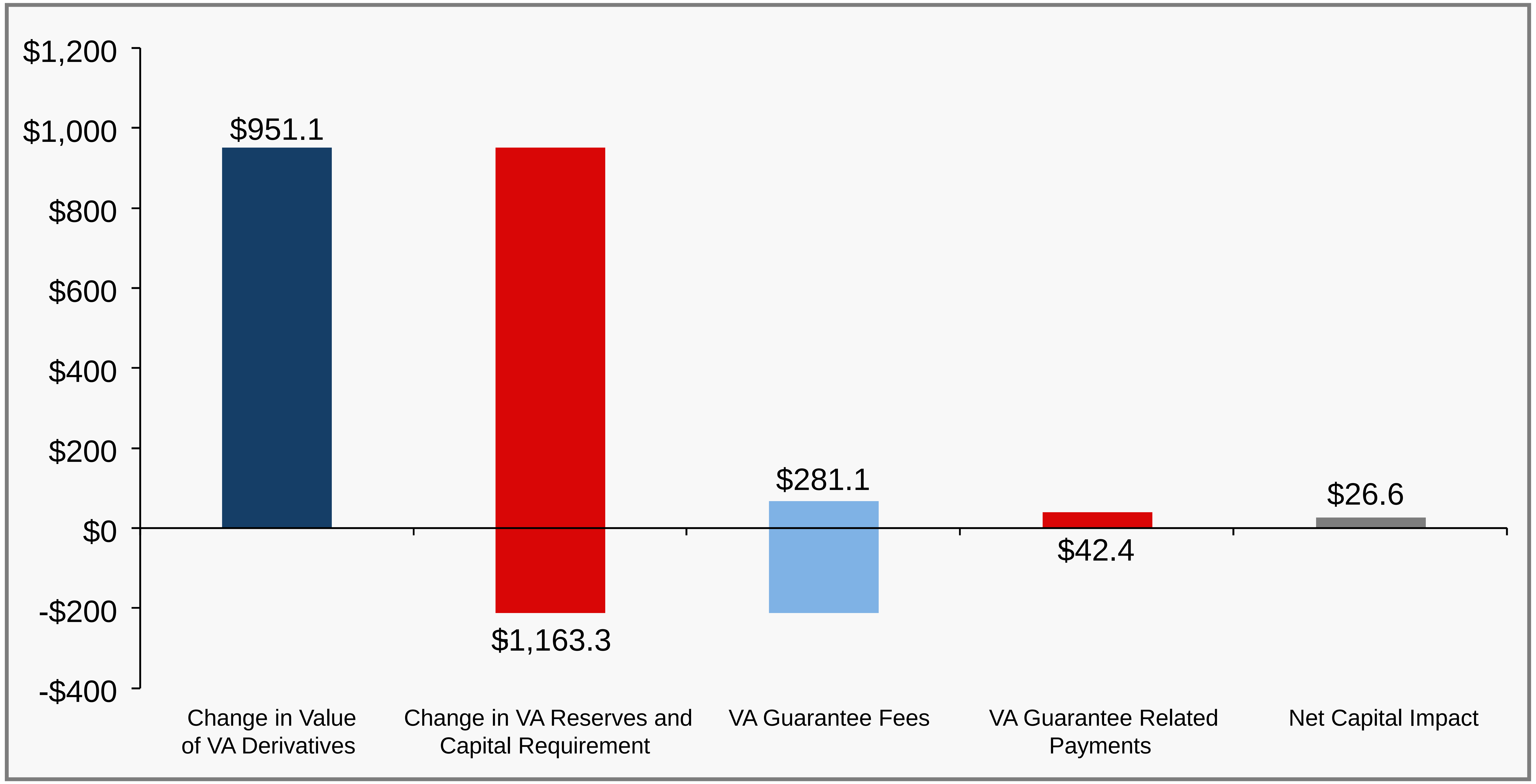
# Hedging Overview

- Market volatility returned with vigor in Q3
- Jackson continues to adapt its tactics to the market environment without compromising its successful hedging strategy
  - Economic basis
  - Strict adherence to financial risk limits
    - Including resilience to large market shocks
  - Protection of regulatory capital
- Despite increasing in Q3, hedging costs continue within budgeted levels year to date
  - Significant hedge book coming into the turmoil
  - Strong performance through Q3 on both an IFRS and statutory basis

# Hedging

## September 2011 YTD VA Statutory Capital Impact

After-Tax, $ in millions



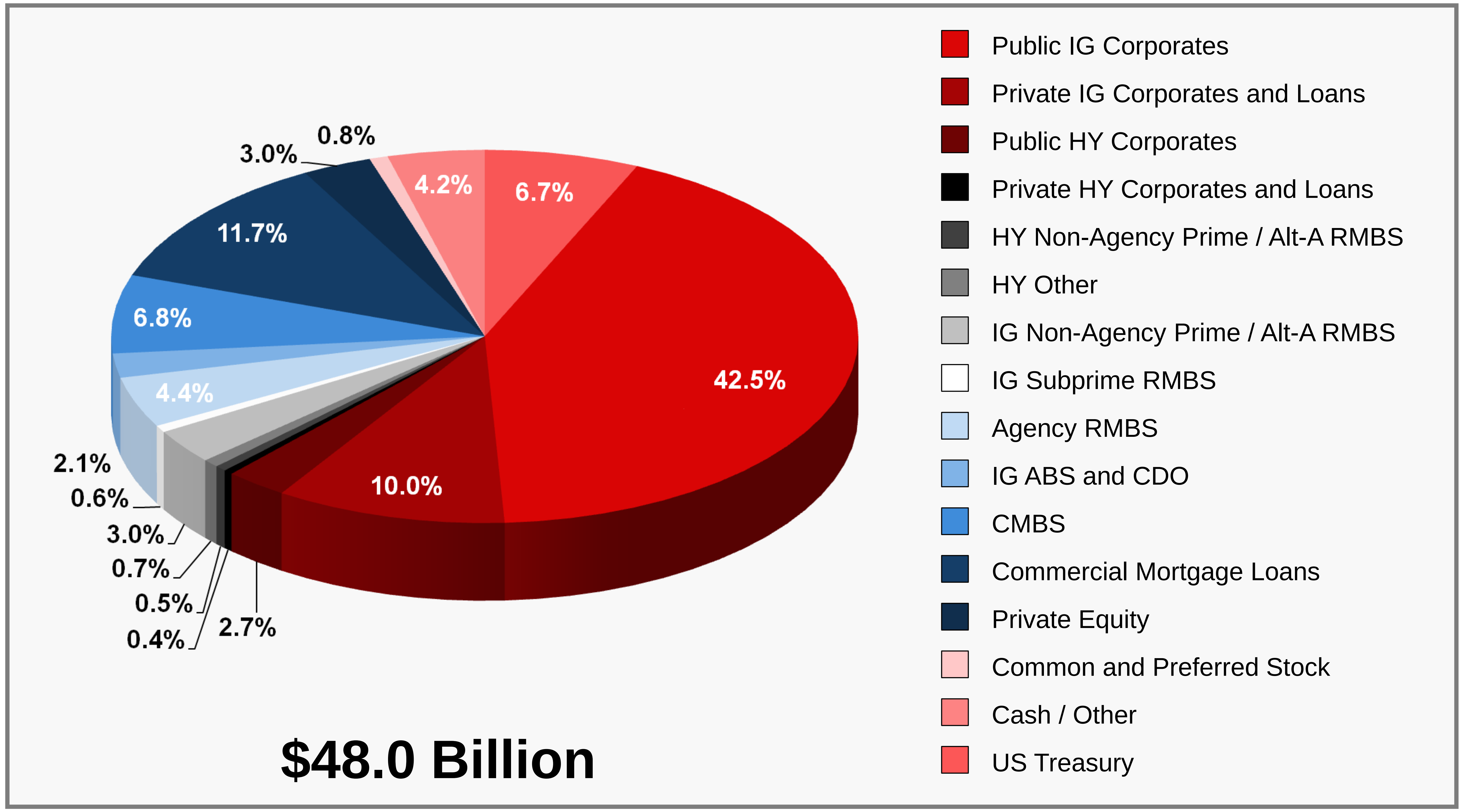

- Minimal VA capital impact year-to-date
- Hedges largely offset reserve movements
- Guarantee fees still substantially in excess of guarantee payments

Notes: Reflects voluntary reserves consistent with levels necessary to eliminate capital requirements for market risk

# Investment Strategy

## Jackson's Portfolio Positioning Given Current Environment

We are striving to construct a portfolio that will perform well across a wide range of market and macroeconomic outcomes




- Economic growth is expected to be modest in near term, with a bias toward slower growth. Headwinds include high oil and gas prices, continued weak real estate market, high unemployment and continued Eurozone sovereign/banking crisis.
- While corporate fundamentals are currently strong, rising risks to the economic outlook support our higher quality bias
- Bank exposure continues to be defensive and concentrated on senior debt and with no exposure to continental Europe
- Sovereign exposure consists of U.S. Treasury debt
- Gross unrealized losses at 9/30 of $0.5bn, with total unrealized net gain of $3bn
- Fixed income impairments of $63m, down from $119mn through Q3 2010

Notes: 9/30/11 Statement Value excludes policy loans
Statutory financial data is consolidated to include Jackson National of New York

# DAC Overview

- New GAAP guidance on deferral of acquisition expenses will be effective January 1, 2012
  - Generally, fewer costs will be deferred under the new guidance
    - Must be directly associated with a successful sale
  - The guidance can be adopted prospectively or retrospectively
- Jackson intends to adopt on a retrospective basis
  - DAC balances and amortization will be re-stated for prior periods
  - In 2012 DAC balance will be reduced by the net impact of these prior period adjustments causing a reduction in book value
  - The new method will result in a reduction in the amount of deferrable expenses offset by lower amortization of existing DAC
  - Given the increase in sales levels recently, the impact of the deferral is expected to exceed the benefit from lower amortization and therefore reduce operating earnings from what they otherwise would have been
  - This impact will reduce through time as lower current period deferrals will give rise to less amortization in the future

# DAC Changes

| Expense Type | Current Guidance | New Guidance |
|---|---|---|
| **Commissions:** | | |
| Agent commissions at sale | Defer | Defer |
| Agent Renewal commissions | Defer | Defer |
| Asset based "trail" | Expense | Expense |
| Special Comp | Defer | Expense |
| Other (bonus, mkt allow, etc) | Defer | Expense |
| | | |
| **Marketing expenses:** | | |
| Wholesalers direct / indirect expense | Defer entire cost center | Expense |
| Product management | Defer entire cost center | Expense |
| Printing / literature distribution | Defer entire cost center | Expense |
| Marketing communication | Defer entire cost center | Expense |
| | | |
| **Home Office expenses:** | | |
| Salary / benefits / payroll taxes | Defer | Defer per policy |
| Policy printing & mailing | Defer | Defer per policy |
| Electronic applications fees | Defer | Defer per policy |
| Imaging / scanning | Defer | Defer per policy |
| Medicals | Defer | Defer per policy |
| Product development | Defer | Expense |
| Marketing support | Defer | Expense |
| Indirect costs | Defer | Expense |

# Summary

- Superior positioning in the US retirement market
- Market leading growth with above average return on capital
- Differentiated business model
  - Distribution
  - Product
  - Service
- Strong focus on risk management and financial discipline
- Excellent financial strength