

Operations and M&A

Jim Sopha
Chief Operating Officer



Location of US Operations



- | | | | |
|----------|---|-----------|---|
| 1 | Jackson National Life Insurance Company (Lansing, MI) | 5 | National Planning Holdings, Inc. (Denver, CO) |
| 2 | Jackson National Life Insurance Company of New York (Purchase, NY) | 6 | National Planning Corporation (Santa Monica, CA) |
| 3 | Jackson Institutional Products (Berkley Heights, NJ) | 7 | Jackson National Asset Management, LLC (Chicago, IL)
PPM America, Inc. (Chicago, IL; Schaumburg, IL; New York, NY) |
| 4 | SII Investments, Inc. (Appleton, WI) | 8 | INVEST Financial Corporation (Tampa, FL) |
| 5 | Jackson National Life Distributors, LLC (Denver, CO)
Regional Broker-Dealer Team (Denver, CO)
Curian Capital LLC (Denver, CO)
Curian Clearing (Denver, CO)
Institutional Marketing Group (Denver, CO) | 9 | Investment Centers of America, Inc. (Bismarck, ND) |
| | | 10 | Jackson Regional Headquarters (Nashville, TN) |



Overview of Operations – Regional Offices

High-quality people in low-cost locations working with outstanding technology

Lansing, MI

- New Business Processing
- Annuity Policy Owner Service
- Annuity Customer Call Center
- Broker Management
- Claims Management
- IT Systems & Programming
- IT Infrastructure – US/UK
- Finance and Actuarial
- ALM
- Corporate Development
- Human Resources
- Legal & Compliance

2,030 employees

Nashville, TN

- Life Policy Owner Service
- Life Customer Call Center
- IT Systems & Programming
- Eastern Sales Desk
- Corporate Communications
- Corporate Security

390 employees

Denver, CO

- Product Development
- Marketing
- Distribution Management
- Western Sales Desk
- Compliance
- Curian Capital
- Curian Clearing
- National Planning Holdings

730 employees

- Low cost space (sub \$30 per sq foot, before incentives) benefits stakeholders
- Low cost cities provide affordable cost of living for employees



Technology Advantage – Jackson’s Operating Platform

- Jackson’s operating platform was ‘built from scratch’
 - IT was outsourced to EDS until 1997
 - Proprietary ability to separately price 2,000+ VA benefit combinations
- Currently 2 admin systems, moving to 1 system by Q2 2013
 - System rationalization is essential in driving efficiency / low costs
 - Distinct advantage in pricing both new business and bolt-on acquisitions
- Highly scalable operational delivery
 - Lower headcount
 - Lower training costs
 - Efficient allocation of workload
 - Staff on Demand (‘Just-in-time’)
- Service Quality Management’s World-Class Service Award
 - Best in Financial Services Industry 8 out of past 9 years



Lowest Expense Ratio in The Industry

Expenses / Assets (Statutory)

Jackson has the lowest general insurance expense to assets ratio compared to its competitors and has maintained this ranking from 2006 – 1H2012

(\$ millions)	2006 Ratio in bps	2007 Ratio in bps	2008 Ratio in bps	2009 Ratio in bps	2010 Ratio in bps	2011 Ratio in bps	2Q12 Ratio in bps	Basis Point Change 2006 to 2Q12	2Q12 TTM General Expenses	2Q12 Avg Net Admitted Assets
1. Jackson	46	49	47	44	45	42	38	-8	\$ 428	\$ 111,600
2. Allianz	70	78	72	60	50	45	43	-27	399	92,860
3. Manulife (J. Hancock)	62	58	62	59	50	47	45	-17	1,108	245,069
4. AXA	49	51	63	51	52	52	48	-1	740	154,467
5. Pacific Life	78	66	55	56	47	50	52	-26	540	103,196
6. AIG	50	50	55	54	53	51	53	3	1,273	238,166
7. Ameriprise	114	117	91	73	61	58	54	-60	532	98,375
8. Hartford	75	66	66	67	60	58	60	-15	1,336	224,024
9. ING	70	73	78	68	66	60	62	-8	1,155	185,797
10. Prudential Financial	60	60	56	67	64	65	63	3	2,726	430,671
11. AEGON	67	68	71	73	75	71	71	4	1,304	184,843
12. Aviva	66	63	66	58	65	66	72	6	360	49,736
13. Lincoln National	74	81	84	81	76	76	76	2	1,375	180,650
14. Allstate	63	57	69	67	74	79	85	22	556	65,189
15. Sun Life	94	101	94	98	91	90	85	-9	555	65,621
16. Mass Mutual	100	90	86	104	101	91	90	-10	1,374	152,394
17. Genworth	107	104	108	96	103	105	106	-1	714	67,487
18. Principal	113	107	109	100	114	111	110	-3	1,366	124,426
19. New York Life	120	109	109	111	116	111	111	-9	2,530	228,527
20. MetLife	107	99	113	122	124	122	123	16	7,171	581,479
GROUP AVERAGE	79	77	78	75	74	73	72	-7		

- Jackson's lower expense ratio versus its primary competitors results in a clear ROE advantage



High-Touch and Highly Scalable Service

- Skills-Based Routing:
 - “Super-Stars” / “Stars” / “Standard”
 - Alignment with distribution “A”, “B”, and “C” producers
- New Business Efficiency

Year	New Business Employees	Sales (\$billions)	Sales/NB Employee (\$millions)
2008	263	\$12.2	\$46.4
2009	238	\$14.0	\$58.8
2010	236	\$17.8	\$75.4
2011	213	\$20.2	\$94.8
2012 (9 months)	194	\$17.8	\$91.6



Technology Advantage – High Processing Capability

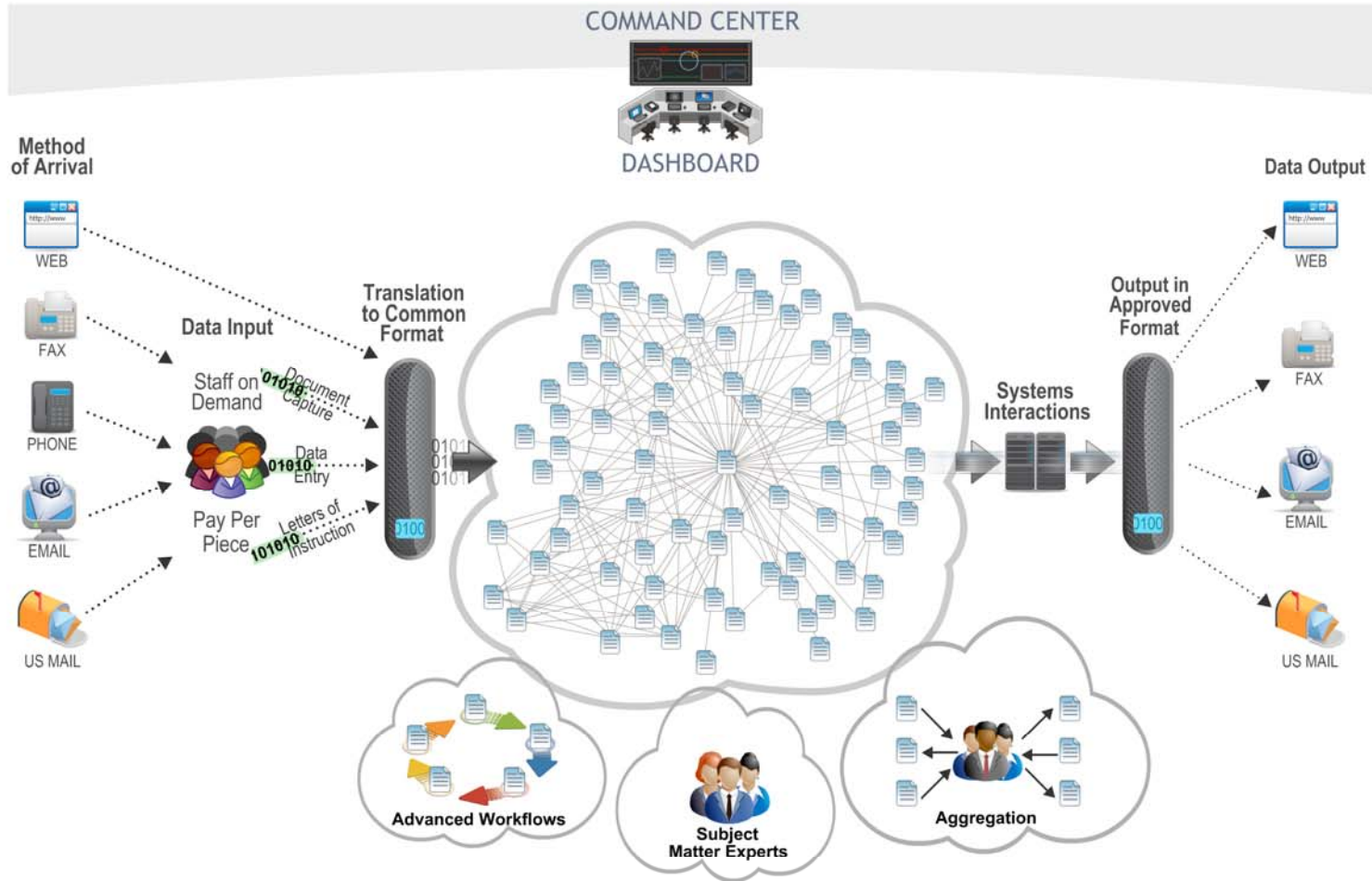
- **250 work days** in the past 12 months
- **Mail:** Over 1.1 million documents opened
- **Pages scanned:** 16.0 million
- **New business:** 233 thousand applications processed
- **Keystrokes:** Over 431 million keystrokes entered
- **User / Automated Tasks:** Nearly 17 million tasks completed
- **Customer phone calls:** 2.2 million handled
- **IT production jobs:** 5.5 million run
- **Output:** Over 142 million pages printed and mailed



Increase Scale and Throughput at Lower Cost

jPod Automated Workflow

jPod Automated Workflow





Operations Summary

- Excellent people in low-cost locations wrapped with outstanding technology yields high productivity
- World-class customer service at the lowest cost in the industry
- Lowest expense ratio in the industry (38 bps versus 72 bps average)
- Single admin system by Q2 2013 will further reduce expenses
- jPod scalability to drive further operational leverage



Life Insurance Bolt-Ons

- Efficient acquisition of life insurance cash flows
 - Financially focused vs. strategic acquisitions
 - Acquire contracts in bulk (typically 1-2 million) rather than individually
 - Typically expense reduction opportunity (50-70%)
 - Capital efficient
 - High and stable returns
- Seasoned and stable cash flows
 - Long duration liabilities backed by high-quality assets
 - Mortality is stable and predictable (opportunity to evaluate with hindsight)
 - Initial lapse has run-off
 - Contractual protection against prior mis-selling or other legacy risks
- Provide earnings diversification
 - Cash flows non-correlated to the financial markets



Remember Life of Georgia?

- Efficient acquisition of life insurance cash flows
 - Attractive purchase price drives high returns
 - Buy 1-2 million contracts
 - Significant expense reduction opportunity (50-70%)
 - Seasoned and stable cash flows
 - Long duration liabilities backed by high quality assets
 - Mortality is stable and predictable
 - Initial lapse has run-off
 - Protect against prior mis-selling or other legacy risks
 - Provide earnings diversification
 - Non-correlated to the financial markets
- 1.5 million policies acquired
 - Fully integrated within 8 months
 - 76% expense reduction
 - Integration costs under budget
 - Favorable mortality experience
 - Favorable lapse experience
 - Investment return better than pricing
 - Actual IRR 18% (after tax, after AA CoC)



Overview of REALIC Acquisition

REALIC was acquirer for Swiss Re's U.S. closed book transactions

- Completed over 30 transactions since 1995
- Approximately 1.5 million policies - 100k annuities, remainder traditional life
- Acquired policies through both stock acquisitions and reinsurance
- Outsource policy administration to professional TPAs
- Acquisition completed September 4, 2012
- Anticipated merger into Jackson December 31, 2012



Rationale for The Acquisition of REALIC

Financially attractive

- Immediately accretive to IFRS and EEV earnings.
- Represents price-to-Embedded Value of less than 50%
- Capital efficient transaction funded by Jackson's own resources
- Strong RBC ratio maintained following completion
- Modest impact on Group IGD excess capital of less than £0.1bn

Strategically enhancing

- Increases scale and further diversifies US earnings
- Income stream is stable with low economic sensitivity

Low risk

- Asset risk is small; only 3% of investments below investment grade
- Seasoned and predictable liabilities
- Low operational risk – same primary operating system as Jackson

Increases 2013 'Cash' objective

- Jackson's 2013 net remittance objective increased from £200m to £260m



REALIC Statutory Liabilities as of September 30, 2012

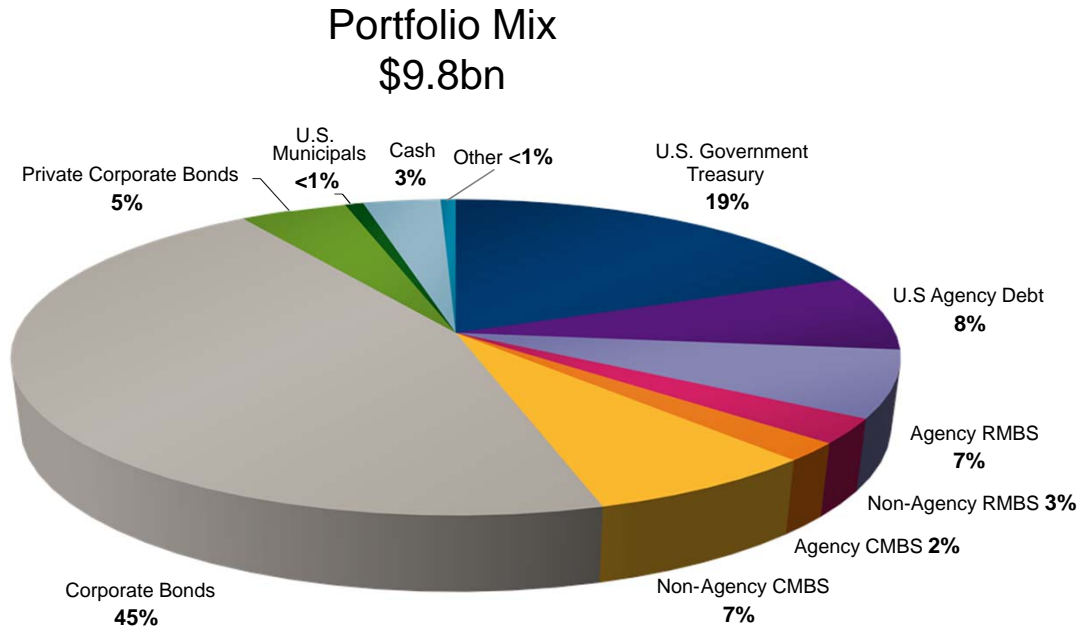
Vanilla liabilities, well diversified by vintage and type:

- Term life – 450,000 policies and \$0.6bn of reserves
- Universal Life / Interest Sensitive Whole Life – 418,000 policies and \$5.1bn of reserves
 - Immaterial UL with secondary guarantees (AG38) – approximately \$2m of reserves
- Whole Life - 626,000 policies and \$1.8bn of reserves
- Annuities - 103,000 policies and \$2.1bn of reserves
 - Variable annuities – under 500 policies with approximately \$20m in separate account assets



REALIC Assets as of September 30, 2012

REALIC Portfolio



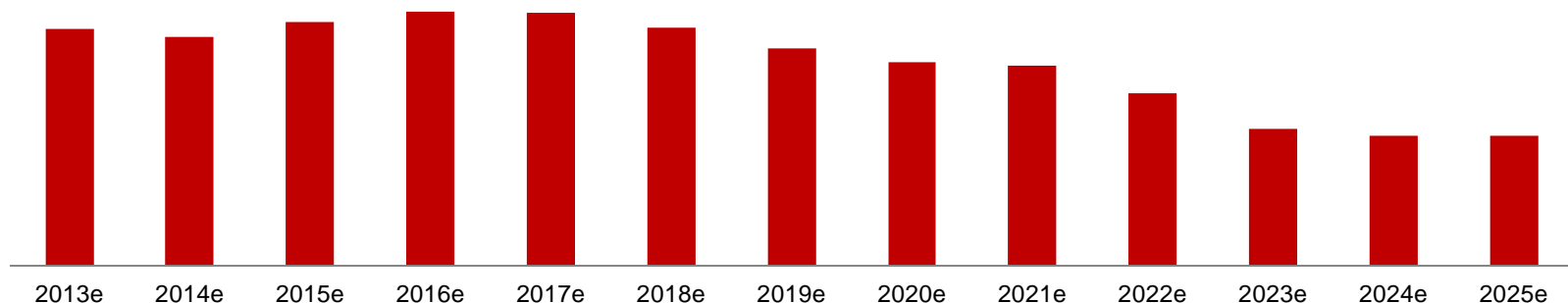
- Overall a high-quality portfolio
- 34% exposure to US Treasury, Agency debt and Agency RMBS
- Assets backing liabilities producing net yield of approximately 4.6% and have a duration of approximately 9 years
- No material exposure to PIIGS
- Minimal commercial mortgage loan allocation

Notes: Based on 9/30/12 Statutory Statement Value excluding policy loans



REALIC Earnings

REALIC IFRS Earnings Profile



IFRS 2013 Pre-Tax Earnings Sensitivity

Scenario	% of 2013 Pre-tax Earnings
2013 Baseline Pre-Tax Earnings	100%
Mortality – 107.5% of expected	(19%)
Lapse – 110%	1%
Interest Rates – 75bps higher	2%
Interest Rates – 60bps higher	(2%)
Credit Defaults – 3x expected	(22%)



REALIC - Summary

- Highly attractive price (> 20% IRR)
- Immediate accretion to IFRS earnings
- Materially enhances earnings diversification
- Increase in Jackson net remittance from GBP200m to GBP260m (2013)