Asset / Liability Management

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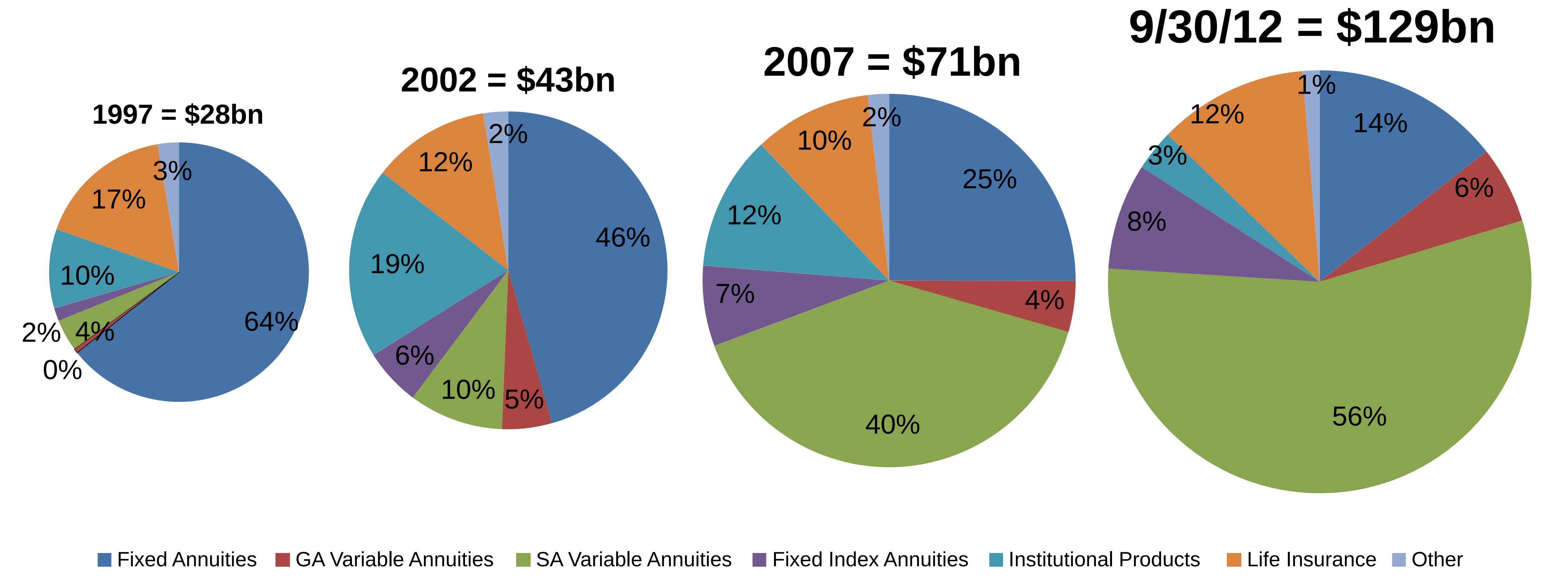
INVESTOR CONFERENCE / 2012

Agenda

- Balance Sheet Overview
- VA Pricing
- VA In-Force
- VA Policyholder Behavior
- Hedging
- Financials
- Liquidity
- Q&A

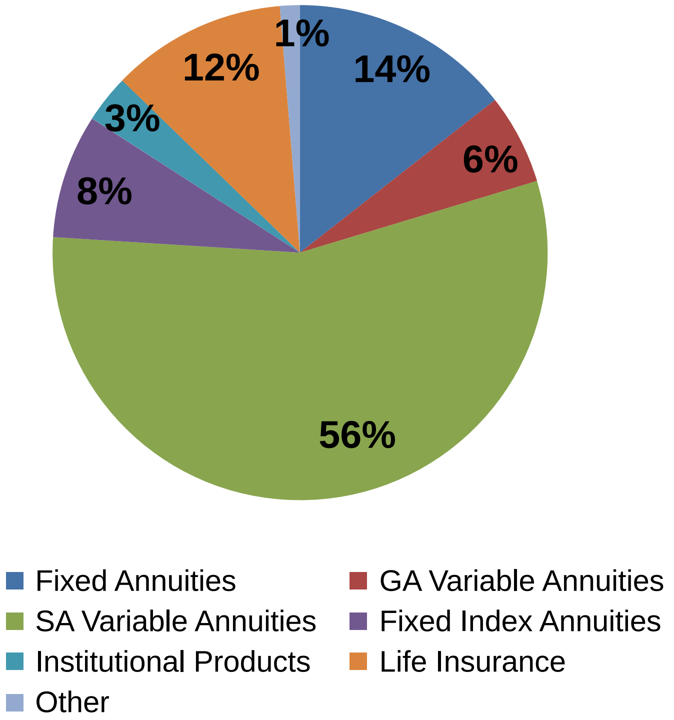
Statutory Reserves – Major Product Categories



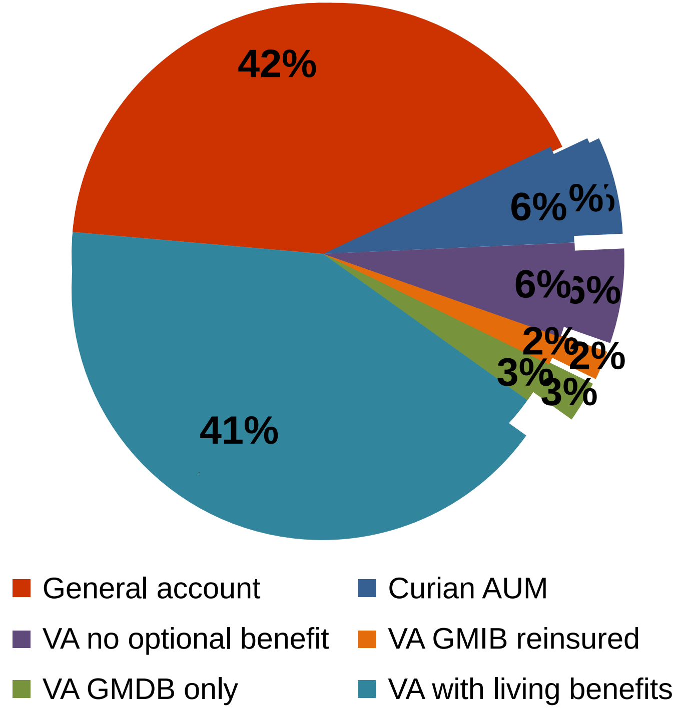
GA = General Account SA = Separate Account

Statutory Reserves and AUM – Major Product Categories

9/30/12 = $129bn

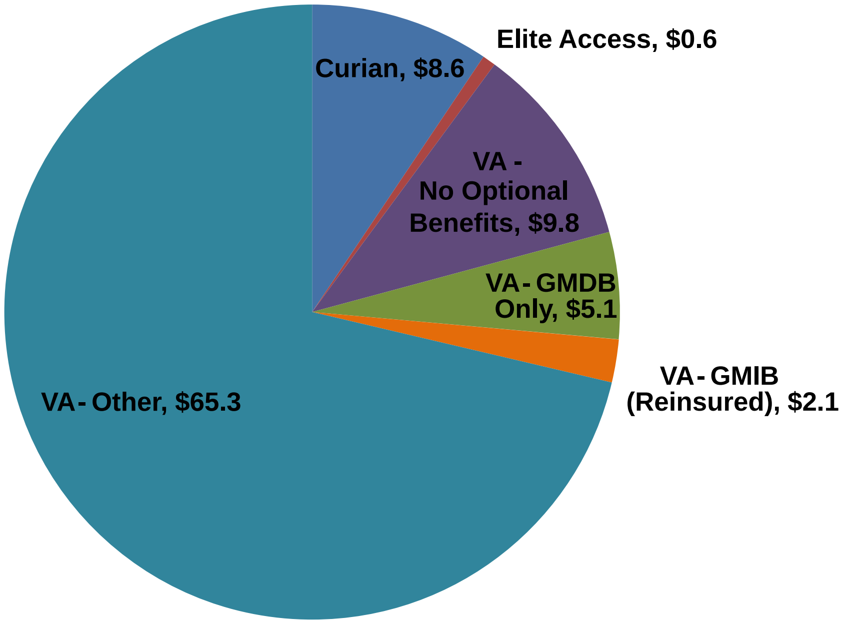


9/30/12 = $137bn Consolidated

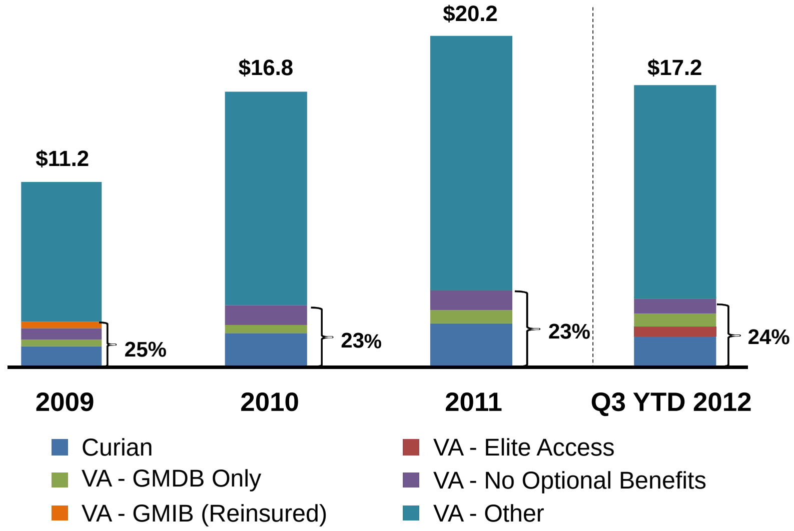


Jackson Fee Based Business

VA Account Value and Curian AUM
$91.5 billion ending September 30, 2012 ($ in billions)



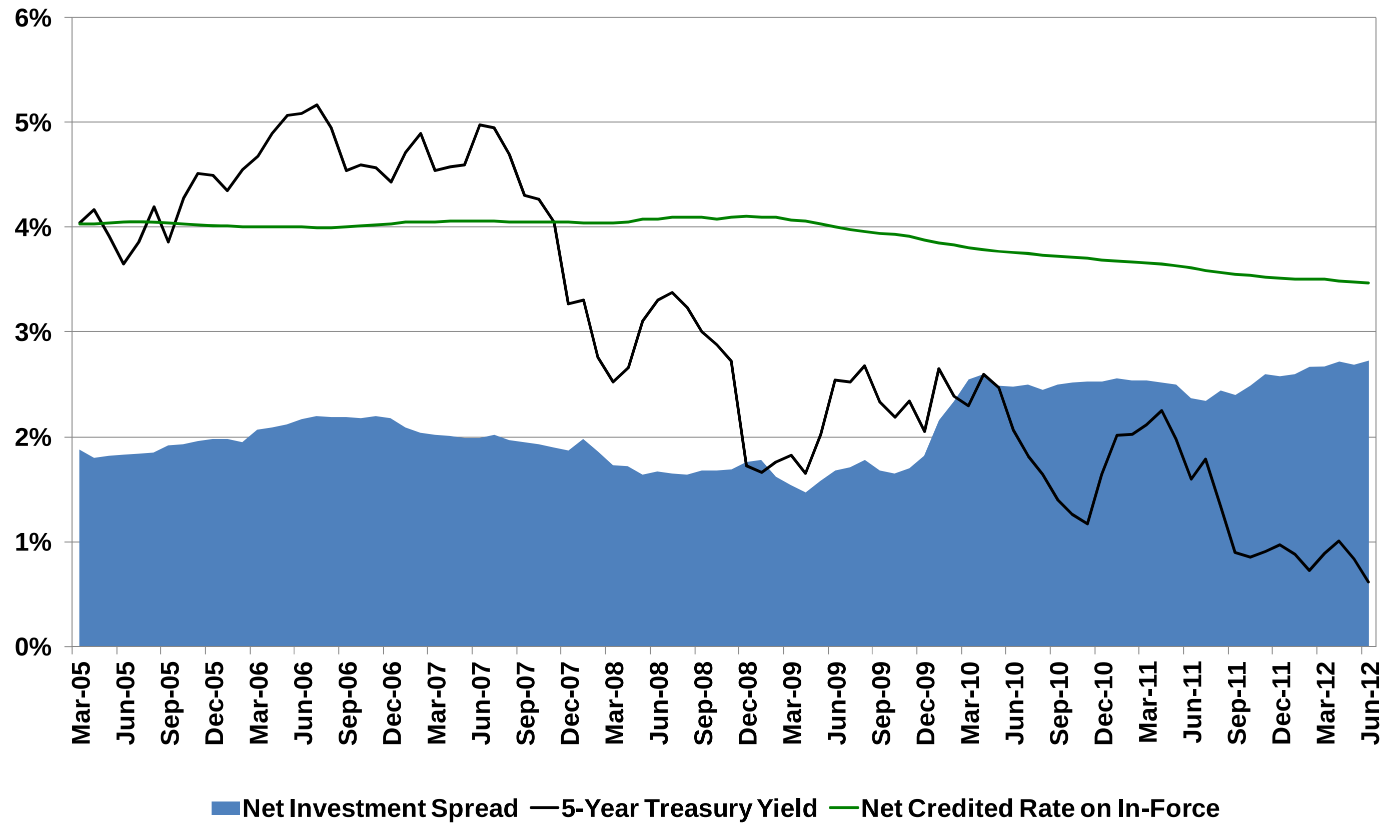
Fee Based Premiums and Deposits ($ in billions)



Major Product Risks

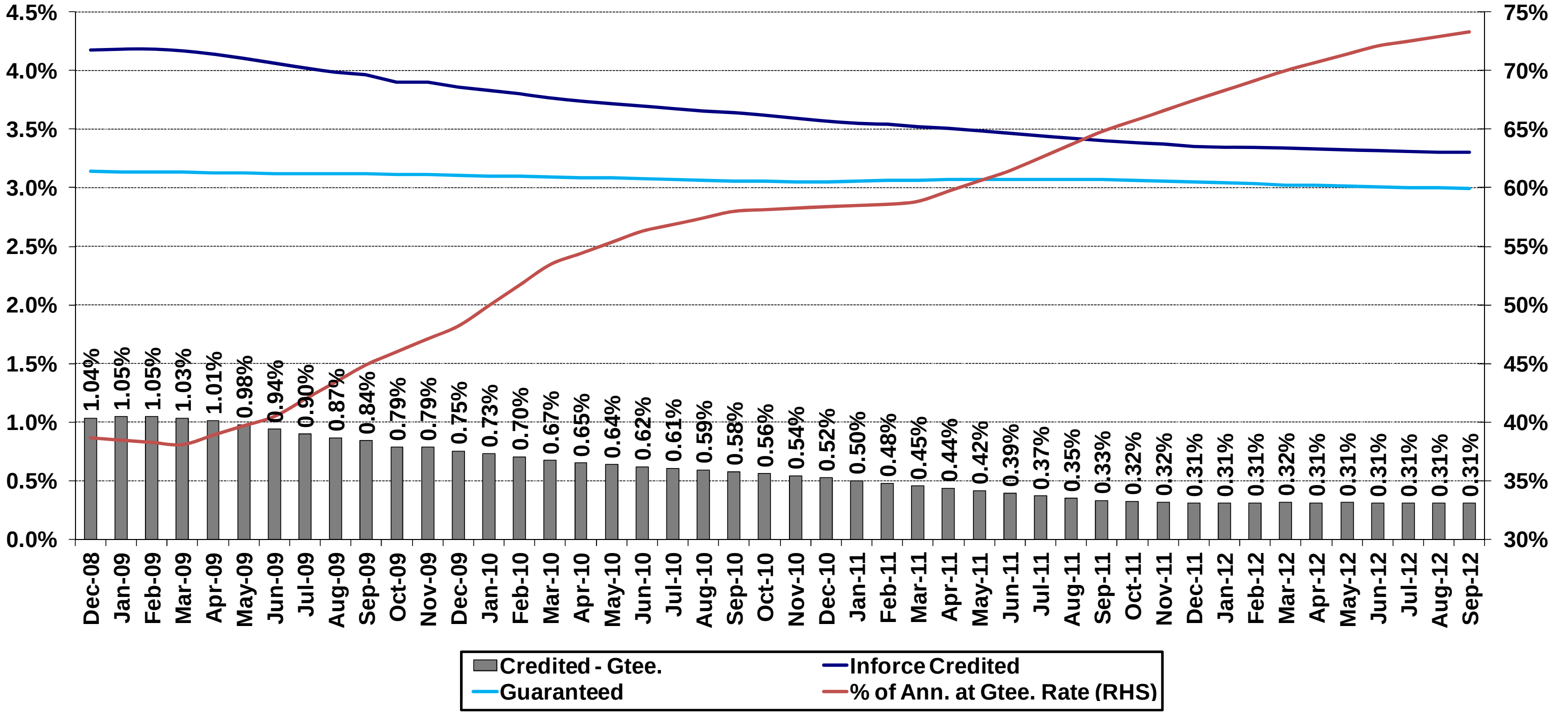
Product Type	Risk Type	Exposure (Sept 30, 2012)	Mitigant
Fixed Annuities	▪ Low Interest Rates (Minimum guarantee) ▪ Credit	$27.8 billion statutory reserves net of reinsurance	▪ Low absolute guarantee (1%-3%) ▪ Duration management ▪ Swaps
Fixed Annuities	▪ High Interest Rates (Surrenders) ▪ Credit	$27.8 billion statutory reserves net of reinsurance	▪ Duration management ▪ Surrender charges ▪ MVAs ▪ Swaptions
Fixed Indexed Annuities	▪ Increasing Equity Market (Index participation) ▪ Credit	$10.5 billion account value	▪ Hedging ▪ Annual reset ▪ Duration management
GMDB	▪ Decreasing Equity Market (Minimum guaranteed values) ▪ Mortality ▪ Decreasing Interest Rates	$4.2 billion net amount at-risk (NAR) $76.1 billion net premium in force	▪ Time diversification ▪ Mortality-based risk ▪ Hedging
GMIB **GMWB**	▪ Decreasing Equity Market (Minimum guaranteed values) ▪ Longevity ▪ Decreasing Interest Rates	$2.4 billion net premium in force $60.9 billion net premium in force	▪ Reinsurance ▪ Time diversification ▪ Hedging
Institutional	▪ Floating Rate Exposure (higher interest rates) ▪ Credit	$4.0 billion statutory reserves	▪ Duration management
Life	▪ Mortality ▪ Decreasing Interest Rates ▪ Credit	$14.7 billion statutory reserves	▪ Reinsurance ▪ Duration management

Life and Fixed Annuity Portfolio Net Interest Spread



In-Force Fixed Annuities

Fixed Annuity Credited vs. Guarantee Rate, % of Fixed Annuities at Minimum Guarantee (excludes IA & VA Fixed)

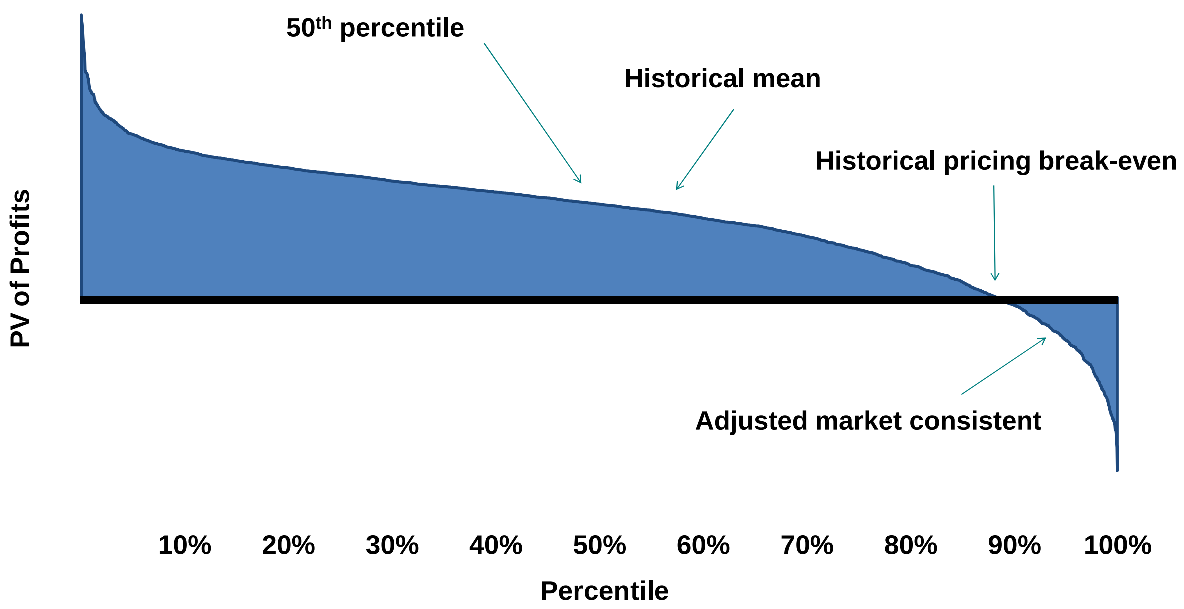


Variable Annuity Pricing Approach and Methodology

- **Identify Concept & Initiate an Initial Risk/Regulatory Review**
- **Set Assumptions**
  - Based on credible company experience
  - Conservative view on unproven assumptions considering the product’s risk profile
- **Risk Adjusted Stochastic Pricing**
  - Two distinct approaches to Economic Scenarios
  - (1) Historical: Conditional Tail Expectation – CTE(70)
  - (2) Adjusted Market Consistent: Conservative Market Parameters – e.g. 25% Annual Volatility
- **Disciplined Pricing Process**
  - Model complex benefits and features including policyholder optionality
  - Conservative Assumption Margins: Equity Allocation; Dynamic Lapse Behavior; Withdrawal Utilization
  - Sensitivity Analysis Determined by Risk Drivers
  - Benefits are priced to cover their costs on a standalone basis
- **Holistic and Formal Approach**
  - Collaboration across the organization: Work closely with ALM, Financial, Actuarial, Legal, and Distribution
  - Required sign-off & review for pricing models and assumptions
  - Formal approval from Product Committee
  - Board and Group approvals for new product categories/risks

Variable Annuity Pricing

PV Profit by Percentile



- Profit distribution for the standalone benefit analyzed based on historical parameters as well as adjusted market consistent approach
- For this benefit both approaches converge around the 90th percentile of the historical distribution at break-even profit
- GMWB benefit is profitable at the historical mean and well into the tails
- Hedging activity expected to truncate the losses while retaining upside potential

Simplified Product Returns

Var. Ann. - PII (Real World Unhedged)		
M&E Fees		1.30%
Fund Management Fees		0.55%
GMWB Fees		1.20%
Policy Fees		0.01%
Total Fees		3.06%
Acquisition Costs:		
Commissions	7.50%	
Marketing	1.80%	
Issue Costs	0.20%	
	9.50%	
Acq Cost over 10 years		-0.95%
Maintenance Expense		-0.12%
GMWB Expense		-0.20%
ROP DB Expense		-0.08%
Profit Margin		1.71%
Base Req. Cap.		5.00%
Additional Req. Cap.		
Hedging Offset		
Net Required Capital		5.00%
Profit Ratio		34.2%
Inv. Return on Capital		3.60%
P-T Return on Capital		37.8%
Unlevered A-T Return on Capital		24.6%

Var. Ann. - PII (Real World Unhedged - Down 40%)		
M&E Fees		1.30%
Fund Management Fees		0.55%
GMWB Fees		1.20%
Policy Fees		0.01%
Total Fees		3.06%
Acquisition Costs:		
Commissions	7.50%	
Marketing	1.80%	
Issue Costs	0.20%	
	9.50%	
Acq Cost over 10 years		-0.95%
Maintenance Expense		-0.12%
GMWB Expense		-1.10%
ROP DB Expense		-0.45%
Profit Margin		0.44%
Base Req. Cap.		5.00%
Additional Req. Cap.		10.00%
Hedging Offset		
Net Required Capital		15.00%
Profit Ratio		2.9%
Inv. Return on Capital		3.60%
P-T Return on Capital		6.5%
Unlevered A-T Return on Capital		4.2%

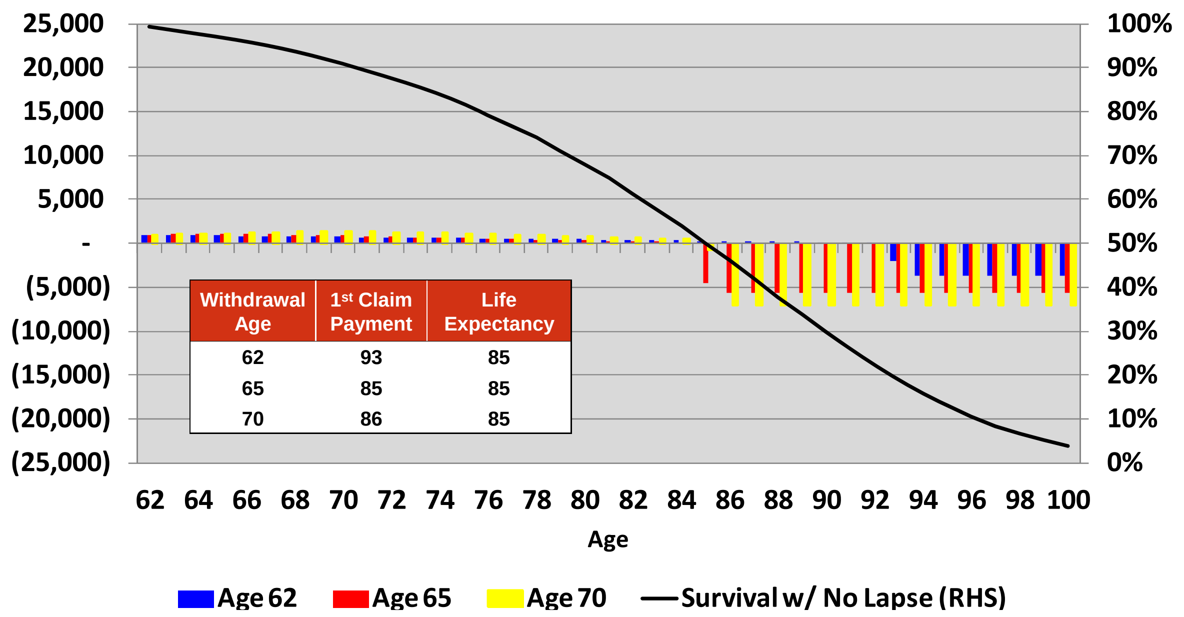
Var. Ann. - PII (Real World Hedged)		
M&E Fees		1.30%
Fund Management Fees		0.55%
GMWB Fees		1.20%
Policy Fees		0.01%
Total Fees		3.06%
Acquisition Costs:		
Commissions	7.50%	
Marketing	1.80%	
Issue Costs	0.20%	
	9.50%	
Acq Cost over 10 years		-0.95%
Maintenance Expense		-0.12%
GMWB Expense		-1.20%
ROP DB Expense		-0.08%
Profit Margin		0.71%
Base Req. Cap.		2.50%
Additional Req. Cap.		
Hedging Offset		
Net Required Capital		2.50%
Profit Ratio		28.4%
Inv. Return on Capital		3.60%
P-T Return on Capital		32.0%
Unlevered A-T Return on Capital		20.8%

Var. Ann. - PII (Real World Hedged - Down 40%)		
M&E Fees		1.30%
Fund Management Fees		0.55%
GMWB Fees		1.20%
Policy Fees		0.01%
Total Fees		3.06%
Acquisition Costs:		
Commissions	7.50%	
Marketing	1.80%	
Issue Costs	0.20%	
	9.50%	
Acq Cost over 10 years		-0.95%
Maintenance Expense		-0.12%
GMWB Expense		-1.40%
ROP DB Expense		-0.08%
Profit Margin		0.51%
Base Req. Cap.		2.50%
Additional Req. Cap.		11.50%
Hedging Offset		-11.00%
Net Required Capital		3.00%
Profit Ratio		17.0%
Inv. Return on Capital		3.60%
P-T Return on Capital		20.6%
Unlevered A-T Return on Capital		13.4%

Note: ROP BD = Return of Premium Death Benefits, Net Required Capital is set at CTE 90.

GMWB Product Dynamics

Guarantee Benefit Payments by Wait Period

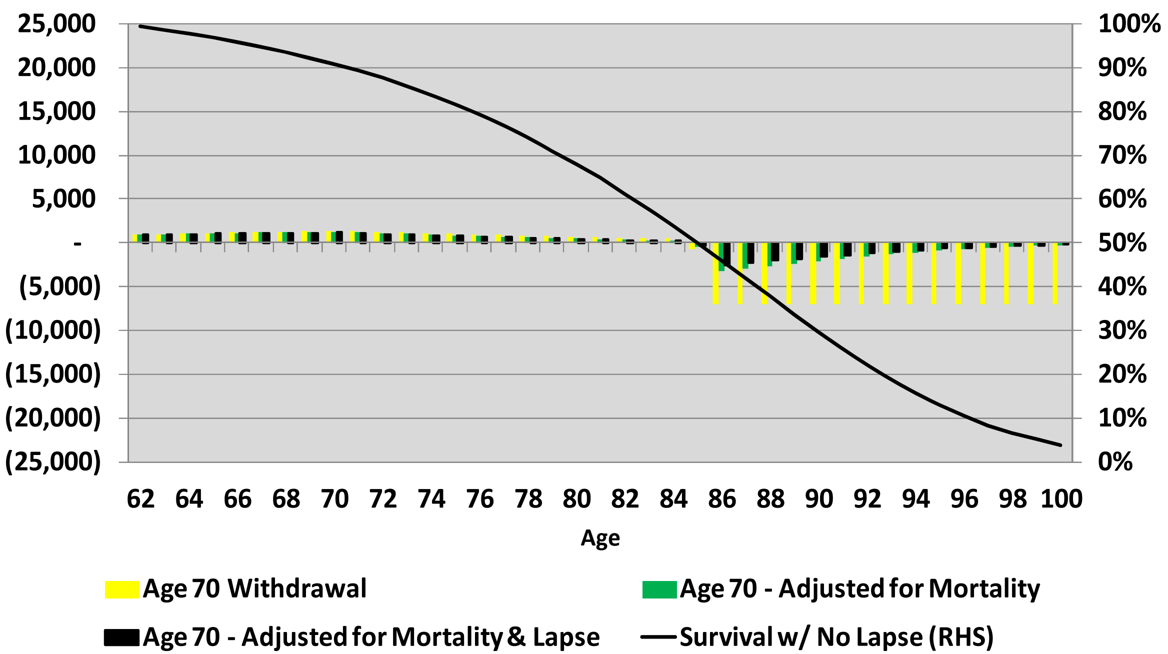


Withdrawal Age	1st Claim Payment	Life Expectancy
62	93	85
65	85	85
70	86	85

- Assumed policy of $100k for a 62 year-old
- No assumed market appreciation in projection period
- Analysis of guarantee fees and related living benefits without impact of base contract
- Payments / fees NOT adjusted for lapse or mortality

GMWB Product Dynamics

Guarantee Benefit Payments Based on Age 70 First Withdrawal



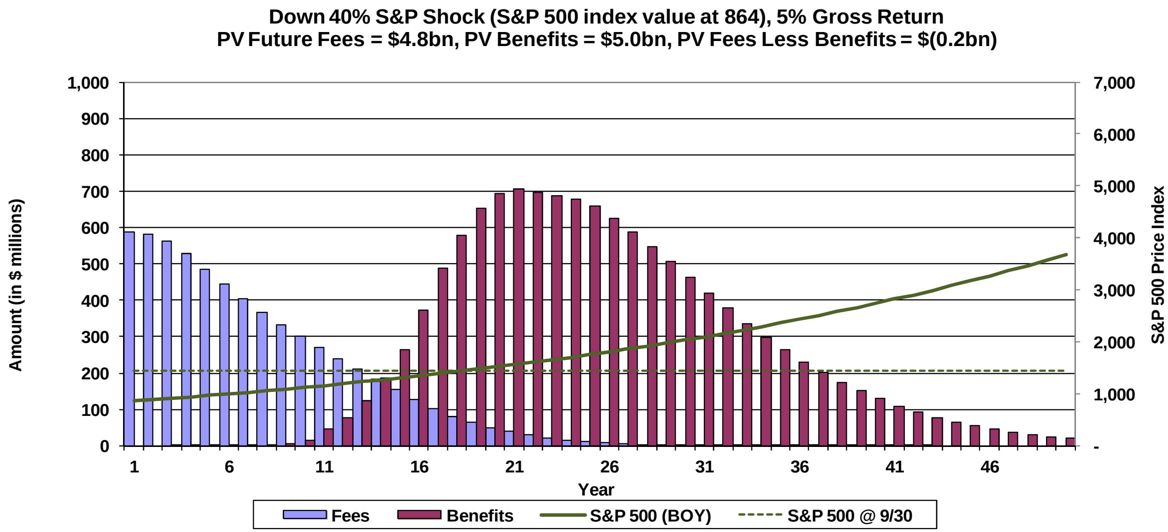
- First payment occurs around average life expectancy
- Payments shown with and without mortality impact
- Additional bar shows impact of 1% lapse per year
- Fee base more than covers payments adjusted for expected mortality

GMWB Product Dynamics

	Age at First Withdrawal		
	62	65	70
PV of net payments with lapse and mortality	8,150	4,370	7,150
PV of net payments with mortality	8,680	3,435	6,450
Breakeven age at 0% interest with no lapse	100	91	95

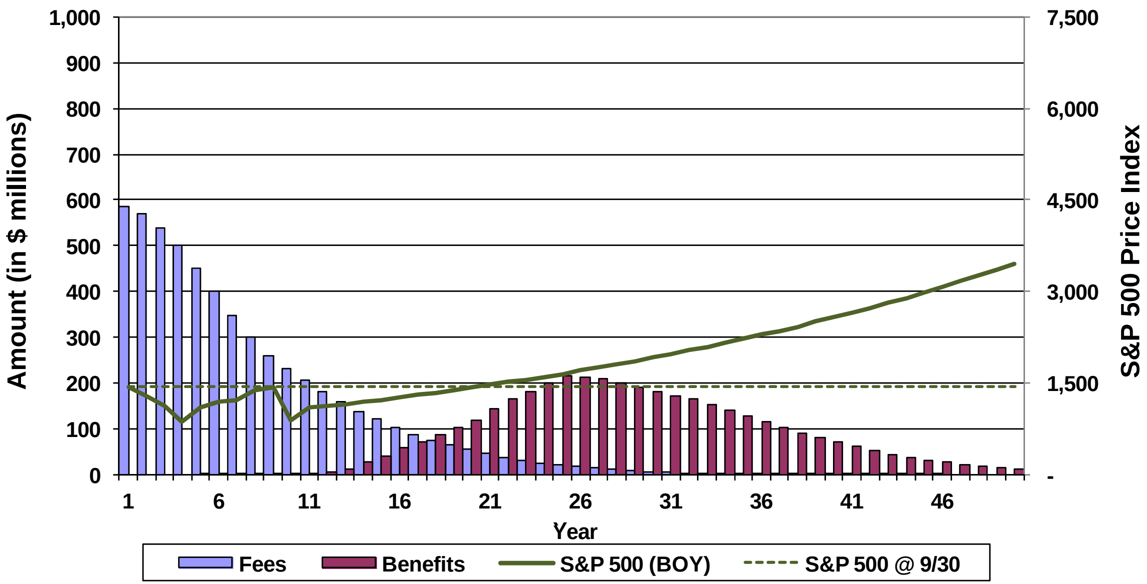
Unhedged GMWB In-Force Cash Flow

- Analysis based solely on guarantee fees (excludes M&E fees)
- Uses prudent best estimate assumptions (AG43, C3P2)
- 5% gross return is well below historical average market return
- Ignores fees collected to date as well as current reserves
- PV of future GMWB fees exceeds PV of benefits over a wide range of market shocks
- Negative cash flow is far into future even in bad scenarios
- No material strain on liquidity



Unhedged GMWB In-Force Cash Flow

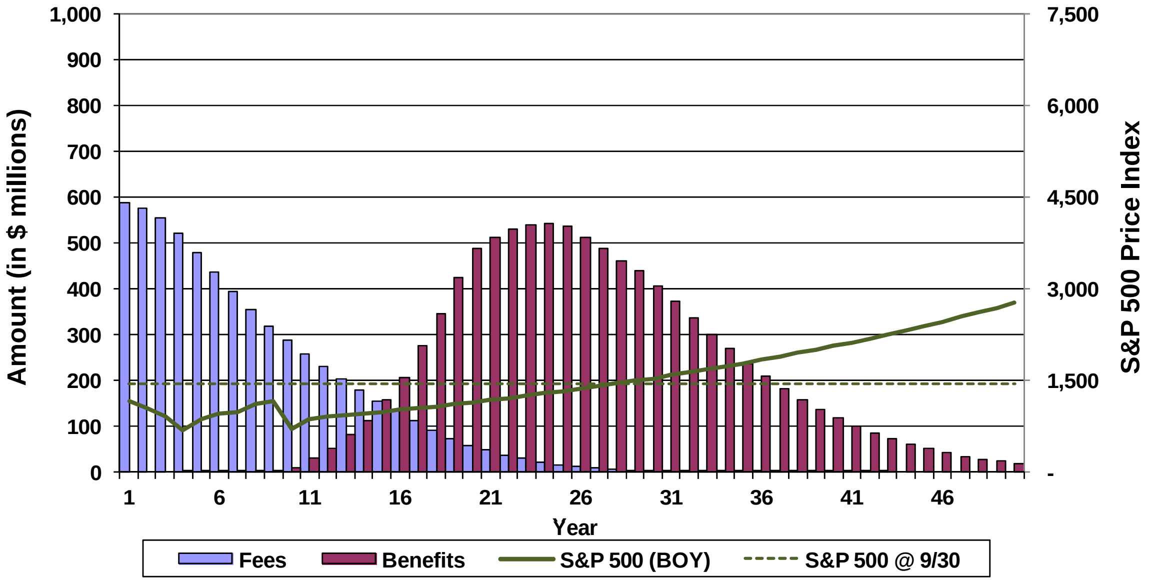
2000-2009 Actual then 5% Gross Return
PV Future Fees = $4.4bn, PV Benefits = $1.4bn, PV Fees Benefits = $3.0bn



- Scenario is a rerun of the past decade ending in 2009 followed by 5% gross returns
- S&P 500 reaches initial price in around 20 years
- Modest reduction in NPV relative to base
- Poor markets drive higher persistency which drives higher fees and benefits

Unhedged GMWB In-Force Cash Flow

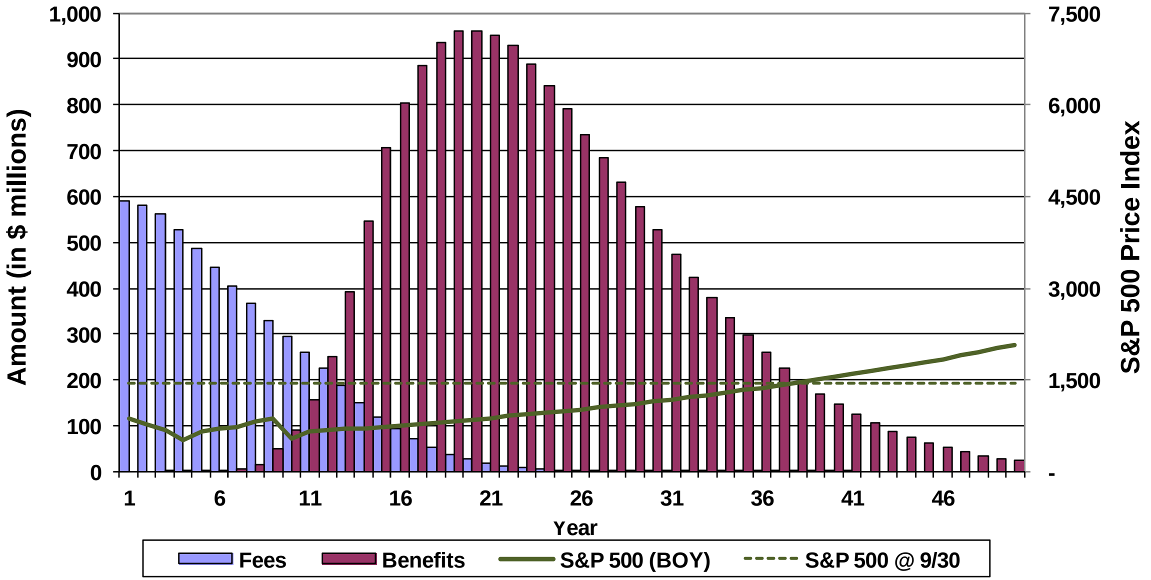
Down 20% S&P Shock (S&P 500 index at 1,153), 2000-2009 Actual then 5% Gross Return
PV Future Fees = $4.7bn, PV Benefits = $3.7bn, PV Fees Less Benefits = $1.0bn



- Same scenario as prior slide with an additional immediate drop of 20%
- S&P 500 reaches breakeven in about 27 years
- Increase in benefits far exceeds increase in fees, however NPV still significantly positive

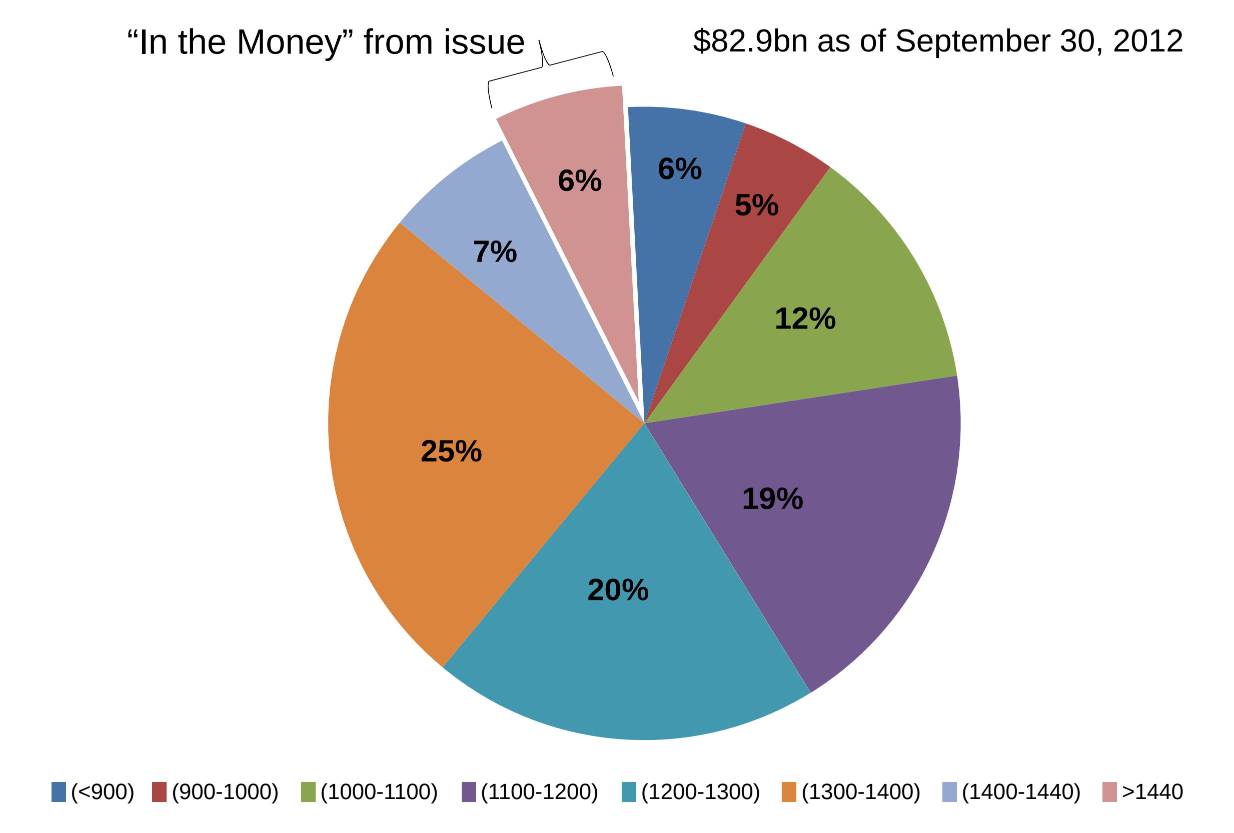
Unhedged GMWB In-Force Cash Flow

Down 40% S&P Shock (S&P 500 index at 864), 2000-2009 Actual then 5% Gross Return
PV Future Fees = $4.6bn, PV Benefits = $7.4bn, PV Fees Less Benefits = $(2.8bn)



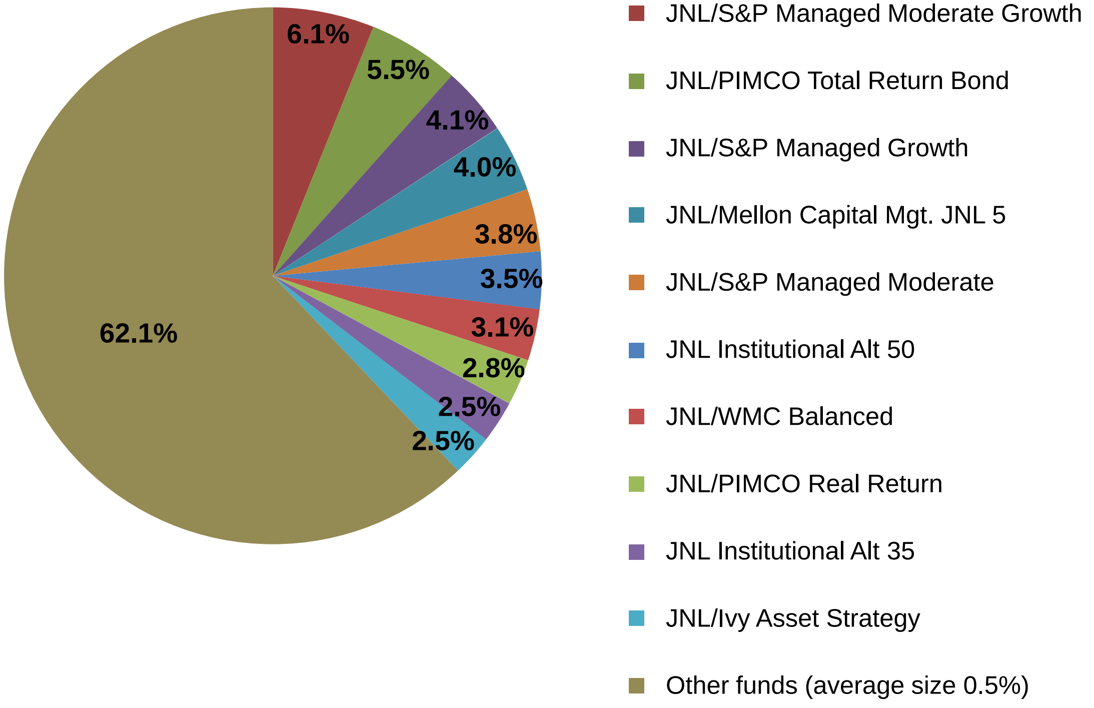
- Increase initial shock to 40% followed by the 2000-2009 experience
- S&P 500 reaches breakeven around year 37
- By year 10 S&P 500 still down over 50%
- Scenario causes NPV to go significantly negative before consideration of:
  - Current reserves
  - Previously accumulated guarantee fees
  - Hedging
  - Base contract fees
  - Taxes

Separate Account Value by S&P 500 Level at Policy Issue



- As of September 30, 2012 (S&P 500 closed at 1441)
- Many competitors sold most of their business at relatively high market levels
- 94% of Jackson's business was issued at less than current market levels
- Although guarantee fees tend to be close to ATM due to roll-ups, strong underlying base product fees add additional cushion to profitability
- Economic hedging program has preserved profitability of contracts sold at higher market levels

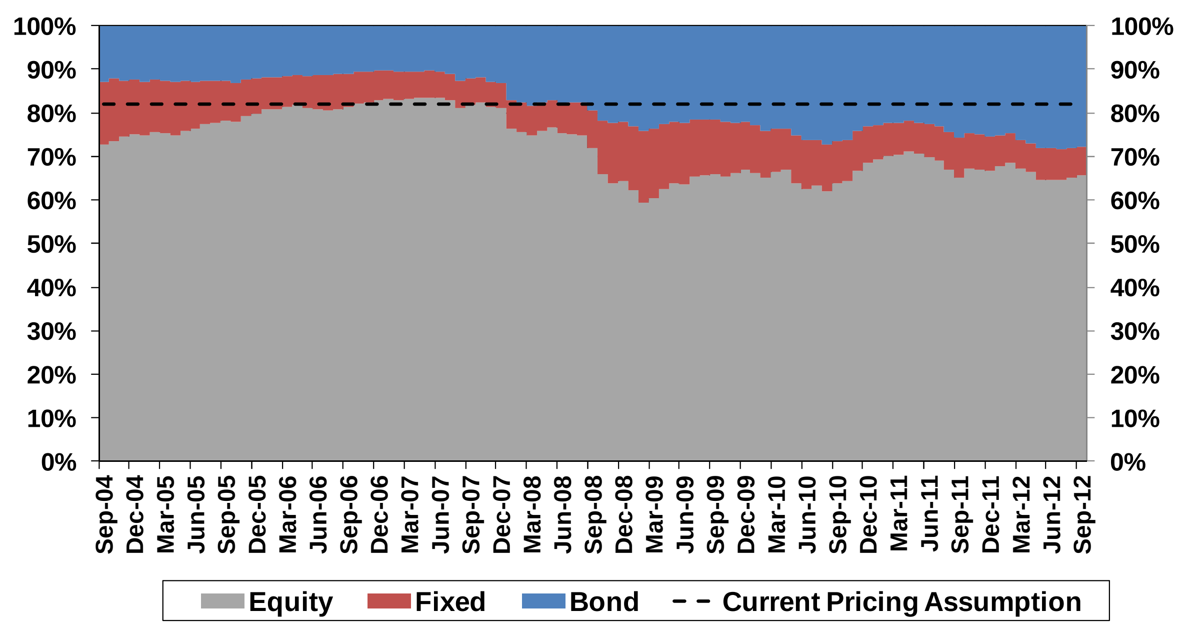
Jackson Top 10 Funds



- As of September 30, 2012
- Offer wide array of managers with no material concentration (approximately 100 funds account for 62% of our SA holdings)
- Concentration in one money manager has potential to damage insurer's business due to problems at money manager
- Top 10 holdings made up of 4 fund-of-funds, 2 specialty funds, 2 fixed income funds, 1 target fund and 1 balanced fund
- Overemphasis on active management makes management of basis risk difficult
- Jackson platform has popular series of passively managed funds that tend to be defensive in down markets
- Jackson evaluates basis risk at the individual holding level aggregated across all funds

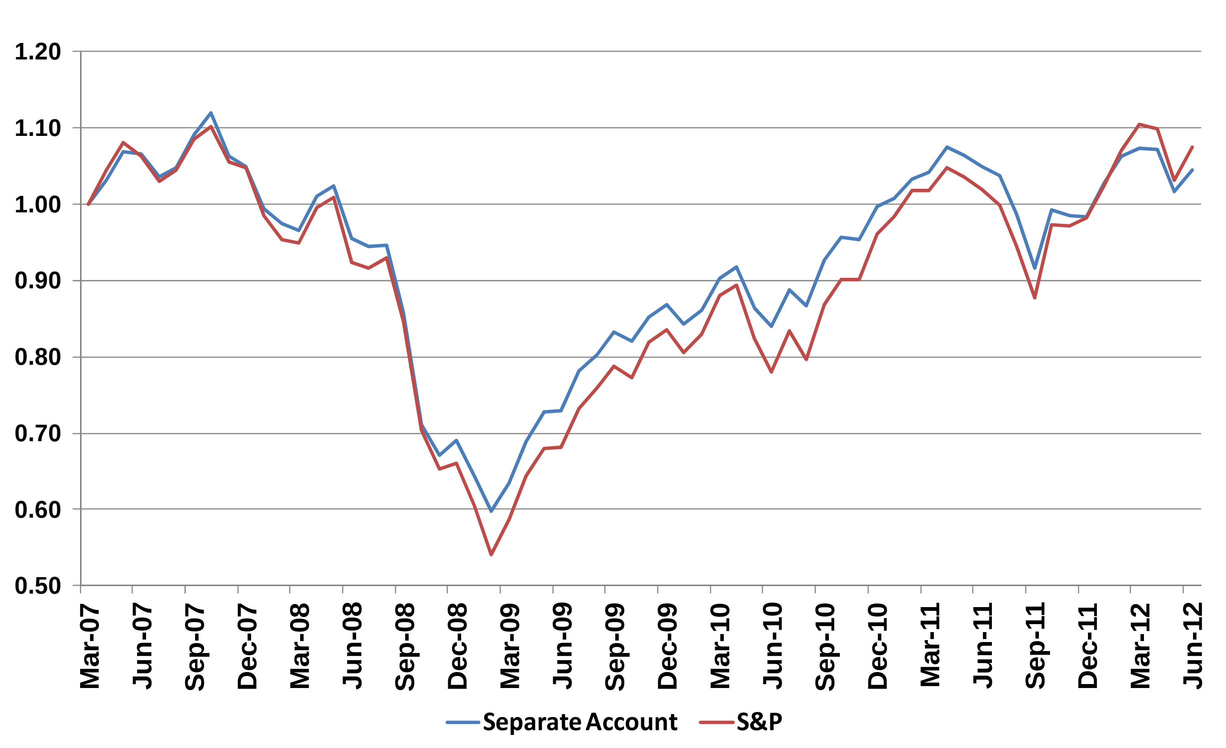
Variable Annuities with GMWB – Allocation of Values

In-Force Allocation of Accumulation Values



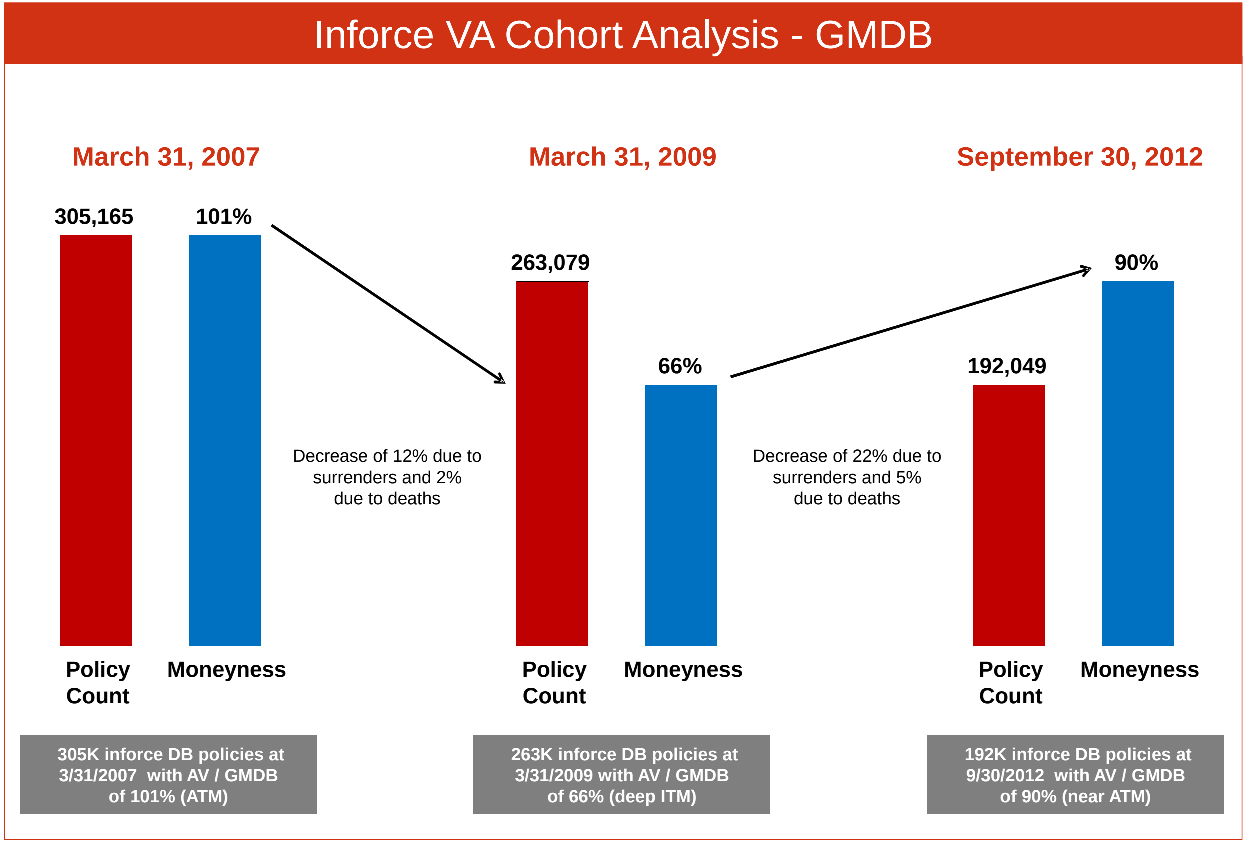
- No material differences between policies with and without guarantees
- Policyholders' risk tolerance objectives are aligned with Jackson's
- Jackson's policyholder allocations represent less equity exposure than that assumed in pricing
- Equity allocation changes tend to be mostly driven by market movements
- Since 2004, equity allocation has been below the current pricing assumption of 82% at almost all periods
- Jackson hedges to actual asset allocation

S&P 500 and Separate Account Returns



- Fund options are selected with risk management in mind
- Jackson's funds have tended to outperform the S&P 500 in down markets and underperform in up markets
- Over longer periods basis risk has been minimal despite large market moves
- Separate account has tended towards approx 90% correlation with the S&P 500
- Strong fund performance has allowed policies with guarantees to recover virtually all of their losses from the financial crisis

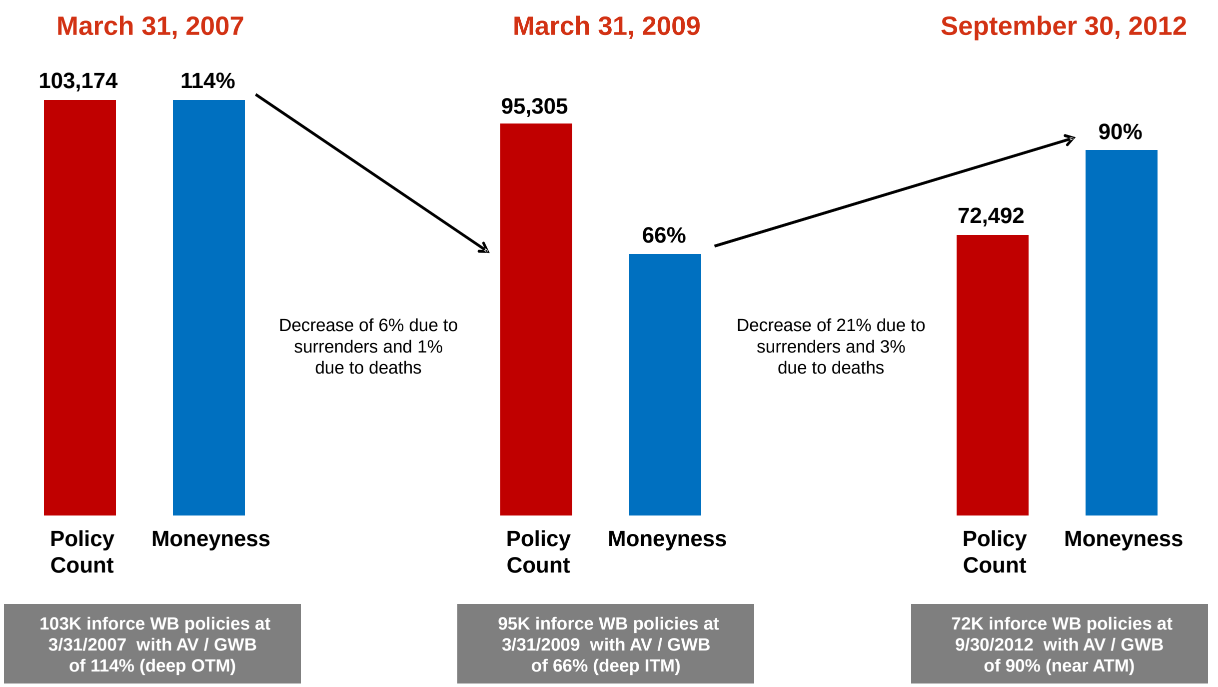
Cohort Analysis - GMDB



- Analysis of all policies with a GMDB in force as of March 2007
- Policies moved from ATM to deep in the money and now back to near ATM
- Less than full recovery due to presence of roll-ups in many policies
- Surrender experience not significantly impacted by drop in market
- Surrenders averaged around 6% per annum in both periods despite the increase in moneyness

Cohort Analysis - GMWB

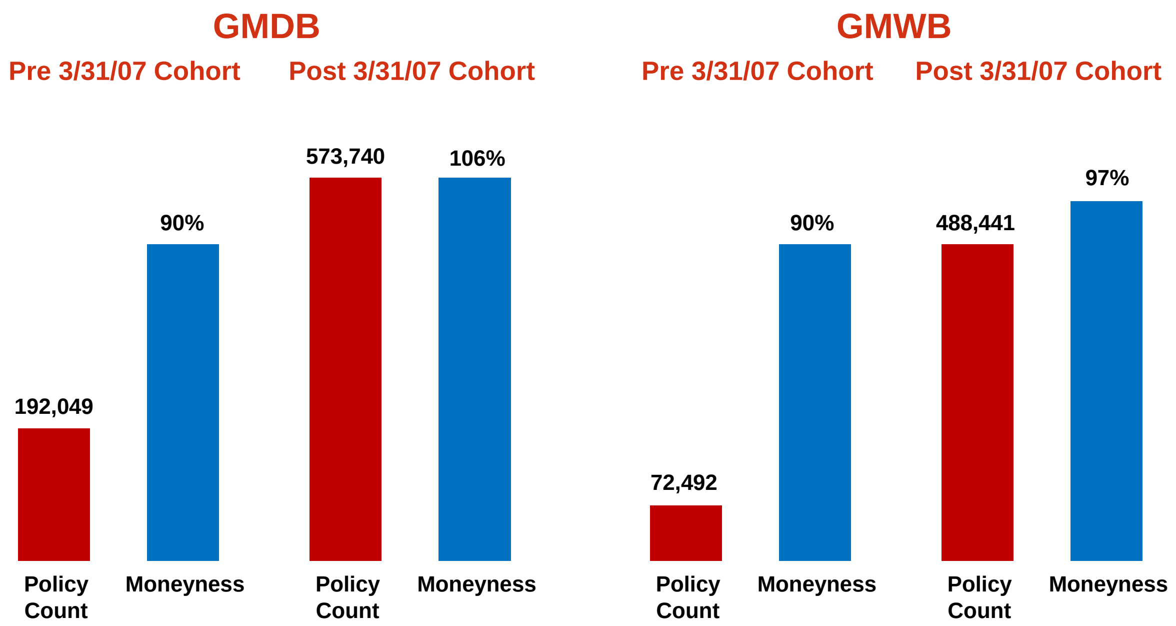
Inforce VA Cohort Analysis - GMWB



- Similar analysis for policies with GMWB
- Moneyness back to levels consistent with GMDB policies
- Higher percentage of GMWBs with roll-ups lessened the relative recovery in moneyness
- GMWB block newer than GMDB so surrenders would be expected to be lower
- Surrenders averaged around 5% per annum despite increase in moneyness

Cohort Analysis

Inforce VA Cohort Analysis

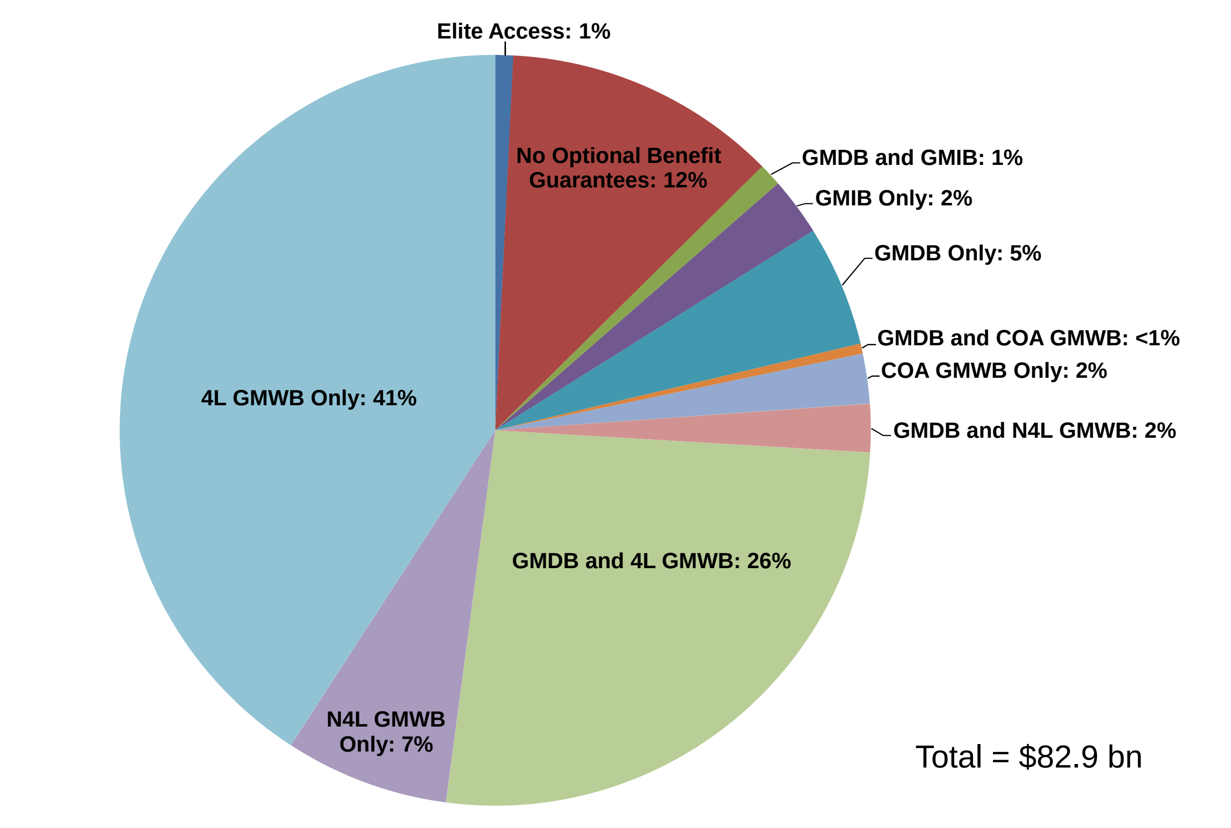


Overall, 766K inforce DB policies at 9/30/2012 with AV / GMDB of 103% (ATM)

Overall, 561K inforce WB policies at 9/30/2012 with AV / GWB of 96% (ATM)

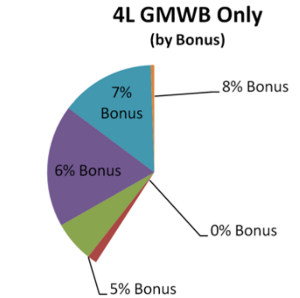
- Pre March 2007 block still solidly profitable due to hedge program
- No write-offs, write-downs, goodwill impairments or charges taken against VA
- Post March 2007 block significantly larger as Jackson gained market share throughout the crisis
- Inherent profitability of newer block is even stronger as it was written at much lower market levels

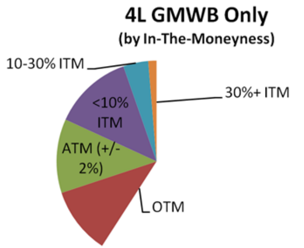
VA Account Value by Optional Benefit Guarantee Type

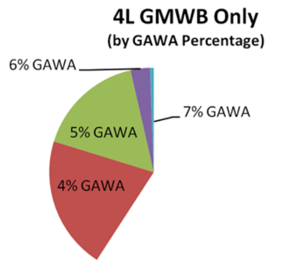


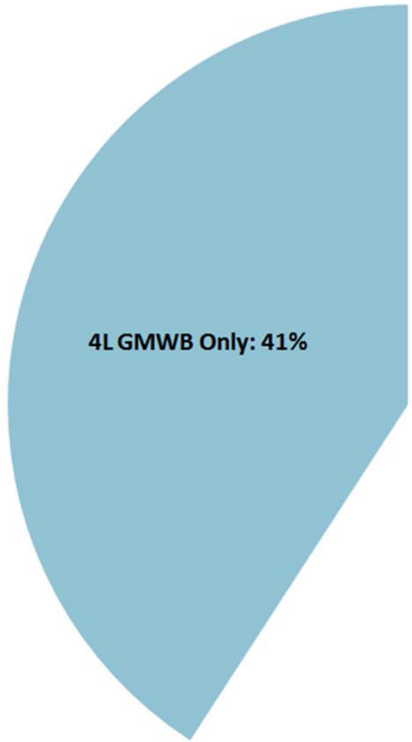
- Jackson offers a wide variety of optional benefits each of which is priced to cover its costs on a stand-alone basis
- Unbundled product chassis allows for a very high level of customization involving over 3,000 potential combinations
- Most policies have some level of GMDB while 2/3 choose some form of lifetime income benefit

VA Account Value by Optional Benefit Guarantee Type





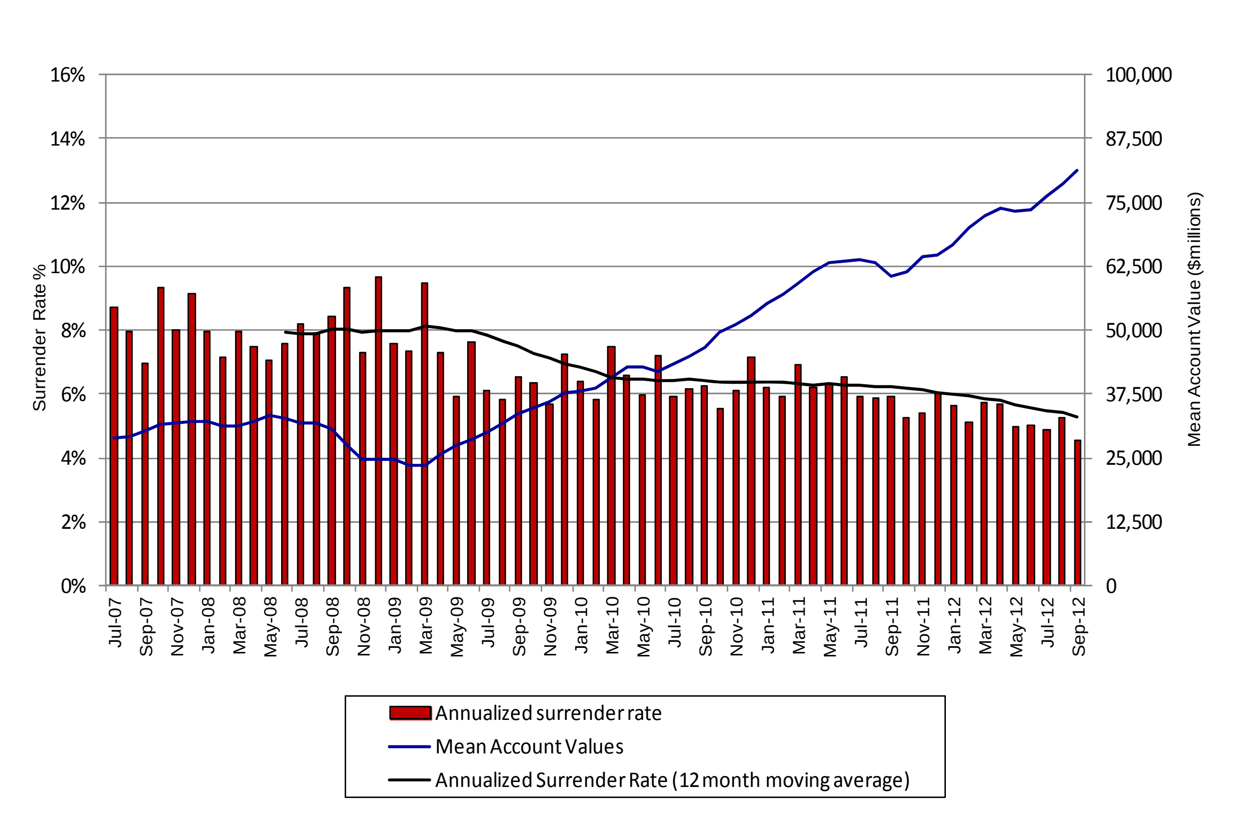




Assumption Bases

- Best estimate
  - Generally used for IFRS and EEV reporting
  - IFRS exception is for FAS157 valuation of VA guarantees where a margin is prescribed
  - Based on Company experience if available
  - Alternative sources include prior similar products and industry surveys
- Prudent estimate
  - Generally used for statutory reporting
  - Best estimate plus a margin
  - The degree of margin decreases as data credibility increases
  - Margins can involve a significant degree of judgment
- Where experience is not available Jackson has historically taken a conservative view in setting assumptions

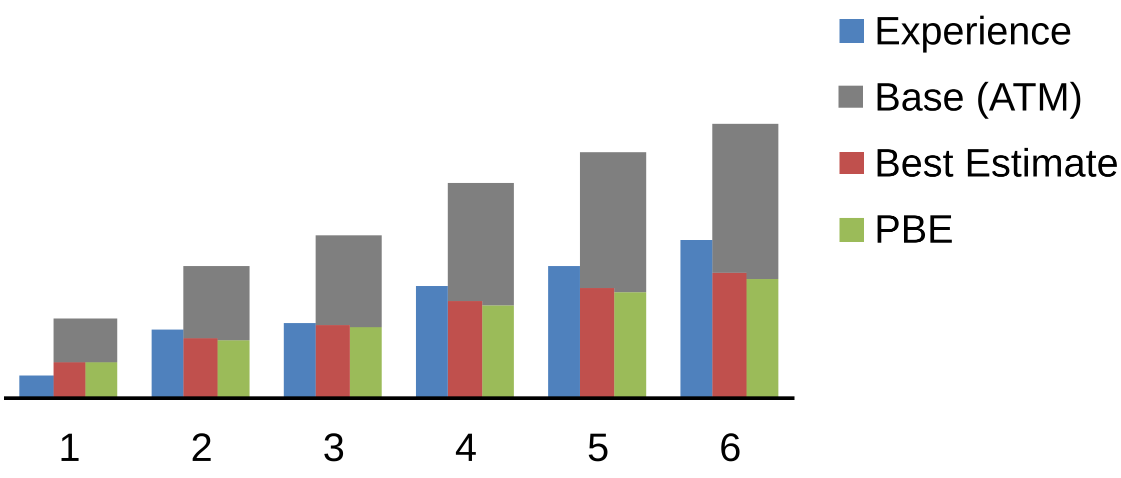
Variable Annuity Surrender Experience



- Variable annuity surrenders have been largely stable over the period of the financial crisis
- The initial modest decline in surrenders was due in part to changes in policyholder behavior as expected
- The overall rate of surrenders has been impacted by the rapid growth in the VA block and the resulting number of policies in their early, low expected surrender years

GMWB Surrender Experience

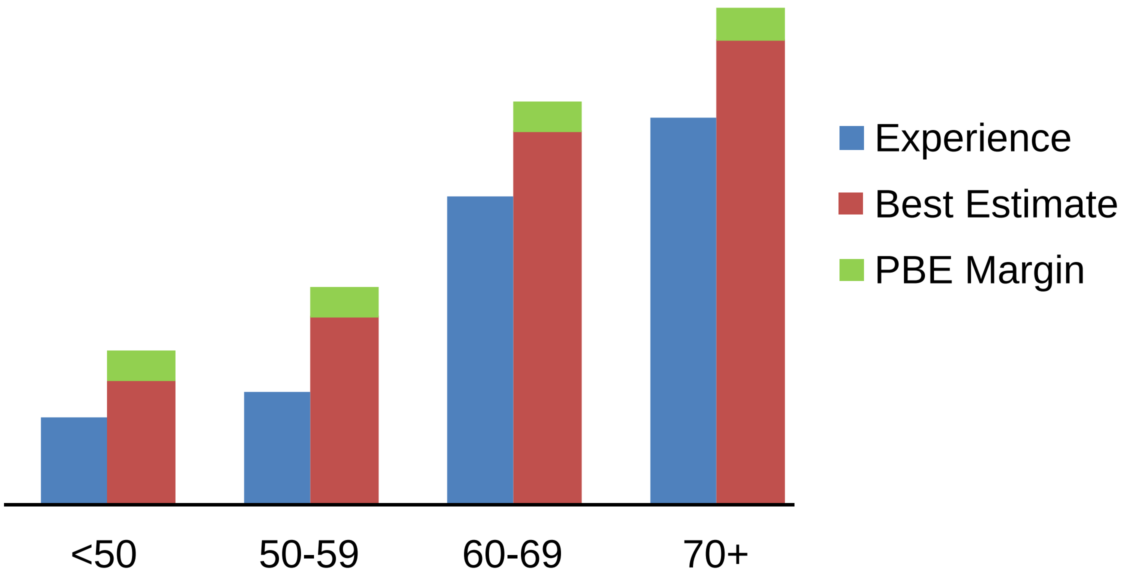
GMWB Surrender Rates
by Duration, 7-year Surrender Charge Product, >30% ITM



- As expected, Jackson has seen a material decline in surrender rates for deep in-the-money policies relative to base at-the-money pricing assumptions
- Surrenders are typically assumed to drop to less than half of base levels when the benefit goes deep in the money
- Based on experience to date surrenders have reduced but not to the level of our dynamic policyholder assumptions
- GMWB surrender behavior is monitored continuously and a comprehensive study is conducted annually

GMWB Utilization Experience

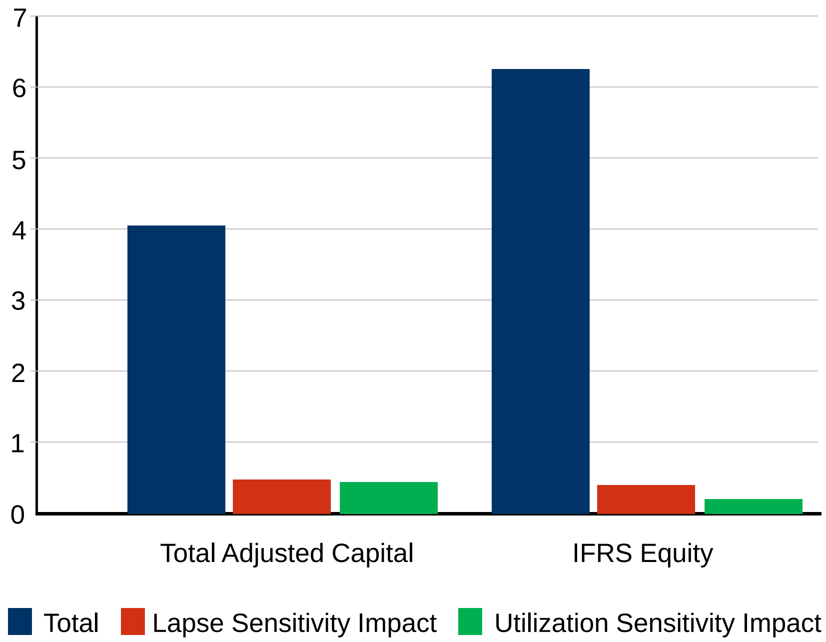
For Life GMWB Utilization
by Attained Age Grouping



- This chart demonstrates the relationship of the assumptions to actual experience for our most popular lifetime guaranteed minimum withdrawal benefit. Note that IFRS and statutory measures utilize "prudent estimate" assumptions which include an additional margin of conservatism
- GMWB utilization appears to be most heavily impacted by attained age in conjunction with retirement income needs
- To date income utilization has been lower than best estimate across all age cohorts
- GMWB utilization behavior is monitored continuously and a comprehensive study is conducted annually

GMWB Policyholder Behavior Sensitivities

Impacts of GMWB Policyholder Behavior Sensitivities as of 06/30/12 (in $billions)



- For IFRS and Statutory accounting purposes, assumptions are set at the conservative end of the plausible range (i.e., best estimate with an explicit margin for conservatism). For example,
  - Surrender -- GMWB ultimate surrender assumptions at significantly ITM levels are assumed to be 33% of the base surrender assumptions
  - Utilization -- For-Life GMWB utilization assumptions at attained ages 60+ are 65-80% (with special provisions for benefits with incentives to delay withdrawals)
- To measure the sensitivity to these assumptions, IFRS Equity and Statutory Capital were computed under severe shocks to these already conservative assumptions. The shocks were as follows:
  - Surrender -- rates for ITM policies were reduced to half the assumed levels. For example, ultimate surrender rates on significantly ITM policies were reduced from 33% to 17% of the base surrender level, resulting in ultimate surrender rates of less than 2% for most plan types
  - Utilization -- utilization rates were increased by an absolute 10%. For example, utilization rates of 65-80% on For-Life contracts at attained ages 60+ were increased to 75%-90%

Assumption Setting Process

- Annual process
  - Detailed experience analysis is conducted annually and published in Q2
  - In light of emerging experience, assumptions are reviewed by subject matter experts who recommend adjustments
  - Assumptions committee meets to review recommendations and approve changes
- Ongoing experience monitoring
  - Monthly trend reports produced for key metrics and reviewed by senior management
  - More frequent ad hoc reports produced for key emerging assumptions (primarily VA)
- 2012 review
  - Generally, VA assumptions confirmed by latest study and trends
  - More specifically,
    1. Lapse – categories refined based on “moneyness”
    2. Withdrawal – more refined treatment of deferral period introduced
    3. Neither refinement had a material impact on results
- Assumption changes reflected in statutory and EEV accounts in Q2, IFRS in Q4

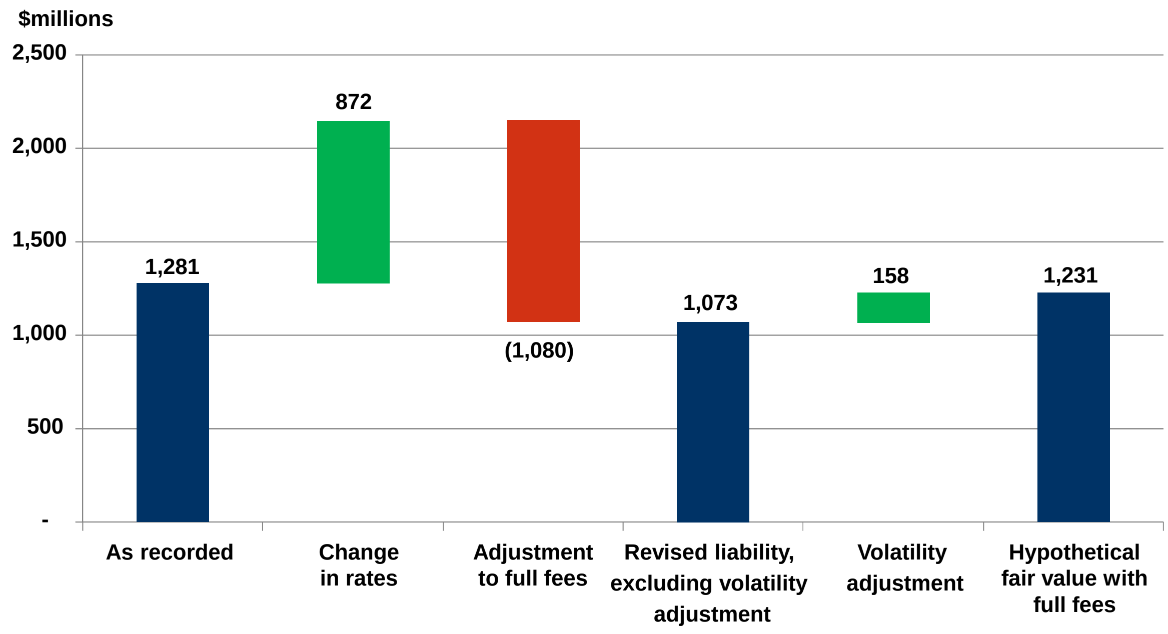
Jackson Capital Position

Jackson maintains a strong capital position with effective hedging

- Jackson ended September 2012 with $4.2bn of Total Adjusted Capital (TAC) up from $3.9bn at year end 2011
- Resilient hedging program continues to protect Jackson against downside risks
  - If the market continues to rally strongly from 9/30 levels reserves will cease to improve due to floors in the calculation while hedges will incur negative marks resulting in asymmetric accounting
- Strong capital generation facilitated:
  - $400m remittance to Group
  - Balance sheet growth of 29% (17% ex REALIC)
- September 2012 TAC was impacted by permitted practice on interest rate swaps
  - 2010 capital impact: +$130m
  - 2011 capital impact: $(475)m
  - September 2012 capital impact: $(657)m
  - Adjusting for the impact of the permitted practice of $(182)m, Jackson generated over $800m of capital through September enabling the self funding of the REALIC transaction

IFRS vs. Economic View of Reserves

As of June 30, 2012

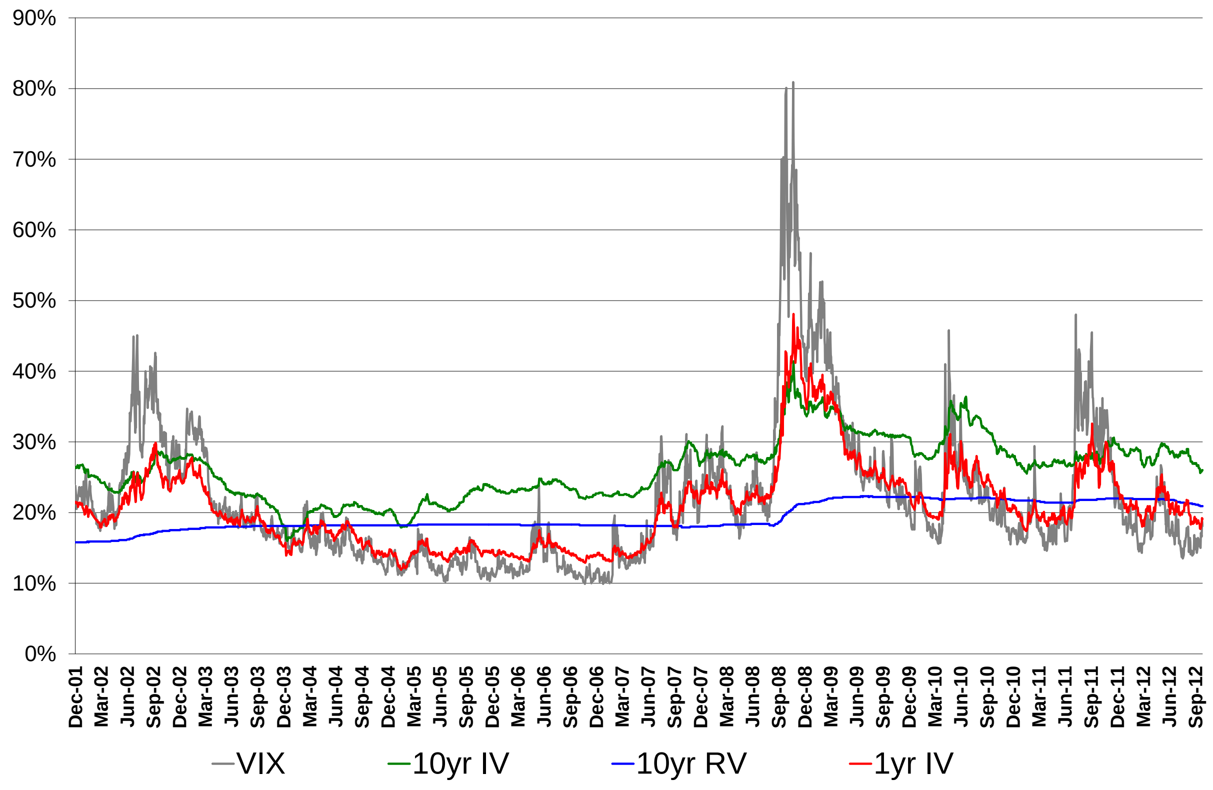


- IFRS accounting under FAS 157 gives a reasonable approximation of the market consistent value of GMWB liabilities
- IFRS accounts for GMDBs under SOP 03-1 which will often vary substantially from market consistent values
- This analysis compares Jackson's stated IFRS reserves for guarantees at June 2012 to a more economic view
- SOP 03-1 reserves are moved to a FAS 157 basis
- The portion of guarantee fees not recognized under FAS 157 are included
- After adjustment, current reserves appear to be a reasonable proxy for the economic value despite the underlying inconsistencies in method

Hedging Philosophy

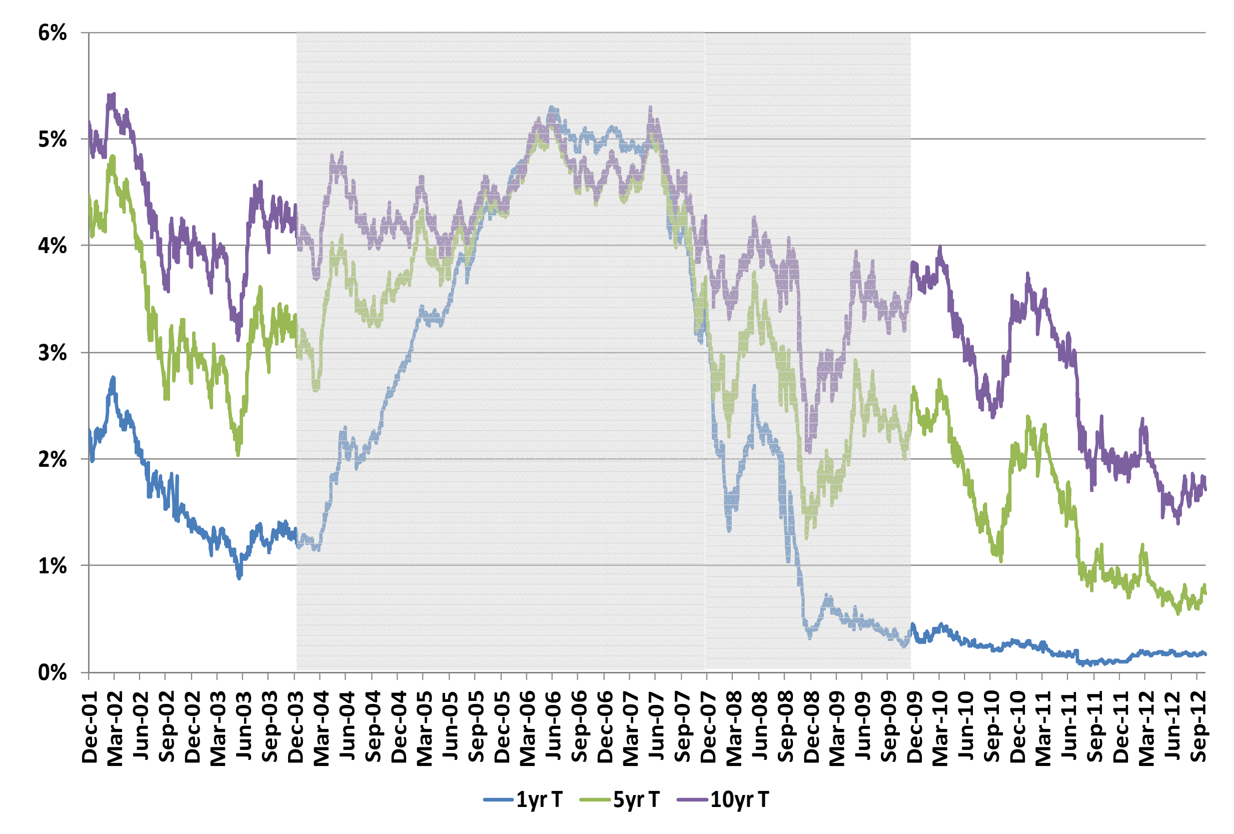
- Macro hedging basis recognizing natural offsets
  - Not an immunization strategy
  - Manage risks within tolerances
  - High level of hedge effectiveness (90% for large market moves)
- Tail risks must be within risk appetite without benefit of rebalancing
- Requires significant portion of hedges to be option based
- Specifically manage delta, rho, gamma
  - Hold economic capital against changes in realized volatility
- Economic focus with accounting as a secondary consideration
- Hedge program adapts to prevailing market conditions
  - Cost considerations
  - Risk/Reward trade-offs
  - Operate within risk appetite

Volatility History



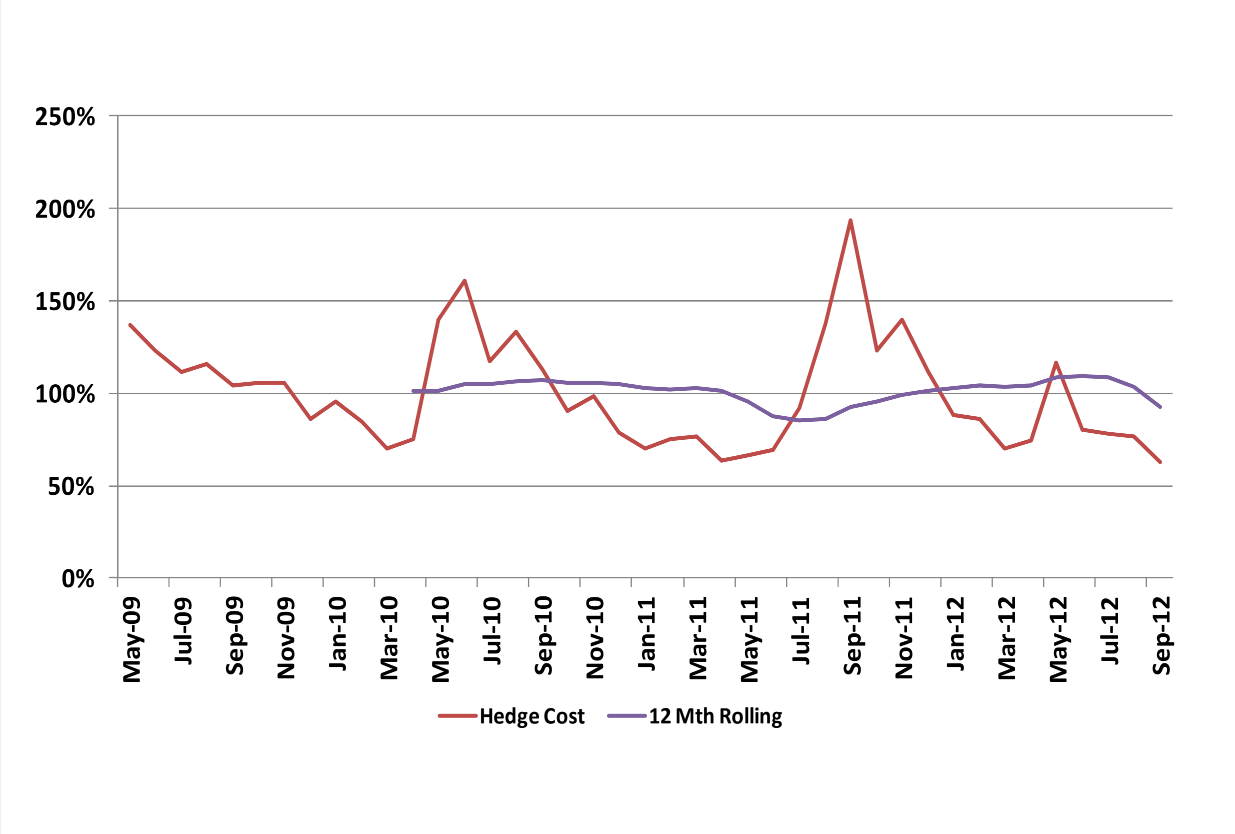
- VIX is the most widely followed volatility index and reflects volatility expectations in the short-term
- 10-year implied volatility reflects long-term volatility expectations but can be distorted by supply / demand imbalances due to market liquidity
- 10-year realized volatility reflects the actual daily market movements over the trailing 10-year period and is a major driver of hedging costs for companies that use Greek based replication strategies

Interest Rate History



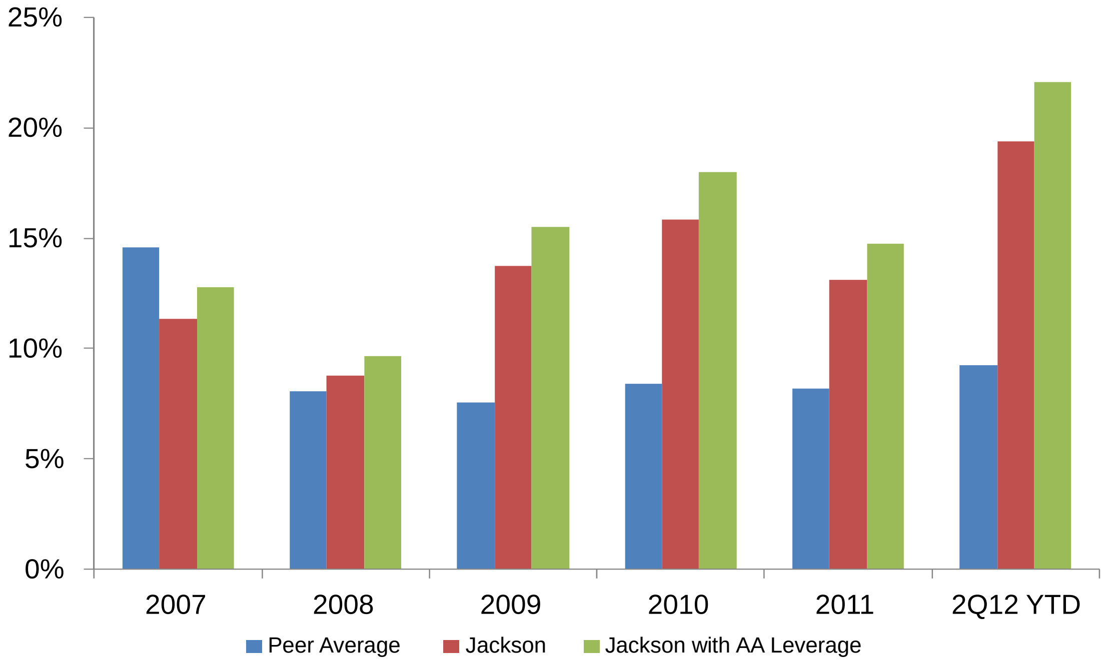
- The historic decline in interest rates has caused significant headwinds for insurers
- The decline in the 10-year Treasury has put pressure on earned spreads as well as reserves for VA policies with guarantees
- The drop over the last 24 months has greatly increased the cost of long dated equity options
- Shorter dated options have felt less of an impact lately as yields in the short end of the curve have been low for several years

Indicative Hedge Cost History



- The instruments Jackson has used over the past several years to hedge its equity position have tended to be shorter term in maturity (3 months – 3 years)
- Interest rates have not had a meaningful impact on these prices as they have been near zero for several years
- Primary impact has been from movements in shorter term implied volatility and volatility skew
- Despite short term spikes in option costs Jackson's annual hedging expense has been fairly stable

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

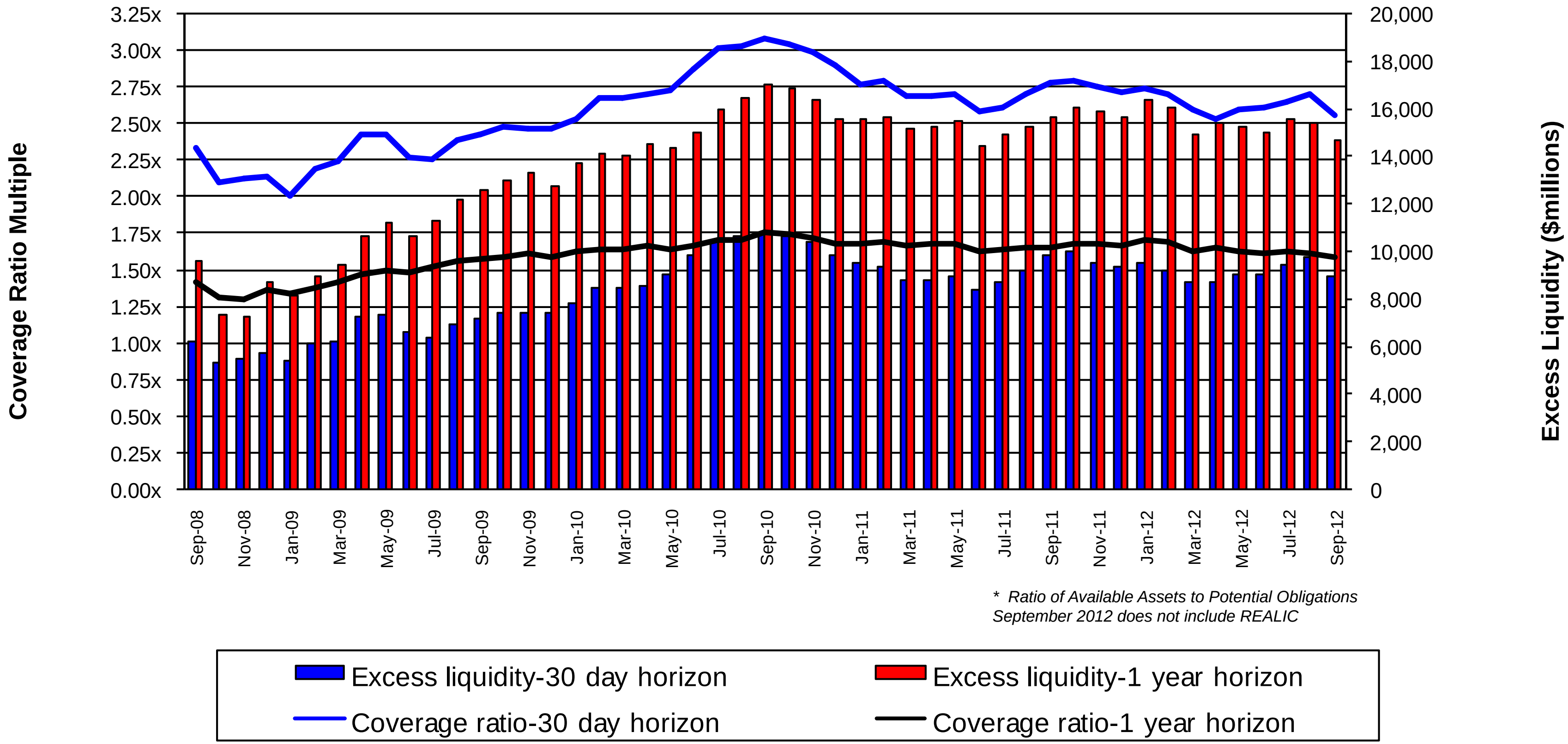
Source: Bloomberg and SNL Financial. 2Q12 results based on new DAC guidelines. Prior periods are not restated for this impact.
Jackson ROE is based on after-tax IFRS operating income and equity excl AOCI.
Peer ROEs are U.S. GAAP and are calculated using adjusted operating EPS and equity excl AOCI.
Peer group includes Ameriprise, MetLife, Lincoln National, Prudential Financial, Principal, Hartford, Genworth, and Allstate.

Statutory Income Statement Peer Data - Large VA Writers

		Five-Year Avg. Return on TAC	Five Year Avg. ROA
1	Jackson	16.6%	1.0%
2	MetLife	13.0%	0.8%
3	AXA	8.8%	0.6%
4	Ameriprise	15.9%	0.8%
5	Sun Life	-1.4%	0.2%
6	Lincoln	10.4%	0.6%
7	Prudential Financial	11.1%	0.6%
8	Pacific Life	2.7%	0.2%
9	AEGON	9.9%	0.6%
	Average	9.7%	0.6%

Source: Jackson rating report June 29, 2011 from Fitch Ratings

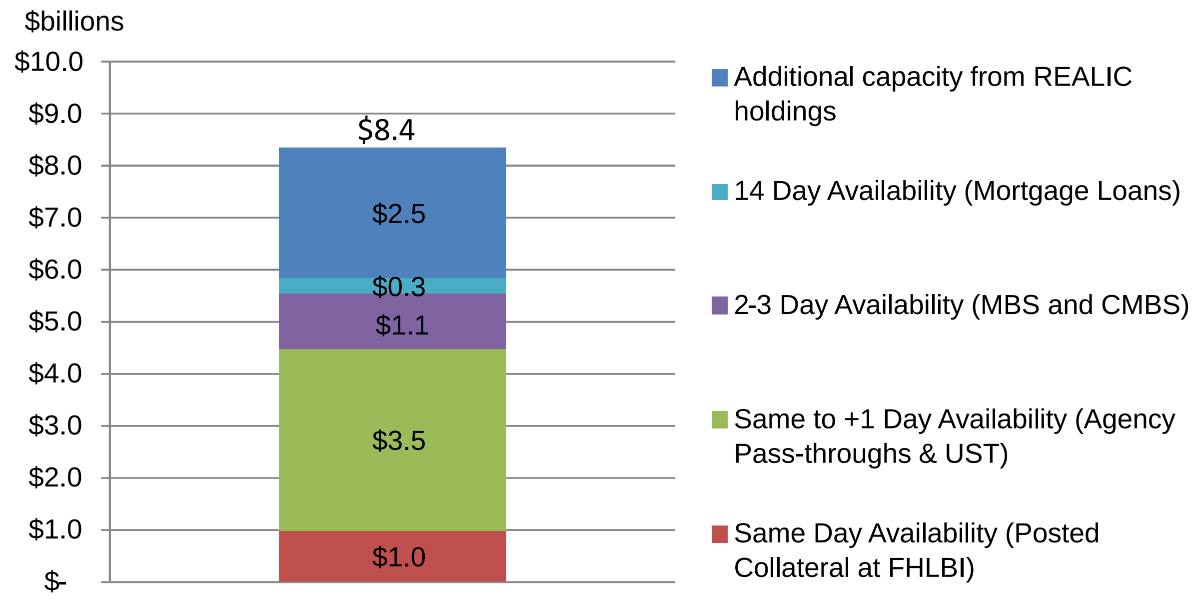
Jackson Liquidity Analysis*



Ratio of Available Assets to Potential Obligations
September 2012 does not include REALIC

Short Term Liquidity

Borrowing capacity through FHLBI
As of September 30, 2012



Sources of Short-term Liquidity:

1. Product Sales
2. Operating Cash Flow
3. Repurchase Agreement Borrowings
4. FHLBI Advances
5. Asset Sales
6. Parental Support

Summary

- Jackson takes a strategic view of its product profile
- Conservative pricing through the cycle
- Selective approach has delivered healthy in-force block
- Policyholder behavior tracking favorably versus prudent assumptions
- Effective hedging
- Proven risk management has ensured strong financial performance