



LIFE ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

Jackson National Life Insurance Company

NAIC Group Code 0918 (Current) 0918 (Prior) NAIC Company Code 65056 Employer's ID Number 38-1659835

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Incorporated 06/19/1961 Commenced Business 08/30/1961

Statutory Home Office 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code)

Main Administrative Office 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code) 517-381-5500 (Area Code) (Telephone Number)

Mail Address 1 Corporate Way (Street and Number or P.O. Box) Lansing, MI 48951 (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code) 517-381-5500 (Area Code) (Telephone Number)

Internet Website Address www.jnl.com

Statutory Statement Contact Robert Arthur Fritts (Name) 517-381-5500 (Area Code) (Telephone Number) statjnlc@jnl.com (E-mail Address) 517-706-5505 (FAX Number)

Policyowner Relations Contact 1 Corporate Way (Street and Number) Lansing, MI 48951 (City or Town, State and Zip Code) 517-367-3679 (Area Code) (Telephone Number)

OFFICERS

President Clark Preston Manning Jr Treasurer Andrew Boutwell Hopping
Secretary Thomas John Meyer Actuary Richard David Ash

OTHER

Michael Andrew Wells Chief Operating Officer Clifford James Jack Executive Vice President Julius George Napolos Executive Vice President
James Ronald Sopha Executive Vice President Lisa Carol Drake Senior Vice President Robert Arthur Fritts Senior Vice President
Stephen Anthony Hrapkiewicz Jr Senior Vice President Paul Chadwick Myers Senior Vice President John Bruce Banez Vice President
James Patrick Binder Vice President John Howard Brown Vice President Joseph Mark Clark Vice President
Marianne Clone Vice President James Bradley Croom Vice President Gerald William Decius Vice President
James Douglas Garrison Vice President James Glenn Golembiewski Vice President Cheryl Lynn Johns Vice President
Timo Pentti Kokko Vice President Everett William Kunzelman Vice President Lynn Withers Lopes Vice President
Keith Richard Moore Vice President Jacky Morin Vice President Mark Daniel Nerud Vice President
Russell Erwin Peck Vice President Bradley Jay Powell Vice President Laura Louene Prieskorn Vice President
James Brian Quinn Vice President Robert Marquis Tucker Jr Vice President Karen Sue Weidman # Vice President

DIRECTORS OR TRUSTEES

Andrew Boutwell Hopping Clark Preston Manning Jr Michael Andrew Wells

State of Michigan SS:
County of Ingham

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Signature of Clark Preston Manning Jr, President

Signature of Thomas John Meyer, Secretary

Signature of Andrew Boutwell Hopping, Treasurer

Subscribed and sworn to before me this 15th day of February 2005

Jessica Henry
Notary Public
December 16, 2006

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number.....
2. Date filed.....
3. Number of pages attached.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

ASSETS

| | Current Year | | | Prior Year |
|---|----------------|-------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 35,162,404,837 | 0 | 35,162,404,837 | 33,887,444,656 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 81,163,558 | 0 | 81,163,558 | 60,586,875 |
| 2.2 Common stocks | 303,186,936 | 0 | 303,186,936 | 519,563,052 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | 4,669,609,527 | 0 | 4,669,609,527 | 4,338,091,883 |
| 3.2 Other than first liens | 0 | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$0 encumbrances) | 71,945,680 | 0 | 71,945,680 | 64,798,577 |
| 4.2 Properties held for the production of income (less \$0 encumbrances) | 16,163,189 | 0 | 16,163,189 | 7,627,201 |
| 4.3 Properties held for sale (less \$0 encumbrances) | 1,165,587 | 0 | 1,165,587 | 8,419,318 |
| 5. Cash (\$(65,653,452), Schedule E - Part 1), cash equivalents (\$397,997,692, Schedule E - Part 2) and short-term investments (\$22,035,654, Schedule DA) | 354,379,894 | 0 | 354,379,894 | 81,708,139 |
| 6. Contract loans (including \$0 premium notes) | 717,479,055 | 362,321 | 717,116,734 | 716,872,590 |
| 7. Other invested assets (Schedule BA) | 1,398,274,711 | 0 | 1,398,274,711 | 1,478,534,724 |
| 8. Receivable for securities | 274,693 | 0 | 274,693 | 0 |
| 9. Aggregate write-ins for invested assets | 269,486,374 | 0 | 269,486,374 | 476,690,089 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 43,045,534,041 | 362,321 | 43,045,171,720 | 41,640,337,104 |
| 11. Investment income due and accrued | 502,185,786 | 0 | 502,185,786 | 474,329,430 |
| 12. Premiums and considerations: | | | | |
| 12.1 Uncollected premiums and agents' balances in the course of collection | 6,763,181 | 0 | 6,763,181 | 7,682,166 |
| 12.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums) | 146,177,638 | 0 | 146,177,638 | 161,406,763 |
| 12.3 Accrued retrospective premiums | 0 | 0 | 0 | 0 |
| 13. Reinsurance: | | | | |
| 13.1 Amounts recoverable from reinsurers | 8,511,552 | 0 | 8,511,552 | 6,843,973 |
| 13.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 | 0 |
| 13.3 Other amounts receivable under reinsurance contracts | 2,810,002 | 0 | 2,810,002 | 2,441,281 |
| 14. Amounts receivable relating to uninsured plans | 0 | 0 | 0 | 0 |
| 15.1 Current federal and foreign income tax recoverable and interest thereon | 30,580,075 | 0 | 30,580,075 | 10,778,674 |
| 15.2 Net deferred tax asset | 469,653,769 | 380,458,769 | 89,195,000 | 159,081,000 |
| 16. Guaranty funds receivable or on deposit | 10,540,073 | 0 | 10,540,073 | 37,660,176 |
| 17. Electronic data processing equipment and software | 6,058,335 | 0 | 6,058,335 | 6,124,856 |
| 18. Furniture and equipment, including health care delivery assets (\$0) | 4,285,508 | 4,285,508 | 0 | 0 |
| 19. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 | 0 |
| 20. Receivables from parent, subsidiaries and affiliates | 22,598,440 | 0 | 22,598,440 | 29,513,134 |
| 21. Health care (\$0) and other amounts receivable | 0 | 0 | 0 | 0 |
| 22. Other assets nonadmitted | 2,247,395 | 2,247,395 | 0 | 0 |
| 23. Aggregate write-ins for other than invested assets | 16,978,172 | 16,978,172 | 0 | 0 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) | 44,274,923,967 | 404,332,165 | 43,870,591,802 | 42,536,198,557 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 9,851,100,971 | 0 | 9,851,100,971 | 6,785,924,479 |
| 26. Total (Lines 24 and 25) | 54,126,024,938 | 404,332,165 | 53,721,692,773 | 49,322,123,036 |
| DETAILS OF WRITE-INS | | | | |
| 0901. Derivative instruments | 269,486,374 | 0 | 269,486,374 | 476,162,749 |
| 0902. Interest rate swaps | 0 | 0 | 0 | 527,340 |
| 0903. | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) | 269,486,374 | 0 | 269,486,374 | 476,690,089 |
| 2301. Prepaid operating expenses | 5,287,514 | 5,287,514 | 0 | 0 |
| 2302. Capitalized software and associated costs | 11,690,658 | 11,690,658 | 0 | 0 |
| 2303. | | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) | 16,978,172 | 16,978,172 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$31,643,848,550 (Exh. 5, Line 9999999) less \$0 included in Line 6.3 (including \$0 Modco Reserve) | 31,643,848,550 | 30,889,898,252 |
| 2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$0 Modco Reserve) | 0 | 0 |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$0 Modco Reserve) | 7,868,080,679 | 7,653,516,985 |
| 4. Contract claims: | | |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) | 253,588,794 | 244,837,585 |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) | 0 | 0 |
| 5. Policyholders' dividends \$0 and coupons \$0 due and unpaid (Exhibit 4, Line 10) | 0 | 0 |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts: | | |
| 6.1 Dividends apportioned for payment to (including \$0 Modco) | 0 | 0 |
| 6.2 Dividends not yet apportioned (including \$0 Modco) | 7,204 | 7,290 |
| 6.3 Coupons and similar benefits (including \$0 Modco) | 9,597 | 10,068 |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6 | 0 | 0 |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$0 discount; including \$0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14) | 5,955,899 | 6,300,949 |
| 9. Contract liabilities not included elsewhere: | | |
| 9.1 Surrender values on canceled contracts | 0 | 0 |
| 9.2 Provision for experience rating refunds, including \$0 accident and health experience rating refunds | 0 | 0 |
| 9.3 Other amounts payable on reinsurance including \$0 assumed and \$0 ceded | 0 | 0 |
| 9.4 Interest maintenance reserve (IMR, Line 6) | 176,273,481 | 70,702,632 |
| 10. Commissions to agents due or accrued-life and annuity contracts \$23,644,687 accident and health \$0 and deposit-type contract funds \$0 | 23,644,687 | 15,168,113 |
| 11. Commissions and expense allowances payable on reinsurance assumed | 0 | 0 |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6) | 80,971,427 | 61,972,525 |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$(480,737,616) accrued for expense allowances recognized in reserves, net of reinsured allowances) | (473,069,535) | (308,057,256) |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) | 18,074,307 | 46,502,124 |
| 15.1 Current federal and foreign income taxes including \$0 on realized capital gains (losses) | 0 | 0 |
| 15.2 Net deferred tax liability | 0 | 0 |
| 16. Unearned investment income | 44,910 | 54,925 |
| 17. Amounts withheld or retained by company as agent or trustee | 599,903,748 | 480,576,318 |
| 18. Amounts held for agents' account, including \$0 agents' credit balances | 1,639,226 | 3,171,273 |
| 19. Remittances and items not allocated | 13,636,541 | 12,274,170 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 |
| 21. Liability for benefits for employees and agents if not included above | 0 | 0 |
| 22. Borrowed money \$0 and interest thereon \$0 | 0 | 0 |
| 23. Dividends to stockholders declared and unpaid | 0 | 0 |
| 24. Miscellaneous liabilities: | | |
| 24.1 Asset valuation reserve (AVR, Line 16, Col. 7) | 298,808,381 | 55,369,239 |
| 24.2 Reinsurance in unauthorized companies | 0 | 171,802 |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers | 0 | 0 |
| 24.4 Payable to parent, subsidiaries and affiliates | 0 | 0 |
| 24.5 Drafts outstanding | 0 | 0 |
| 24.6 Liability for amounts held under uninsured accident and health plans | 0 | 0 |
| 24.7 Funds held under coinsurance | 0 | 0 |
| 24.8 Payable for securities | 0 | 0 |
| 24.9 Capital notes \$0 and interest thereon \$0 | 0 | 0 |
| 25. Aggregate write-ins for liabilities | 218,490,474 | 304,689,824 |
| 26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25) | 40,729,908,370 | 39,537,166,818 |
| 27. From Separate Accounts Statement | 9,851,100,971 | 6,785,924,479 |
| 28. Total Liabilities (Lines 26 and 27) | 50,581,009,341 | 46,323,091,297 |
| 29. Common capital stock | 13,800,000 | 13,800,000 |
| 30. Preferred capital stock | 0 | 0 |
| 31. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 32. Surplus notes | 249,237,673 | 249,223,056 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) | 2,251,449,473 | 2,251,449,473 |
| 34. Aggregate write-ins for special surplus funds | 0 | 0 |
| 35. Unassigned funds (surplus) | 626,196,286 | 484,559,210 |
| 36. Less treasury stock, at cost: | | |
| 36.10 shares common (value included in Line 29 \$0) | 0 | 0 |
| 36.20 shares preferred (value included in Line 30 \$0) | 0 | 0 |
| 37. Surplus (Total Lines 31+32+33+34+35-36) (including \$0 in Separate Accounts Statement) | 3,126,883,432 | 2,985,231,739 |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) | 3,140,683,432 | 2,999,031,739 |
| 39. Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3) | 53,721,692,773 | 49,322,123,036 |
| DETAILS OF WRITE-INS | | |
| 2501. Deferred compensation | 174,724,424 | 143,963,653 |
| 2502. Options written | 26,632,267 | 151,310,984 |
| 2503. Investment escrow & unallocated proceeds | 14,728,223 | 2,835,618 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 2,405,560 | 6,579,569 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 218,490,474 | 304,689,824 |
| 3101. | | |
| 3102. | | |
| 3103. | | |
| 3198. Summary of remaining write-ins for Line 31 from overflow page | 0 | 0 |
| 3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above) | 0 | 0 |
| 3401. | | |
| 3402. | | |
| 3403. | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) | 0 | 0 |

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11) | 6,534,191,936 | 5,843,173,275 |
| 2. Considerations for supplementary contracts with life contingencies | 0 | 0 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17) | 2,267,332,773 | 2,281,633,152 |
| 4. Amortization of interest maintenance reserve (IMR) (Line 5) | 14,333,249 | (6,992,653) |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 700,291 | 0 |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1) | 22,968,599 | 26,477,454 |
| 7. Reserve adjustments on reinsurance ceded | 0 | 0 |
| 8. Miscellaneous Income: | | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | 130,233,326 | 79,957,194 |
| 8.2 Charges and fees for deposit-type contracts | 0 | 0 |
| 8.3 Aggregate write-ins for miscellaneous income | 69,276,785 | 826,141 |
| 9. Total (Lines 1 to 8.3) | 9,039,036,959 | 8,225,074,563 |
| 10. Death benefits | 364,691,678 | 356,476,836 |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | 11,138 | 2,033 |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8) | 658,543,349 | 698,841,886 |
| 13. Disability benefits and benefits under accident and health contracts | 2,094,997 | 2,100,965 |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | 89,884 | 77,961 |
| 15. Surrender benefits and withdrawals for life contracts | 3,276,839,743 | 2,887,738,046 |
| 16. Group conversions | 0 | 0 |
| 17. Interest and adjustments on contract or deposit-type contract funds | 241,105,478 | 208,264,824 |
| 18. Payments on supplementary contracts with life contingencies | 0 | 0 |
| 19. Increase in aggregate reserves for life and accident and health contracts | 1,259,108,740 | 1,801,182,314 |
| 20. Totals (Lines 10 to 19) | 5,802,485,007 | 5,954,684,865 |
| 21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1) | 459,113,691 | 401,919,988 |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1) | 0 | 0 |
| 23. General insurance expenses (Exhibit 2, Line 10, Cols. 1, 2, 3 and 4) | 225,484,935 | 222,838,841 |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3) | 20,842,357 | 15,730,055 |
| 25. Increase in loading on deferred and uncollected premiums | 6,381,583 | (3,309,380) |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | 2,010,678,920 | 1,306,661,475 |
| 27. Aggregate write-ins for deductions | (3,210,483) | (81,693,047) |
| 28. Totals (Lines 20 to 27) | 8,521,776,010 | 7,816,832,797 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) | 517,260,949 | 408,241,766 |
| 30. Dividends to policyholders | 19,957 | 17,240 |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) | 517,240,992 | 408,224,526 |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains) | 103,420,172 | 67,434,701 |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 413,820,820 | 340,789,825 |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (68,623,083) (excluding taxes of \$ 45,887,659 transferred to the IMR) | 202,477,788 | (192,481,380) |
| 35. Net income (Line 33 plus Line 34) | 616,298,608 | 148,308,445 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2) | 2,999,031,739 | 2,888,882,103 |
| 37. Net income (Line 35) | 616,298,608 | 148,308,445 |
| 38. Change in net unrealized capital gains (losses) | (33,746,860) | 79,298,607 |
| 39. Change in net unrealized foreign exchange capital gain (loss) | 0 | 0 |
| 40. Change in net deferred income tax | (133,129,787) | 38,660,808 |
| 41. Change in nonadmitted assets and related items | 60,486,815 | 46,411,532 |
| 42. Change in liability for reinsurance in unauthorized companies | 171,802 | (171,802) |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exh. 5A, Line 9999999, Col. 4) | 0 | 0 |
| 44. Change in asset valuation reserve | (243,439,142) | (53,506,409) |
| 45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1) | 0 | 0 |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period | 0 | 0 |
| 47. Other changes in surplus in Separate Accounts Statement | 0 | 0 |
| 48. Change in surplus notes | 14,613 | 10,799 |
| 49. Cumulative effect of changes in accounting principles | 0 | 0 |
| 50. Capital changes: | | |
| 50.1 Paid in | 0 | 0 |
| 50.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| 50.3 Transferred to surplus | 0 | 0 |
| 51. Surplus adjustment: | | |
| 51.1 Paid in | 0 | 20,000,000 |
| 51.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| 51.3 Transferred from capital | 0 | 0 |
| 51.4 Change in surplus as a result of reinsurance | (5,004,356) | (83,662,344) |
| 52. Dividends to stockholders | (120,000,000) | (85,200,000) |
| 53. Aggregate write-ins for gains and losses in surplus | 0 | 0 |
| 54. Net change in capital and surplus for the year (Lines 37 through 53) | 141,651,693 | 110,149,636 |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) | 3,140,683,432 | 2,999,031,739 |
| DETAILS OF WRITE-INS | | |
| 08.301. Legal Settlement | 51,312,061 | 0 |
| 08.302. Marketing fees | 16,942,950 | 0 |
| 08.303. Reinsurance experience and other refunds | 1,021,774 | 449,560 |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | 0 | 376,581 |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above) | 69,276,785 | 826,141 |
| 2701. Letter of credit fee | 1,592,010 | 1,750,815 |
| 2702. Additional contract benefits to Founders Plan policyholders | 201,863 | 218,482 |
| 2703. Reinsurance of in-force business | (5,004,356) | (83,662,344) |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above) | (3,210,483) | (81,693,047) |
| 5301. | | |
| 5302. | | |
| 5303. | | |
| 5398. Summary of remaining write-ins for Line 53 from overflow page | 0 | 0 |
| 5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above) | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

CASH FLOW

| | 1 | 2 |
|---|-----------------|-----------------|
| | Current Year | Prior Year |
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance | 6,543,613,413 | 5,853,556,414 |
| 2. Net investment income | 2,338,833,071 | 2,324,340,226 |
| 3. Miscellaneous income | 222,798,956 | 108,620,469 |
| 4. Total (Lines 1 through 3) | 9,105,245,440 | 8,286,517,109 |
| 5. Benefit and loss related payments | 4,315,206,250 | 3,939,391,933 |
| 6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts | 2,175,691,199 | 1,400,825,288 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 679,776,551 | 624,432,381 |
| 8. Dividends paid to policyholders | 20,043 | 17,322 |
| 9. Federal and foreign income taxes paid (recovered) \$ (22,735,424) net of tax on capital gains (losses) | 100,486,152 | 160,290,897 |
| 10. Total (Lines 5 through 9) | 7,271,180,195 | 6,124,957,821 |
| 11. Net cash from operations (Line 4 minus Line 10) | 1,834,065,245 | 2,161,559,288 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 5,317,789,436 | 14,703,776,877 |
| 12.2 Stocks | 766,625,168 | 87,694,014 |
| 12.3 Mortgage loans | 804,373,409 | 346,428,340 |
| 12.4 Real estate | 1,397,647 | 15,897,080 |
| 12.5 Other invested assets | 269,370,484 | 67,452,125 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 105,950,000 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 7,265,506,144 | 15,221,248,436 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 6,614,428,638 | 16,749,900,505 |
| 13.2 Stocks | 464,105,504 | 96,835,947 |
| 13.3 Mortgage loans | 1,136,634,524 | 1,354,731,229 |
| 13.4 Real estate | 11,822,202 | 8,657,061 |
| 13.5 Other invested assets | 144,231,817 | 599,897,135 |
| 13.6 Miscellaneous applications | 0 | 67,812,457 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 8,371,222,685 | 18,877,834,334 |
| 14. Net increase (decrease) in policy loans and premium notes | 244,144 | 2,761,642 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | (1,105,960,685) | (3,659,347,540) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 0 | 20,000,000 |
| 16.3 Borrowed funds | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | (556,132,726) | (872,328,301) |
| 16.5 Dividends to stockholders | 120,000,000 | 85,200,000 |
| 16.6 Other cash provided (applied) | 220,699,921 | 166,302,237 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | (455,432,805) | (771,226,064) |
| RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17) | 272,671,755 | (2,269,014,316) |
| 19. Cash and short-term investments: | | |
| 19.1 Beginning of year | 81,708,139 | 2,350,722,455 |
| 19.2 End of year (Line 18 plus Line 19.1) | 354,379,894 | 81,708,139 |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

| | | |
|-------|--|--|
| | | |
| | | |
| | | |

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY
ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit) (Excluding Capital Gains and Losses)**

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | | 12 Aggregate of All Other Lines of Business |
|--|---------------|----------------------|---------------------|---------------------------|------------------------------|---|-------------------------|----------------|---------------------|-------------------------------------|-------------|--|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance (a) | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other | |
| 1. Premiums and annuity considerations for life and accident and health contracts | 6,534,191,936 | 0 | 391,691,777 | 5,601,371,903 | 0 | 0 | 6,360,553 | 534,767,703 | 0 | 0 | 0 | 0 |
| 2. Considerations for supplementary contracts with life contingencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Net investment income | 2,267,332,773 | 0 | 338,041,393 | 1,576,168,831 | 79,535 | 0 | 162,145 | 352,880,869 | 0 | 0 | 0 | 0 |
| 4. Amortization of Interest Maintenance Reserve (IMR) | 14,333,249 | 0 | 2,256,271 | 11,400,162 | 504 | 0 | 1,082 | 675,230 | 0 | 0 | 0 | 0 |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 700,291 | 0 | 0 | 700,291 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Commissions and expense allowances on reinsurance ceded | 22,968,599 | 0 | 21,537,645 | 0 | 0 | 0 | 1,430,954 | 0 | 0 | 0 | 0 | 0 |
| 7. Reserve adjustments on reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Miscellaneous Income: | | | | | | | | | | | | |
| 8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts | 130,233,326 | 0 | 3,012 | 129,843,514 | 0 | 0 | 0 | 386,800 | 0 | 0 | 0 | 0 |
| 8.2 Charges and fees for deposit-type contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8.3 Aggregate write-ins for miscellaneous income | 69,276,785 | 0 | 8,773,204 | 60,503,581 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Totals (Lines 1 to 8.3) | 9,039,036,959 | 0 | 762,303,302 | 7,379,988,282 | 80,039 | 0 | 7,954,734 | 888,710,602 | 0 | 0 | 0 | 0 |
| 10. Death benefits | 364,691,678 | 0 | 364,636,678 | 0 | 0 | 0 | 55,000 | 0 | 0 | 0 | 0 | 0 |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | 11,138 | 0 | 11,138 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Annuity benefits | 658,543,349 | 0 | 0 | 630,922,326 | 0 | 0 | 0 | 27,621,023 | 0 | 0 | 0 | 0 |
| 13. Disability benefits and benefits under accident and health contracts | 2,094,997 | 0 | 2,094,997 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | 89,884 | 0 | 89,884 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Surrender benefits and withdrawals for life contracts | 3,276,839,743 | 0 | 182,022,781 | 2,994,499,941 | 21,788 | 0 | 5,109 | 100,290,124 | 0 | 0 | 0 | 0 |
| 16. Group conversions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17. Interest and adjustments on contract or deposit-type contract funds | 241,105,478 | 0 | 12,171,629 | 39,646,372 | 11,931 | 0 | 0 | 189,275,546 | 0 | 0 | 0 | 0 |
| 18. Payments on supplementary contracts with life contingencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. Increase in aggregate reserves for life and accident and health contracts | 1,259,108,740 | 0 | 49,413,168 | 985,394,533 | 0 | 0 | 4,180,942 | 220,120,097 | 0 | 0 | 0 | 0 |
| 20. Totals (Lines 10 to 19) | 5,802,485,007 | 0 | 610,440,275 | 4,650,463,172 | 33,719 | 0 | 4,241,051 | 537,306,790 | 0 | 0 | 0 | 0 |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) | 459,113,691 | 0 | 24,450,232 | 402,358,010 | 0 | 0 | 1,594,668 | 30,710,781 | 0 | 0 | 0 | 0 |
| 22. Commissions and expense allowances on reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23. General insurance expenses | 225,484,934 | 0 | 82,083,450 | 132,127,210 | 25,000 | 0 | 38,776 | 11,210,498 | 0 | 0 | 0 | 0 |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes | 20,842,358 | 0 | 13,601,685 | 6,761,017 | 5,000 | 0 | 6,523 | 468,133 | 0 | 0 | 0 | 0 |
| 25. Increase in loading on deferred and uncollected premiums | 6,381,583 | 0 | 5,965,248 | 0 | 0 | 0 | 416,335 | 0 | 0 | 0 | 0 | 0 |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | 2,010,678,920 | 0 | 953,676 | 1,798,436,263 | 0 | 0 | 9,900 | 211,279,081 | 0 | 0 | 0 | 0 |
| 27. Aggregate write-ins for deductions | (3,210,483) | 0 | 201,863 | (3,412,346) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28. Totals (Lines 20 to 27) | 8,521,776,010 | 0 | 737,696,429 | 6,986,733,326 | 63,719 | 0 | 6,307,253 | 790,975,283 | 0 | 0 | 0 | 0 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) | 517,260,949 | 0 | 24,606,873 | 393,254,956 | 16,320 | 0 | 1,647,481 | 97,735,319 | 0 | 0 | 0 | 0 |
| 30. Dividends to policyholders | 19,957 | 0 | 19,957 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) | 517,240,992 | 0 | 24,586,916 | 393,254,956 | 16,320 | 0 | 1,647,481 | 97,735,319 | 0 | 0 | 0 | 0 |
| 32. Federal income taxes incurred (excluding tax on capital gains) | 103,420,172 | 0 | 4,916,051 | 78,629,683 | 3,263 | 0 | 329,407 | 19,541,768 | 0 | 0 | 0 | 0 |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 413,820,820 | 0 | 19,670,865 | 314,625,273 | 13,057 | 0 | 1,318,074 | 78,193,551 | 0 | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | | | | |
| 08.301. Legal Settlement | 51,312,061 | 0 | 7,751,430 | 43,560,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 08.302. Marketing fees | 16,942,950 | 0 | 0 | 16,942,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 08.303. Reinsurance experience and other refunds | 1,021,774 | 0 | 1,021,774 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above) | 69,276,785 | 0 | 8,773,204 | 60,503,581 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2701. Letter of Credit Fee | 1,592,010 | 0 | 0 | 1,592,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2702. Additional contract benefits to Founders Plan Policyholders | 201,863 | 0 | 201,863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2703. Reinsurance of in-force business | (5,004,356) | 0 | 0 | (5,004,356) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) | (3,210,483) | 0 | 201,863 | (3,412,346) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Includes the following amounts for FEGLI/SGLI: Line 1 0, Line 10 0, Line 16 0, Line 23 0, Line 24 0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | |
|--|----------------|----------------------|---------------------|---------------------------|------------------------------|---|---------------------|----------------|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance | 8 Annuities |
| Involving Life or Disability Contingencies (Reserves) | | | | | | | | |
| (Net of Reinsurance Ceded) | | | | | | | | |
| 1. Reserve December 31, prior year | 30,384,739,810 | 0 | 4,998,535,962 | 24,042,716,019 | 0 | 0 | 318,418 | 1,343,169,411 |
| 2. Tabular net premiums or considerations | 6,392,265,480 | 0 | 512,647,510 | 5,363,713,369 | 0 | 0 | 5,859,931 | 510,044,670 |
| 3. Present value of disability claims incurred | 1,394,571 | 0 | 1,394,571 | 0 | XXX | 0 | 0 | 0 |
| 4. Tabular interest | 1,119,632,555 | 0 | 268,692,398 | 800,737,748 | 0 | 0 | 151,733 | 50,050,676 |
| 5. Tabular less actual reserve released | 121,392,007 | 0 | 2,180,622 | 125,812,739 | 0 | 0 | 0 | (6,601,354) |
| 6. Increase in reserve on account of change in valuation basis | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Other increases (net) | 143,788,158 | 0 | 18,356,032 | 118,983,908 | 0 | 0 | 712,886 | 5,735,332 |
| 8. Totals (Lines 1 to 7) | 38,163,212,581 | 0 | 5,801,807,095 | 30,451,963,783 | 0 | 0 | 7,042,968 | 1,902,398,735 |
| 9. Tabular cost | 435,437,710 | 0 | 433,247,338 | 0 | XXX | 0 | 2,190,372 | 0 |
| 10. Reserves released by death | 98,351,645 | 0 | 98,334,393 | XXX | XXX | 0 | 17,252 | XXX |
| 11. Reserves released by other terminations (net) | 3,530,511,000 | 0 | 219,227,559 | 3,207,705,602 | 0 | 0 | 320,785 | 103,257,054 |
| 12. Annuity, supplementary contract and disability payments involving life contingencies | 444,384,756 | 0 | 2,094,997 | 417,716,666 | 0 | 0 | 0 | 24,573,093 |
| 13. Net transfers to or (from) Separate Accounts | 2,010,678,920 | 0 | 953,677 | 1,798,430,963 | 0 | 0 | 15,200 | 211,279,080 |
| 14. Total Deductions (Lines 9 to 13) | 6,519,364,031 | 0 | 753,857,964 | 5,423,853,231 | 0 | 0 | 2,543,609 | 339,109,227 |
| 15. Reserve December 31, current year | 31,643,848,550 | 0 | 5,047,949,131 | 25,028,110,552 | 0 | 0 | 4,499,359 | 1,563,289,508 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

| | 1 Collected During Year | 2 Earned During Year |
|---|----------------------------|-------------------------|
| 1. U.S. government bonds | (a) 114,940 | 217,252 |
| 1.1 Bonds exempt from U.S. tax | (a) 0 | 0 |
| 1.2 Other bonds (unaffiliated) | (a) 2,079,702,529 | 2,103,783,950 |
| 1.3 Bonds of affiliates | (a) 22,666 | 22,666 |
| 2.1 Preferred stocks (unaffiliated) | (b) 6,071,410 | 6,161,832 |
| 2.11 Preferred stocks of affiliates | (b) 0 | 0 |
| 2.2 Common stocks (unaffiliated) | 3,520,699 | 3,520,699 |
| 2.21 Common stocks of affiliates | 18,650,000 | 18,650,000 |
| 3. Mortgage loans | (c) 302,756,865 | 303,885,151 |
| 4. Real estate | (d) 5,924,266 | 5,924,266 |
| 5. Contract Loans | 56,399,715 | 56,592,003 |
| 6. Cash, cash equivalents and short-term investments | (e) 6,754,706 | 6,807,631 |
| 7. Derivative instruments | (f) (282,229,086) | (281,116,257) |
| 8. Other invested assets | 111,114,282 | 111,114,282 |
| 9. Aggregate write-ins for investment income | 10,606,690 | 10,606,690 |
| 10. Total gross investment income | 2,319,409,682 | 2,346,170,165 |
| 11. Investment expenses | | (g) 38,305,047 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes | | (g) 1,905,515 |
| 13. Interest expense | | (h) 17,441,701 |
| 14. Depreciation on real estate and other invested assets | | (i) 1,980,370 |
| 15. Aggregate write-ins for deductions from investment income | | 19,204,759 |
| 16. Total deductions (Lines 11 through 15) | | 78,837,392 |
| 17. Net investment income (Line 10 minus Line 16) | | 2,267,332,773 |
| DETAILS OF WRITE-INS | | |
| 0901. Miscellaneous investment income | 8,200,042 | 8,200,042 |
| 0902. Securities lending income | 2,406,648 | 2,406,648 |
| 0903. | 0 | 0 |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) | 10,606,690 | 10,606,690 |
| 1501. Appreciation of deferred compensation liability | | 19,021,213 |
| 1502. Interest expense on reverse repurchase agreements/dollar rolls | | 183,546 |
| 1503. | | |
| 1598. Summary of remaining write-ins for Line 15 from overflow page | | 0 |
| 1599. Totals (Lines 1501 thru 1303 plus 1598) (Line 15, above) | | 19,204,759 |

- (a) Includes \$ 25,682,297 accrual of discount less \$ 98,484,481 amortization of premium and less \$ 48,831,509 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 761,471 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 5,760,000 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 5,705,186 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 201,511 accrual of discount less \$ 80,836,916 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 14,375,694 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 1,980,370 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 | 2 | 3 | 4 |
|--|--|-------------------------------|--|-------------|
| | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Increases (Decreases) by Adjustment | Total |
| 1. U.S. Government bonds | 0 | 0 | 0 | 0 |
| 1.1 Bonds exempt from U.S. tax | 0 | 0 | 0 | 0 |
| 1.2 Other bonds (unaffiliated) | 90,940,125 | (6,068,457) | (4,265,287) | 80,606,381 |
| 1.3 Bonds of affiliates | 0 | 0 | (50,656) | (50,656) |
| 2.1 Preferred stocks (unaffiliated) | 12,917,878 | (9,897,484) | (3,908,623) | (888,229) |
| 2.11 Preferred stocks of affiliates | 0 | 0 | 0 | 0 |
| 2.2 Common stocks (unaffiliated) | 16,969,598 | (7,364,375) | 2,279,464 | 11,884,687 |
| 2.21 Common stocks of affiliates | 145,885,794 | (900,000) | (78,694,582) | 66,291,212 |
| 3. Mortgage loans | 18,000 | 0 | 0 | 18,000 |
| 4. Real estate | 0 | 0 | 0 | 0 |
| 5. Contract Loans | 0 | 0 | (191,386) | (191,386) |
| 6. Cash, cash equivalents and short-term investments | 0 | 0 | 0 | 0 |
| 7. Derivative instruments | 100,084,725 | 0 | 578,567 | 100,663,292 |
| 8. Other invested assets | 341,585 | (9,158,763) | 50,314,257 | 41,497,079 |
| 9. Aggregate write-ins for capital gains (losses) | 700,291 | 0 | 0 | 700,291 |
| 10. Total capital gains (losses) | 367,857,996 | (33,389,079) | (33,938,246) | 300,530,671 |
| DETAILS OF WRITE-INS | | | | |
| 0901. GAIN ON SEED MONEY | 700,291 | 0 | 0 | 700,291 |
| 0902. | | | | |
| 0903. | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) | 700,291 | 0 | 0 | 700,291 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

EXHIBIT - 1 PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

| | 1 Total | 2 Industrial Life | Ordinary | | 5 Credit Life (Group and Individual) | Group | | Accident and Health | | | 11 Aggregate of All Other Lines of Business |
|---|---------------|----------------------|---------------------|---------------------------|---|---------------------|----------------|---------------------|------------------------------------|-------------|--|
| | | | 3 Life Insurance | 4 Individual Annuities | | 6 Life Insurance | 7 Annuities | 8 Group | 9 Credit (Group and Individual) | 10 Other | |
| FIRST YEAR (other than single) | | | | | | | | | | | |
| 1. Uncollected | (1,997,205) | 0 | (499,281) | (1,497,924) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Deferred and accrued | 2,119,105 | 0 | 2,119,105 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Deferred, accrued and uncollected: | | | | | | | | | | | |
| 3.1 Direct | 2,160,339 | 0 | 2,160,339 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.3 Reinsurance ceded | 2,038,439 | 0 | 540,515 | 1,497,924 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4 Net (Line 1 + Line 2) | 121,900 | 0 | 1,619,824 | (1,497,924) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Advance | 125,683 | 0 | 125,683 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Line 3.4 - Line 4 | (3,783) | 0 | 1,494,141 | (1,497,924) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Collected during year: | | | | | | | | | | | |
| 6.1 Direct | 5,854,841,497 | 0 | 43,099,635 | 5,289,608,502 | 0 | 6,423,555 | 515,709,805 | 0 | 0 | 0 | 0 |
| 6.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.3 Reinsurance ceded | 11,230,020 | 0 | 7,173,111 | 3,845,540 | 0 | 211,369 | 0 | 0 | 0 | 0 | 0 |
| 6.4 Net | 5,843,611,477 | 0 | 35,926,524 | 5,285,762,962 | 0 | 6,212,186 | 515,709,805 | 0 | 0 | 0 | 0 |
| 7. Line 5 + Line 6.4 | 5,843,607,694 | 0 | 37,420,665 | 5,284,265,038 | 0 | 6,212,186 | 515,709,805 | 0 | 0 | 0 | 0 |
| 8. Prior year (uncollected + deferred and accrued - advance) | (64,213) | 0 | 644,405 | (708,618) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. First year premiums and considerations: | | | | | | | | | | | |
| 9.1 Direct | 5,855,482,500 | 0 | 43,740,638 | 5,289,608,502 | 0 | 6,423,555 | 515,709,805 | 0 | 0 | 0 | 0 |
| 9.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.3 Reinsurance ceded | 11,810,592 | 0 | 6,964,377 | 4,634,846 | 0 | 211,369 | 0 | 0 | 0 | 0 | 0 |
| 9.4 Net (Line 7 - Line 8) | 5,843,671,908 | 0 | 36,776,261 | 5,284,973,656 | 0 | 6,212,186 | 515,709,805 | 0 | 0 | 0 | 0 |
| SINGLE | | | | | | | | | | | |
| 10. Single premiums and considerations: | | | | | | | | | | | |
| 10.1 Direct | 54,987,566 | 0 | 0 | 54,987,566 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10.4 Net | 54,987,566 | 0 | 0 | 54,987,566 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RENEWAL | | | | | | | | | | | |
| 11. Uncollected | (12,156,575) | 0 | (3,743,457) | (8,413,118) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Deferred and accrued | 101,024,162 | 0 | 101,024,162 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Deferred, accrued and uncollected: | | | | | | | | | | | |
| 13.1 Direct | 108,174,174 | 0 | 108,174,174 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13.3 Reinsurance ceded | 19,306,587 | 0 | 10,893,469 | 8,413,118 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13.4 Net (Line 11 + Line 12) | 88,867,587 | 0 | 97,280,705 | (8,413,118) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Advance | 5,830,216 | 0 | 5,830,216 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Line 13.4 - Line 14 | 83,037,371 | 0 | 91,450,489 | (8,413,118) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. Collected during year: | | | | | | | | | | | |
| 16.1 Direct | 779,871,779 | 0 | 477,676,662 | 281,653,545 | 0 | 1,483,674 | 19,057,898 | 0 | 0 | 0 | 0 |
| 16.2 Reinsurance assumed | 6,364 | 0 | 6,364 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16.3 Reinsurance ceded | 134,863,773 | 0 | 117,533,450 | 15,995,016 | 0 | 1,335,307 | 0 | 0 | 0 | 0 | 0 |
| 16.4 Net | 645,014,370 | 0 | 360,149,576 | 265,658,529 | 0 | 148,367 | 19,057,898 | 0 | 0 | 0 | 0 |
| 17. Line 15 + Line 16.4 | 728,051,741 | 0 | 451,600,065 | 257,245,411 | 0 | 148,367 | 19,057,898 | 0 | 0 | 0 | 0 |
| 18. Prior year (uncollected + deferred and accrued - advance) | 92,519,279 | 0 | 96,684,549 | (4,165,270) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. Renewal premiums and considerations: | | | | | | | | | | | |
| 19.1 Direct | 774,898,554 | 0 | 472,703,437 | 281,653,545 | 0 | 1,483,674 | 19,057,898 | 0 | 0 | 0 | 0 |
| 19.2 Reinsurance assumed | 6,364 | 0 | 6,364 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19.3 Reinsurance ceded | 139,372,456 | 0 | 117,794,285 | 20,242,864 | 0 | 1,335,307 | 0 | 0 | 0 | 0 | 0 |
| 19.4 Net (Line 17 - Line 18) | 635,532,462 | 0 | 354,915,516 | 261,410,681 | 0 | 148,367 | 19,057,898 | 0 | 0 | 0 | 0 |
| TOTAL | | | | | | | | | | | |
| 20. Total premiums and annuity considerations: | | | | | | | | | | | |
| 20.1 Direct | 6,685,368,620 | 0 | 516,444,075 | 5,626,249,613 | 0 | 7,907,229 | 534,767,703 | 0 | 0 | 0 | 0 |
| 20.2 Reinsurance assumed | 6,364 | 0 | 6,364 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20.3 Reinsurance ceded | 151,183,048 | 0 | 124,758,662 | 24,877,710 | 0 | 1,546,676 | 0 | 0 | 0 | 0 | 0 |
| 20.4 Net (Line 9.4 + 10.4 + 19.4) | 6,534,191,936 | 0 | 391,691,777 | 5,601,371,903 | 0 | 6,360,553 | 534,767,703 | 0 | 0 | 0 | 0 |

EXHIBIT - 1 PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)

| | 1 Total | 2 Industrial Life | Ordinary | | 5 Credit Life (Group and Individual) | Group | | Accident and Health | | | 11 Aggregate of All Other Lines of Business |
|--|-------------|----------------------|---------------------|---------------------------|---|---------------------|----------------|---------------------|------------------------------------|-------------|--|
| | | | 3 Life Insurance | 4 Individual Annuities | | 6 Life Insurance | 7 Annuities | 8 Group | 9 Credit (Group and Individual) | 10 Other | |
| DIVIDENDS AND COUPONS APPLIED (included in Part 1) | | | | | | | | | | | |
| 21. To pay renewal premiums (Exhibit 4, Line 1) | 13,083 | .0 | 13,083 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 22. All other (Exhibit 4, Lines 2, 3 & 4) | 1,050 | .0 | 1,050 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED | | | | | | | | | | | |
| 23. First year (other than single): | | | | | | | | | | | |
| 23.1 Reinsurance ceded | 6,972,014 | .0 | 5,541,930 | .0 | .0 | 1,430,084 | .0 | .0 | .0 | .0 | .0 |
| 23.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 23.3 Net ceded less assumed | 6,972,014 | .0 | 5,541,930 | .0 | .0 | 1,430,084 | .0 | .0 | .0 | .0 | .0 |
| 24. Single: | | | | | | | | | | | |
| 24.1 Reinsurance ceded | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 24.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 24.3 Net ceded less assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 25. Renewal: | | | | | | | | | | | |
| 25.1 Reinsurance ceded | 15,996,585 | .0 | 15,995,715 | .0 | .0 | 870 | .0 | .0 | .0 | .0 | .0 |
| 25.2 Reinsurance assumed | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 25.3 Net ceded less assumed | 15,996,585 | .0 | 15,995,715 | .0 | .0 | 870 | .0 | .0 | .0 | .0 | .0 |
| 26. Totals: | | | | | | | | | | | |
| 26.1 Reinsurance ceded (Page 6, Line 6) | 22,968,599 | .0 | 21,537,645 | .0 | .0 | 1,430,954 | .0 | .0 | .0 | .0 | .0 |
| 26.2 Reinsurance assumed (Page 6, Line 22) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26.3 Net ceded less assumed | 22,968,599 | .0 | 21,537,645 | .0 | .0 | 1,430,954 | .0 | .0 | .0 | .0 | .0 |
| COMMISSIONS INCURRED (direct business only) | | | | | | | | | | | |
| 27. First year (other than single) | 434,921,663 | .0 | 18,655,766 | 384,888,454 | .0 | 1,588,982 | 29,788,461 | .0 | .0 | .0 | .0 |
| 28. Single | 3,392,712 | .0 | .0 | 3,392,712 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 29. Renewal | 20,655,316 | .0 | 5,794,466 | 14,076,844 | .0 | 5,686 | 778,320 | .0 | .0 | .0 | .0 |
| 30. Deposit-type contract funds | 144,000 | .0 | 0 | 0 | .0 | 0 | 144,000 | .0 | .0 | .0 | .0 |
| 31. Totals (to agree with Page 6, Line 21) | 459,113,691 | 0 | 24,450,232 | 402,358,010 | 0 | 1,594,668 | 30,710,781 | 0 | 0 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY
EXHIBIT 2 - GENERAL EXPENSES

| | Insurance | | | | 5 Investment | 6 Total |
|--|-------------|--------------------------|----------------|----------------------------------|-----------------|-----------------|
| | 1 Life | 2 Accident and Health | | 4 All Other Lines of Business | | |
| | | Cost Containment | 3 All Other | | | |
| 1. Rent | 14,056,095 | 0 | 0 | 0 | 0 | 14,056,095 |
| 2. Salaries and wages | 95,532,558 | 0 | 0 | 0 | 900,867 | 96,433,425 |
| 3.11 Contributions for benefit plans for employees | 20,985,561 | 0 | 0 | 0 | 0 | 20,985,561 |
| 3.12 Contributions for benefit plans for agents | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.21 Payments to employees under non-funded benefit plans | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.22 Payments to agents under non-funded benefit plans | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.31 Other employee welfare | 3,113,571 | 0 | 0 | 0 | 11,985 | 3,125,556 |
| 3.32 Other agent welfare | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.1 Legal fees and expenses | 12,579,732 | 0 | 0 | 0 | 0 | 12,579,732 |
| 4.2 Medical examination fees | 1,550,879 | 0 | 0 | 0 | 0 | 1,550,879 |
| 4.3 Inspection report fees | 253,082 | 0 | 0 | 0 | 0 | 253,082 |
| 4.4 Fees of public accountants and consulting actuaries | 1,794,530 | 0 | 0 | 0 | 0 | 1,794,530 |
| 4.5 Expense of investigation and settlement of policy claims | 736,477 | 0 | 0 | 0 | 0 | 736,477 |
| 5.1 Traveling expenses | 6,645,457 | 0 | 0 | 0 | 11,467 | 6,656,924 |
| 5.2 Advertising | 1,177,885 | 0 | 0 | 0 | 0 | 1,177,885 |
| 5.3 Postage, express, telegraph and telephone | 8,423,715 | 0 | 0 | 0 | 1,448 | 8,425,163 |
| 5.4 Printing and stationery | 3,619,729 | 0 | 0 | 0 | 9,370 | 3,629,099 |
| 5.5 Cost or depreciation of furniture and equipment | 1,259,648 | 0 | 0 | 0 | 0 | 1,259,648 |
| 5.6 Rental of equipment | 18,912,681 | 0 | 0 | 0 | 32,204 | 18,944,885 |
| 5.7 Cost or depreciation of EDP equipment and software | 6,479,201 | 0 | 0 | 0 | 0 | 6,479,201 |
| 6.1 Books and periodicals | 477,664 | 0 | 0 | 0 | 609 | 478,273 |
| 6.2 Bureau and association fees | 327,635 | 0 | 0 | 0 | 874 | 328,509 |
| 6.3 Insurance, except on real estate | 4,891,527 | 0 | 0 | 0 | 0 | 4,891,527 |
| 6.4 Miscellaneous losses | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.5 Collection and bank service charges | 1,199,601 | 0 | 0 | 0 | 0 | 1,199,601 |
| 6.6 Sundry general expenses | 175,734 | 0 | 0 | 0 | 0 | 175,734 |
| 6.7 Group service and administration fees | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.8 Reimbursements by uninsured accident and health plans | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.1 Agency expense allowance | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.2 Agents' balances charged off (less \$ 38,703 recovered) | 452,129 | 0 | 0 | 0 | 0 | 452,129 |
| 7.3 Agency conferences other than local meetings | 3,754,988 | 0 | 0 | 0 | 0 | 3,754,988 |
| 9.1 Real estate expenses | 0 | 0 | 0 | 0 | 3,476,381 | 3,476,381 |
| 9.2 Investment expenses not included elsewhere | 0 | 0 | 0 | 0 | 33,859,842 | 33,859,842 |
| 9.3 Aggregate write-ins for expenses | 17,084,856 | 0 | 0 | 0 | 0 | 17,084,856 |
| 10. General expenses incurred | 225,484,935 | 0 | 0 | 0 | 38,305,047 | (a) 263,789,982 |
| 11. General expenses unpaid December 31, prior year | 58,473,859 | 0 | 0 | 0 | 3,498,667 | 61,972,526 |
| 12. General expenses unpaid December 31, current year | 78,017,013 | 0 | 0 | 0 | 2,954,414 | 80,971,427 |
| 13. Amounts receivable relating to uninsured accident and health plans, prior year | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Amounts receivable relating to uninsured accident and health plans, current year | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. General expenses paid during year (Lines 10+11-12-13+14) | 205,941,781 | 0 | 0 | 0 | 38,849,300 | 244,791,081 |
| DETAILS OF WRITE-INS | | | | | | |
| 09.301. System Processing Fees | 10,625,607 | 0 | 0 | 0 | 0 | 10,625,607 |
| 09.302. Consultants | 4,741,388 | 0 | 0 | 0 | 0 | 4,741,388 |
| 09.303. Software Purchases | 887,805 | 0 | 0 | 0 | 0 | 887,805 |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow pag | 830,056 | 0 | 0 | 0 | 0 | 830,056 |
| 09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above) | 17,084,856 | 0 | 0 | 0 | 0 | 17,084,856 |

(a) Includes management fees of \$ 30,694,711 to affiliates and \$ 0 to non-affiliates.

EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

| | Insurance | | | 4 Investment | 5 Total |
|--|------------|--------------------------|----------------------------------|-----------------|------------|
| | 1 Life | 2 Accident and Health | 3 All Other Lines of Business | | |
| | | | | | |
| 2. State insurance department licenses and fees | 2,176,964 | 0 | 0 | 0 | 2,176,964 |
| 3. State taxes on premiums | 9,255,043 | 0 | 0 | 0 | 9,255,043 |
| 4. Other state taxes, including \$ 541,965 for employee benefits | (147,606) | 0 | 0 | (2,692) | (150,298) |
| 5. U.S. Social Security taxes | 7,546,717 | 0 | 0 | 137,616 | 7,684,333 |
| 6. All other taxes | 2,011,239 | 0 | 0 | 36,675 | 2,047,914 |
| 7. Taxes, licenses and fees incurred | 20,842,357 | 0 | 0 | 1,905,515 | 22,747,872 |
| 8. Taxes, licenses and fees unpaid December 31, prior year | 8,869,929 | 0 | 0 | 725,000 | 9,594,929 |
| 9. Taxes, licenses and fees unpaid December 31, current year | 8,239,589 | 0 | 0 | 0 | 8,239,589 |
| 10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9) | 21,472,697 | 0 | 0 | 2,630,515 | 24,103,212 |

EXHIBIT 4 - DIVIDENDS OR REFUNDS

| | 1 Life | 2 Accident and Health |
|---|------------------------------------|--------------------------|
| | 1. Applied to pay renewal premiums | 13,083 |
| 2. Applied to shorten the endowment or premium-paying period | 0 | 0 |
| 3. Applied to provide paid-up additions | 1,050 | 0 |
| 4. Applied to provide paid-up annuities | 0 | 0 |
| 5. Total Lines 1 through 4 | 14,133 | 0 |
| 6. Paid in cash | 168 | 0 |
| 7. Left on deposit | 5,742 | 0 |
| 8. Aggregate write-ins for dividend or refund options | 0 | 0 |
| 9. Total Lines 5 through 8 | 20,043 | 0 |
| 10. Amount due and unpaid | 0 | 0 |
| 11. Provision for dividends or refunds payable in the following calendar year | 7,204 | 0 |
| 12. Terminal dividends | 0 | 0 |
| 13. Provision for deferred dividend contracts | 0 | 0 |
| 14. Amount provisionally held for deferred dividend contracts not included in Line 13 | 0 | 0 |
| 15. Total Lines 10 through 14 | 7,204 | 0 |
| 16. Total from prior year | 7,292 | 0 |
| 17. Total Dividends or refunds (Lines 9 + 15 - 16) | 19,955 | 0 |
| DETAILS OF WRITE-INS | | |
| 0801. | | |
| 0802. | | |
| 0803. | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | 0 | 0 |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above) | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---------------|------------|---------------|-------------------------------------|-------------|
| Valuation Standard | Total | Industrial | Ordinary | Credit (Group and Individual) | Group |
| LIFE INSURANCE: | | | | | |
| 1. 1941 2.5% NLP | 30,270 | 0 | 30,270 | 0 | 0 |
| 2. 1941 3% CRVM | 162,550 | 0 | 162,550 | 0 | 0 |
| 3. 1941 3% NLP | 321,952 | 0 | 321,952 | 0 | 0 |
| 4. 1958 0% CRVM | 426,374 | 0 | 426,374 | 0 | 0 |
| 5. 1958 2.25% CRVM | 428,246 | 0 | 428,246 | 0 | 0 |
| 6. 1958 2.625% NLP | 215,070 | 0 | 215,070 | 0 | 0 |
| 7. 1958 3% CRVM | 12,324,438 | 0 | 12,324,438 | 0 | 0 |
| 8. 1958 3% NLP | 2,214,972 | 0 | 2,214,972 | 0 | 0 |
| 9. 1958 3.5% CRVM | 3,061,696 | 0 | 3,061,696 | 0 | 0 |
| 10. 1958 3.5% CRVM --> NLP (MOD) | 496,136 | 0 | 496,136 | 0 | 0 |
| 11. 1958 3.5% NLP | 1,225,736 | 0 | 1,225,736 | 0 | 0 |
| 12. 1958 4% CRVM | 9,397,693 | 0 | 9,397,693 | 0 | 0 |
| 13. 1958 4% CRVM --> NLP (MOD) | 81,529 | 0 | 81,529 | 0 | 0 |
| 14. 1958 4% NLP | 7,088,879 | 0 | 7,088,879 | 0 | 0 |
| 15. 1958 4.5% CRVM | 63,995,525 | 0 | 63,995,525 | 0 | 0 |
| 16. 1958 4.5% NLP | 83,883 | 0 | 83,883 | 0 | 0 |
| 17. 1958 3.5%/2.5% CRVM --> NLP (MOD) | 226,817 | 0 | 226,817 | 0 | 0 |
| 18. 1958 4%/2.5% CRVM --> NLP (MOD) | 51,319 | 0 | 51,319 | 0 | 0 |
| 19. 1958 4.5%/2.5% CRVM | 4,422,537 | 0 | 4,422,537 | 0 | 0 |
| 20. 1958 5.5% CRVM | 2,353,288 | 0 | 2,353,288 | 0 | 0 |
| 21. 1958 6% CRVM | 45,587,097 | 0 | 45,587,097 | 0 | 0 |
| 22. 1980 4% CRVM | 285 | 0 | 285 | 0 | 0 |
| 23. 1980 4.5% CRVM | 568,750,008 | 0 | 554,967,941 | 0 | 13,782,067 |
| 24. 1980 4.5% NLP | 17,128,652 | 0 | 17,128,652 | 0 | 0 |
| 25. 1980 5% CRVM | 306,188,406 | 0 | 306,188,406 | 0 | 0 |
| 26. 1980 5% NLP | 29,910,714 | 0 | 29,910,714 | 0 | 0 |
| 27. 1980 5.5% CRVM | 1,831,100,892 | 0 | 1,831,100,892 | 0 | 0 |
| 28. 1980 5.5% NLP | 1,322,124,212 | 0 | 1,322,124,212 | 0 | 0 |
| 29. 1980 6% CRVM | 644,996,473 | 0 | 644,996,473 | 0 | 0 |
| 30. 1980 6% NLP | 299,605,051 | 0 | 299,605,051 | 0 | 0 |
| 31. 1980 6.75% CRVM | 1,875,025 | 0 | 1,875,025 | 0 | 0 |
| 32. 1958 2.5% Paid Up | 331 | 0 | 331 | 0 | 0 |
| 33. 1958 3% Paid Up | 1,160,885 | 0 | 1,160,885 | 0 | 0 |
| 34. 1958 3.5% Paid Up | 664,435 | 0 | 664,435 | 0 | 0 |
| 35. 1958 4% Paid Up | 1,822,327 | 0 | 1,822,327 | 0 | 0 |
| 36. 1958 4.5% Paid Up | 59,970 | 0 | 59,970 | 0 | 0 |
| 37. 1958 5.5% Paid Up | 39,707 | 0 | 39,707 | 0 | 0 |
| 38. 1980 4% Paid Up | 16,925,952 | 0 | 16,925,952 | 0 | 0 |
| 39. 1980 4.5% Paid Up | 4,541 | 0 | 4,541 | 0 | 0 |
| 40. 1980 5% Paid Up | 4,114,257 | 0 | 4,114,257 | 0 | 0 |
| 41. 1980 5.5% Paid Up | 6,765,778 | 0 | 6,765,778 | 0 | 0 |
| 42. 1980 6% Paid Up | 347,800 | 0 | 347,800 | 0 | 0 |
| 43. 1958 CET 3% Paid Up ETI | 63,907 | 0 | 63,907 | 0 | 0 |
| 44. 1958 CET 4% Paid Up ETI | 230,567 | 0 | 230,567 | 0 | 0 |
| 45. 1958 CET 5.5% Paid Up ETI | 21,818 | 0 | 21,818 | 0 | 0 |
| 46. 1980 CET 4% Paid Up ETI | 8,693,586 | 0 | 8,693,586 | 0 | 0 |
| 47. 1980 CET 4.5% Paid Up ETI | 14,017 | 0 | 14,017 | 0 | 0 |
| 48. 1980 CET 5% Paid Up ETI | 2,975,045 | 0 | 2,975,045 | 0 | 0 |
| 49. 1980 CET 5.5% Paid Up ETI | 730,050 | 0 | 730,050 | 0 | 0 |
| 50. Substandard | 5,466,098 | 0 | 5,447,597 | 0 | 18,501 |
| 0199997. Totals (Gross) | 5,225,976,796 | 0 | 5,212,176,228 | 0 | 13,800,568 |
| 0199998. Reinsurance ceded | 261,402,035 | 0 | 251,652,619 | 0 | 9,749,416 |
| 0199999. Life Insurance: Totals (Net) | 4,964,574,761 | 0 | 4,960,523,609 | 0 | 4,051,152 |
| ANNUITIES (excluding supplementary contracts with life contingencies): | | | | | |
| 3.50% | 278,034 | XXX | 278,034 | XXX | 0 |
| 4.00% | 73,093,184 | XXX | 73,093,184 | XXX | 0 |
| 4.50% | 25,317,586 | XXX | 25,317,586 | XXX | 0 |
| 4.75% | 1,312,416,986 | XXX | 1,187,758,017 | XXX | 124,658,969 |
| 5.00% | 2,555,702,501 | XXX | 2,332,978,947 | XXX | 222,723,554 |
| 5.25% | 2,894,367,376 | XXX | 2,765,447,096 | XXX | 128,920,280 |
| 5.50% | 5,551,515,604 | XXX | 5,338,141,003 | XXX | 213,374,601 |
| 5.75% | 3,030,985,866 | XXX | 2,891,759,985 | XXX | 139,225,881 |
| 6.00% | 2,920,869,716 | XXX | 2,818,988,866 | XXX | 101,880,850 |
| 6.25% | 1,969,912,738 | XXX | 1,895,483,838 | XXX | 74,428,900 |
| 6.50% | 1,345,093,532 | XXX | 1,341,983,667 | XXX | 3,109,865 |
| 6.75% | 770,182,544 | XXX | 770,182,544 | XXX | 0 |
| 7.00% | 2,145,494,727 | XXX | 2,048,546,335 | XXX | 96,948,392 |
| 7.25% | 659,336,536 | XXX | 608,402,148 | XXX | 50,934,388 |
| 7.50% | 153,139,085 | XXX | 143,403,117 | XXX | 9,735,968 |
| 8.50% | 382,224,700 | XXX | 162,369,314 | XXX | 219,855,386 |
| 8.75% | 143,086,681 | XXX | 3,453,530 | XXX | 139,633,151 |
| 1983a 6.00% | 83,588 | XXX | 83,588 | XXX | 0 |
| 1983a 6.25% | 1,361,036 | XXX | 1,361,036 | XXX | 0 |
| 1983a 6.50% | 14,895,618 | XXX | 12,690,007 | XXX | 2,205,611 |
| 1983a 6.75% | 81,766,851 | XXX | 76,980,712 | XXX | 4,786,139 |
| 1983a 7.00% | 11,020,571 | XXX | 8,915,031 | XXX | 2,105,540 |
| 1983a 7.25% | 21,950,223 | XXX | 19,468,075 | XXX | 2,482,148 |
| 1983a 7.50% | 390,682 | XXX | 390,682 | XXX | 0 |
| 1983a 7.75% | 11,520,278 | XXX | 9,584,209 | XXX | 1,936,069 |
| 1983a 8.00% | 14,734,526 | XXX | 13,420,450 | XXX | 1,314,076 |
| 1983a 8.25% | 31,321,193 | XXX | 27,085,391 | XXX | 4,235,802 |
| 1983a 8.75% | 37,400,603 | XXX | 33,455,099 | XXX | 3,945,504 |
| 1983a 9.25% | 6,657,698 | XXX | 6,461,304 | XXX | 196,394 |
| 1983a 11.00% | 3,303,120 | XXX | 3,294,424 | XXX | 8,696 |
| 1983a 11.25% | 2,022,830 | XXX | 2,022,830 | XXX | 0 |
| 1971 IAM 6.5% | 267,980 | XXX | 267,980 | XXX | 0 |
| Annuity 2000 5.50% | 65,527,219 | XXX | 64,185,414 | XXX | 1,341,805 |
| Annuity 2000 6.00% | 63,576,463 | XXX | 62,102,140 | XXX | 1,474,323 |
| Annuity 2000 6.25% | 80,463,593 | XXX | 76,182,566 | XXX | 4,281,027 |

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

| 1 | 2 | 3 | 4 | 5 | 6 |
|--|----------------|------------|----------------|-------------------------------------|---------------|
| Valuation Standard | Total | Industrial | Ordinary | Credit (Group and Individual) | Group |
| Annuity 2000 6.50% | 50,147,098 | XXX | 48,676,041 | XXX | 1,471,057 |
| Annuity 2000 6.75% | 64,068,161 | XXX | 62,338,660 | XXX | 1,729,501 |
| Annuity 2000 7.00% | 79,659,295 | XXX | 76,671,275 | XXX | 2,988,020 |
| 0299997. Totals (Gross) | 26,575,156,022 | XXX | 25,013,224,125 | XXX | 1,561,931,897 |
| 0299998. Reinsurance ceded | 9,682,492 | XXX | 9,682,492 | XXX | 0 |
| 0299999. Annuities: Totals (Net) | 26,565,473,530 | XXX | 25,003,541,633 | XXX | 1,561,931,897 |
| SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES: | | | | | |
| | 0 | 0 | 0 | 0 | 0 |
| 0399997. Totals (Gross) | 0 | 0 | 0 | 0 | 0 |
| 0399998. Reinsurance ceded | 0 | 0 | 0 | 0 | 0 |
| 0399999. SCWLC: Totals (Net) | 0 | 0 | 0 | 0 | 0 |
| ACCIDENTAL DEATH BENEFITS: | | | | | |
| 1959 ADB Table 1958 CSO 3.0% | 4,921 | 0 | 4,921 | 0 | 0 |
| 1959 ADB Table 1958 CSO 5.5% | 4,721 | 0 | 4,721 | 0 | 0 |
| 1959 ADB Table 1958 CSO 6.0% | 74,814 | 0 | 74,814 | 0 | 0 |
| 1959 ADB Table 1980 CSO 4.5% | 315,447 | 0 | 314,208 | 0 | 1,239 |
| 1959 ADB Table 1980 CSO 5.0% | 126,778 | 0 | 126,778 | 0 | 0 |
| 1959 ADB Table 1980 CSO 5.5% | 671,774 | 0 | 671,774 | 0 | 0 |
| 1959 ADB Table 1980 CSO 6.0% | 163,746 | 0 | 163,746 | 0 | 0 |
| 0499997. Totals (Gross) | 1,362,201 | 0 | 1,360,962 | 0 | 1,239 |
| 0499998. Reinsurance ceded | 4,921 | 0 | 4,921 | 0 | 0 |
| 0499999. Accidental Death Benefits: Totals (Net) | 1,357,280 | 0 | 1,356,041 | 0 | 1,239 |
| DISABILITY-ACTIVE LIVES: | | | | | |
| 1952 Dis Study 1958 CSO 3.0% Benefit 5 | 7,545 | 0 | 7,545 | 0 | 0 |
| 1952 Dis Study 1958 CSO 5.5% Benefit 5 | 8,489 | 0 | 8,489 | 0 | 0 |
| 1952 Dis Study 1958 CSO 6.0% Benefit 5 | 322,784 | 0 | 322,784 | 0 | 0 |
| 1952 Dis Study 1980 CSO 4.5% Benefit 5 | 9,005,091 | 0 | 8,892,505 | 0 | 112,586 |
| 1952 Dis Study 1980 CSO 5.0% Benefit 5 | 1,067,722 | 0 | 1,067,722 | 0 | 0 |
| 1952 Dis Study 1980 CSO 5.5% Benefit 5 | 7,442,083 | 0 | 7,442,083 | 0 | 0 |
| 1952 Dis Study 1980 CSO 6.0% Benefit 5 | 955,785 | 0 | 955,785 | 0 | 0 |
| 0599997. Totals (Gross) | 18,809,499 | 0 | 18,696,913 | 0 | 112,586 |
| 0599998. Reinsurance ceded | 13,984 | 0 | 13,984 | 0 | 0 |
| 0599999. Disability-Active Lives: Totals (Net) | 18,795,515 | 0 | 18,682,929 | 0 | 112,586 |
| DISABILITY-DISABLED LIVES: | | | | | |
| 1952 Dis Study 1958 CSO 3% Benefit 5 | 36,384,375 | 0 | 36,384,375 | 0 | 0 |
| 0699997. Totals (Gross) | 36,384,375 | 0 | 36,384,375 | 0 | 0 |
| 0699998. Reinsurance ceded | 661,785 | 0 | 661,785 | 0 | 0 |
| 0699999. Disability-Disabled Lives: Totals (Net) | 35,722,590 | 0 | 35,722,590 | 0 | 0 |
| MISCELLANEOUS RESERVES: | | | | | |
| 1. For excess of valuation net premiums over corresponding gross premiums | 143,505,514 | 0 | 137,857,426 | 0 | 5,648,088 |
| 2. For non-deduction of deferred fractional premium or return of premium at death | 3,312,534 | 0 | 3,312,534 | 0 | 0 |
| 3. For guaranteed minimum death benefit on variable annuities | 256,556,390 | 0 | 255,675,260 | 0 | 881,130 |
| 4. For guaranteed minimum income benefit on variable annuities | 7,985,399 | 0 | 7,538,386 | 0 | 447,013 |
| 5. For guaranteed minimum withdrawal benefit on variable annuities | 5,853,044 | 0 | 5,151,778 | 0 | 701,266 |
| 0799997. Totals (Gross) | 417,212,881 | 0 | 409,535,384 | 0 | 7,677,497 |
| 0799998. Reinsurance ceded | 359,288,007 | 0 | 353,302,503 | 0 | 5,985,504 |
| 0799999. Miscellaneous Reserves: Totals (Net) | 57,924,874 | 0 | 56,232,881 | 0 | 1,691,993 |
| 9999999. Totals (Net) - Page 3, Line 1 | 31,643,848,550 | 0 | 30,076,059,683 | 0 | 1,567,788,867 |

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts?..... Yes [X] No []
- 1.2 If not, state which kind is issued.
N/A
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts?..... Yes [] No [X]
- 2.2 If not, state which kind is issued.
Non-participating
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?..... Yes [X] No []
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [] No [X]
If so, state:
 - 4.1 Amount of insurance? \$ 0
 - 4.2 Amount of reserve? \$ 0
 - 4.3 Basis of reserve:
N/A
 - 4.4 Basis of regular assessments:
N/A
 - 4.5 Basis of special assessments:
N/A
 - 4.6 Assessments collected during the year \$ 0
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
N/A
- 6. Does the reporting entity hold reserves for any annuity contracts which are less than the reserves that would be held on a standard basis? Yes [] No [X]
 - 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$ 0
 - 6.2 Which would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$ 0

Attach statement of methods employed in their valuation.
- 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes [] No [X]
 - 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements \$ 0
 - 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
N/A
 - 7.3 State the amount of reserves established for this business: \$ 0
 - 7.4 Identify where the reserves are reported in the blank:
N/A

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

| 1 Description of Valuation Class | Valuation Basis | | 4 Increase in Actuarial Reserve Due to Change |
|-------------------------------------|-------------------|-----------------|--|
| | 2 Changed From | 3 Changed To | |
| NONE | | | |
| 9999999 - Total (Column 4, only) | | | |

Exhibit 6 - Aggregate Reserves for Accident and Health Contracts

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

| | 1 | 2 | 3 | 4 | 5 | 6 |
|--|---------------|----------------------------------|-------------------|---------------------------|---|---------------------------------------|
| | Total | Guaranteed Interest Contracts | Annuities Certain | Supplemental Contracts | Dividend Accumulations or Refunds | Premium and Other Deposit Funds |
| 1. Balance at the beginning of the year before reinsurance | 8,158,675,428 | 7,650,396,115 | 505,158,443 | 1,157,756 | 1,183,307 | 779,807 |
| 2. Deposits received during the year | 2,201,041,087 | 2,166,173,826 | 34,852,830 | 0 | 0 | 14,431 |
| 3. Investment earnings credited to the account | 219,206,459 | 189,275,547 | 29,826,950 | 36,477 | 46,882 | 20,603 |
| 4. Other net change in reserves | 46,331,519 | 0 | 46,331,519 | 0 | 0 | 0 |
| 5. Fees and other charges assessed | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Surrender charges | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Net surrender or withdrawal payments | 2,757,173,814 | 2,614,455,503 | 142,390,641 | 0 | 41,263 | 286,407 |
| 8. Other net transfers to or (from) Separate Accounts | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8) | 7,868,080,679 | 7,391,389,985 | 473,779,101 | 1,194,233 | 1,188,926 | 528,434 |
| 10. Reinsurance balance at the beginning of the year | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. Net change in reinsurance assumed | (58,925) | 0 | 0 | 0 | (59,316) | 391 |
| 12. Net change in reinsurance ceded | (58,925) | 0 | 0 | 0 | (59,316) | 391 |
| 13. Reinsurance balance at the end of the year (Lines 10+11-12) | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Net balance at the end of current year after reinsurance (Lines 9 + 13) | 7,868,080,679 | 7,391,389,985 | 473,779,101 | 1,194,233 | 1,188,926 | 528,434 |

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY
EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | |
|-----------------------------|-------------|----------------------|---------------------|---------------------------|------------------------------|---|---------------------|----------------|---------------------|-------------------------------------|-------------|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other |
| 1. Due and unpaid: | | | | | | | | | | | |
| 1.1 Direct | 252,494,996 | 0 | 74,208,020 | 169,936,908 | 0 | 0 | 0 | 8,350,068 | 0 | 0 | 0 |
| 1.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.3 Reinsurance ceded | 23,106,202 | 0 | 12,185,927 | 10,920,275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.4 Net | 229,388,794 | 0 | 62,022,093 | 159,016,633 | 0 | 0 | 0 | 8,350,068 | 0 | 0 | 0 |
| 2. In course of settlement: | | | | | | | | | | | |
| 2.1 Resisted | | | | | | | | | | | |
| 2.11 Direct | 2,200,000 | 0 | 2,200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.12 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.13 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.14 Net | 2,200,000 | 0 | (b) 2,200,000 | (b) 0 | 0 | (b) 0 | (b) 0 | 0 | 0 | 0 | 0 |
| 2.2 Other | | | | | | | | | | | |
| 2.21 Direct | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.22 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.23 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.24 Net | 0 | 0 | (b) 0 | (b) 0 | 0 | (b) 0 | (b) 0 | 0 | (b) 0 | (b) 0 | (b) 0 |
| 3. Incurred but unreported: | | | | | | | | | | | |
| 3.1 Direct | 22,000,000 | 0 | 22,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4 Net | 22,000,000 | 0 | (b) 22,000,000 | (b) 0 | 0 | (b) 0 | (b) 0 | 0 | (b) 0 | (b) 0 | (b) 0 |
| 4. TOTALS | | | | | | | | | | | |
| 4.1 Direct | 276,694,996 | 0 | 98,408,020 | 169,936,908 | 0 | 0 | 0 | 8,350,068 | 0 | 0 | 0 |
| 4.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3 Reinsurance ceded | 23,106,202 | 0 | 12,185,927 | 10,920,275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net | 253,588,794 | (a) 0 | (a) 86,222,093 | 159,016,633 | 0 | 0 | (a) 0 | 8,350,068 | 0 | 0 | 0 |

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$0 in Column 2, \$0 in Column 3 and \$0 in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$0 Individual Annuities \$0, Credit Life (Group and Individual) \$0, and Group Life \$0, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$0 Credit (Group and Individual) Accident and Health \$0, and Other Accident and Health \$0 are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY
EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

| | 1 Total | 2 Industrial Life (a) | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | |
|--|-------------------|-----------------------------|----------------------------|---------------------------|---------------------------------|--|----------------------------|----------------|---------------------|--|-------------|
| | | | 3 Life Insurance (b) | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance (c) | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other |
| 1. Settlements During the Year: | | | | | | | | | | | |
| 1.1 Direct | 1,116,972,748 | 0 | 452,097,818 | 639,115,748 | 0 | 0 | 550,000 | 25,209,182 | 0 | 0 | 0 |
| 1.2 Reinsurance assumed | 50,000 | 0 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.3 Reinsurance ceded | 98,765,216 | 0 | 79,237,281 | 19,005,101 | 0 | 0 | 495,000 | 27,834 | 0 | 0 | 0 |
| 1.4 Net | (d) 1,018,257,532 | 0 | 372,910,537 | 620,110,647 | 0 | 0 | 55,000 | 25,181,348 | 0 | 0 | 0 |
| 2. Liability December 31, current year from Part 1: | | | | | | | | | | | |
| 2.1 Direct | 276,694,996 | 0 | 98,408,020 | 169,936,908 | 0 | 0 | 0 | 8,350,068 | 0 | 0 | 0 |
| 2.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.3 Reinsurance ceded | 23,106,202 | 0 | 12,185,927 | 10,920,275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.4 Net | 253,588,794 | 0 | 86,222,093 | 159,016,633 | 0 | 0 | 0 | 8,350,068 | 0 | 0 | 0 |
| 3. Amounts recoverable from reinsurers December 31, current year | 8,511,552 | 0 | 8,511,552 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Liability December 31, prior year: | | | | | | | | | | | |
| 4.1 Direct | 268,058,377 | 0 | 109,981,036 | 152,166,947 | 0 | 0 | 0 | 5,910,394 | 0 | 0 | 0 |
| 4.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3 Reinsurance ceded | 23,220,791 | 0 | 19,258,797 | 3,961,994 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net | 244,837,586 | 0 | 90,722,239 | 148,204,953 | 0 | 0 | 0 | 5,910,394 | 0 | 0 | 0 |
| 5. Amounts recoverable from reinsurers December 31, prior year | 6,843,973 | 0 | 6,843,973 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Incurred Benefits | | | | | | | | | | | |
| 6.1 Direct | 1,125,609,367 | 0 | 440,524,802 | 656,885,709 | 0 | 0 | 550,000 | 27,648,856 | 0 | 0 | 0 |
| 6.2 Reinsurance assumed | 50,000 | 0 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.3 Reinsurance ceded | 100,318,206 | 0 | 73,831,990 | 25,963,382 | 0 | 0 | 495,000 | 27,834 | 0 | 0 | 0 |
| 6.4 Net | 1,025,341,161 | 0 | 366,742,812 | 630,922,327 | 0 | 0 | 55,000 | 27,621,022 | 0 | 0 | 0 |

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$0 in Line 1.1, \$0 in Line 1.4.
 \$0 in Line 6.1, and \$0 in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$11,138 in Line 1.1, \$11,138 in Line 1.4.
 \$11,138 in Line 6.1, and \$11,138 in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$0 in Line 1.1, \$0 in Line 1.4.
 \$0 in Line 6.1, and \$0 in Line 6.4.

(d) Includes \$2,094,997 premiums waived under total and permanent disability benefits.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

EXHIBIT OF NON-ADMITTED ASSETS

| | 1 | 2 | 3 |
|---|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 0 | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) | 0 | 0 | 0 |
| 6. Contract loans | 362,321 | 170,936 | (191,385) |
| 7. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 8. Receivable for securities | 0 | 0 | 0 |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 362,321 | 170,936 | (191,385) |
| 11. Investment income due and accrued | 0 | 0 | 0 |
| 12. Premiums and considerations: | | | |
| 12.1 Uncollected premiums and agents' balances in the course of collection | 0 | 0 | 0 |
| 12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | 0 | 0 | 0 |
| 12.3 Accrued retrospective premiums | 0 | 0 | 0 |
| 13. Reinsurance: | | | |
| 13.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 13.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 13.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 14. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 15.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 15.2 Net deferred tax asset | 380,458,769 | 443,702,556 | 63,243,787 |
| 16. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 17. Electronic data processing equipment and software | 0 | 0 | 0 |
| 18. Furniture and equipment, including health care delivery assets | 4,285,508 | 6,477,501 | 2,191,993 |
| 19. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 20. Receivable from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 21. Health care and other amounts receivable | 0 | 0 | 0 |
| 22. Other assets nonadmitted | 2,247,395 | 738,118 | (1,509,277) |
| 23. Aggregate write-ins for other than invested assets | 16,978,172 | 13,729,869 | (3,248,303) |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) | 404,332,165 | 464,818,980 | 60,486,815 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 |
| 26. Total (Lines 24 and 25) | 404,332,165 | 464,818,980 | 60,486,815 |
| DETAILS OF WRITE-INS | | | |
| 0901. | 0 | 0 | 0 |
| 0902. | 0 | 0 | 0 |
| 0903. | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) | 0 | 0 | 0 |
| 2301. Capitalized software and associated costs | 11,690,658 | 8,771,069 | (2,919,589) |
| 2302. Prepaid operating expenses | 5,287,514 | 4,619,530 | (667,984) |
| 2303. Prepaid expense - surplus note | 0 | 80,185 | 80,185 |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 259,085 | 259,085 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) | 16,978,172 | 13,729,869 | (3,248,303) |

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Policies

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services.

The Office of Financial and Insurance Services recognizes statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Michigan Insurance Law. The Office of Financial and Insurance Services has adopted the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP), including appendices A - F and excluding Actuarial Guideline XXXV in appendix C, as a component of prescribed or permitted practices by the State of Michigan to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code. The commissioner of insurance has the right to permit other specific practices that deviate from prescribed practices.

With effect from January 1, 2003, the Company, with the explicit permission of the Michigan commissioner of insurance, has identified derivative transactions as effective hedging transactions pursuant to the requirements set forth in Section 943(2) of the Michigan Insurance Code, as opposed to NAIC SSAP No. 86. Hedging transactions thus identified as effective are reported pursuant to the accounting guidance set forth in NAIC SSAP No. 86.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed or permitted by the State of Michigan is shown below:

| | <u>12/31/2004</u> | <u>12/31/2003</u> |
|--|-------------------------|-------------------------|
| Net income, Michigan basis | \$ 616,298,608 | \$ 148,308,445 |
| Adjustments: | | |
| Valuation of Life Insurance Policies Model Regulation (XXX): | | |
| Increase in aggregate reserves for life and accident and health policies and contracts | (2,680,490) | (2,314,722) |
| Actuarial Guideline XXXV: | | |
| (Increase)/decrease in aggregate reserves for life and accident and health policies and contracts | 27,520,285 | (60,327,214) |
| Increase in market values of financial derivatives used to hedge equity-index linked liabilities | 65,082,781 | 451,937 |
| Actuarial Guideline XXXV adjustment | 92,603,066 | (59,875,277) |
| (Increase)/decrease in federal income taxes | (31,543,450) | 19,925,231 |
| Net income, NAIC SAP | <u>\$ 674,677,734</u> | <u>\$ 106,043,677</u> |
| Statutory Capital and Surplus, Michigan basis | \$ 3,140,683,433 | \$ 2,999,031,739 |
| Adjustments: | | |
| Aggregate reserve for life policies and contracts: | | |
| Valuation of Life Insurance Policies Model Regulation (XXX): | | |
| Reserve, Michigan basis | 6,703,686 | 5,446,479 |
| Reserve, NAIC SAP | 13,836,839 | 9,899,142 |
| Model Regulation (XXX) adjustment | (7,133,153) | (4,452,663) |
| Actuarial Guideline XXXV: | | |
| Reserve, Michigan basis | 1,664,425,838 | 989,280,099 |
| Reserve, NAIC SAP | 1,735,500,604 | 1,087,875,150 |
| Mark to market of financial derivatives used to hedge equity-index linked liabilities | (15,972,747) | (81,055,528) |
| Actuarial Guideline XXXV adjustment | (87,047,513) | (179,650,579) |
| SSAP No. 86 | | |
| Mark to market of financial derivatives | 66,273,437 | 39,151,808 |
| Change in AVR | 51,693 | (11,716) |
| SSAP No. 86 adjustment | 66,325,130 | 39,140,092 |
| Tax effect of differences | 30,678,179 | 62,221,629 |
| Statutory Capital and Surplus, NAIC SAP | <u>\$ 3,143,506,076</u> | <u>\$ 2,916,290,218</u> |

Notes to Financial Statements

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost except those with an NAIC rating of "6", which are at lower of amortized cost or fair value. Acquisition discounts and premiums are amortized into investment income through call or maturity dates using the interest method.
- (3) Common stocks are stated at fair value, except as described in item (7) below.
- (4) Preferred stocks are stated at cost, except those with an NAIC SVO rating of "4" through "6", which are at lower of cost or fair value.
- (5) Mortgage loans on real estate are stated at unpaid principal balances adjusted for unamortized purchase discounts or premiums.
- (6) Loan-backed securities and structured securities are stated at amortized cost except those with an NAIC rating of "6", which are at lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except those where the yield has become negative, which are valued using the prospective adjustment method (see Note 5.D.(3)).
- (7) The Company carries its wholly owned insurance and non-insurance subsidiaries at statutory capital and surplus and GAAP equity, respectively.
- (8) The Company carries ownership interests in partnerships and limited liability companies based on the GAAP equity of the investee.
- (9) Derivative instruments used for hedging purposes are stated at amortized cost. Derivative instruments held for investment purposes are stated at fair value.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation.
- (11) The Company does not write accident and health business.
- (12) The Company did not modify its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors

The Company had no material changes in accounting principles, correction of errors or changes in estimates for the years ended December 31, 2004 and 2003.

B. Cumulative Effect of Changes in Accounting Principles as a result of the initial implementation of Codification

The initial implementation of Codification did not occur during those years presented in the accompanying statutory financial statements. Codification was effective January 1, 2001, when the Michigan commissioner of insurance required that insurance companies domiciled in the state prepare their statutory basis financial statements in accordance with NAIC SAP, version effective January 1, 2001, to the extent that the accounting practices, procedures, and reporting standards were not modified by Michigan law, rules, orders, or instructions of the Michigan commissioner of insurance.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

The Company did not have business combinations during the year accounted for as a statutory purchase.

Notes to Financial Statements

B. Statutory Merger

The Company did not have business combinations during the year accounted for as a statutory merger.

C. Assumption Reinsurance

The Company did not have goodwill resulting from assumption reinsurance during the year.

D. Impairment Loss

The Company did not recognize an impairment loss during the year with respect to business combinations and goodwill.

4. Discontinued Operations

The Company did not have transactions during the year with respect to discontinued operations.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The minimum and maximum lending rates for mortgage loans issued during 2004 were:

| | | |
|------------|-------|-------|
| City loans | 2.93% | 7.10% |
|------------|-------|-------|

(2) During 2004, the Company did not reduce interest rates on any outstanding mortgage loans.

(3) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 80%.

The Company does not have reportable information for items (4) through (12) with respect to mortgage loans.

B. Debt Restructuring

In connection with certain problem credit workouts (often related to bankruptcy proceedings or a creditor's "Offer to Exchange") the Company receives cash and/or newly issued securities in partial or full satisfaction of outstanding debtor obligations. To the extent such transactions meet the definition of a troubled debt restructuring, they are accounted for at fair value with any associated losses realized.

(1) The Company has no investment in restructured loans.

(2) The Company has no realized capital losses related to restructured loans noted above.

(3) The Company has no additional funding commitments to creditors whose debt has been restructured.

(4) The Company does not accrue interest on bonds deemed to be impaired. Interest income is recorded when collected (i.e., cash basis).

C. Reverse Mortgages

The Company does not have investments in reverse mortgages.

D. Loan-Backed Securities

(1) Actual historical and projected future cash flows are used in determining book values for all of the Company's loan-backed securities.

(2) Principal prepayment assumptions for loan-backed securities, including structured securities, are obtained from broker dealers, independent providers of broker dealer estimates, or internal estimates.

(3) In 2004, no loan-backed securities were changed from the retrospective to prospective adjustment methodology due to negative yields.

E. Repurchase Agreements

Company investment policies for repurchase agreements require collateral securities to have a fair value at least equal to 102% of the purchase price paid. At December 31, 2004, the Company has no investment in repurchase agreements.

F. Real Estate

The Company has no real estate investment activities requiring disclosure.

Notes to Financial Statements

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write downs for its investments in joint ventures, partnerships or limited liability companies.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following basis:
 - Bonds - securities in default, and otherwise where collection of interest is uncertain.
 - Mortgage loans - loans in foreclosure or delinquent greater than one year, and otherwise where collection of interest is uncertain.
 - Real Estate – properties where rent is in arrears for more than three months.
- B. Income due and accrued on investments where collection is not likely has been excluded from net investment income. At December 31, 2004, the amount excluded was \$13,810,405. No additional nonadmitted amounts have been charged to surplus.

8. Derivative Instruments

- A. The Company enters into financial derivative transactions, including swaps, put swaptions, forwards, futures and options to reduce and manage business risks. These transactions manage the risk of a change in the value, yield, price, cash flows, or quantity of, or a degree of exposure with respect to assets, liabilities, or future cash flows, which the Company has acquired or incurred.

Derivative instruments are held primarily for hedging purposes. Hedge accounting practices are supported by correlation analysis, cash flow matching, duration matching, and/or scenario testing.

Fair values of derivatives are based on quoted market prices, estimates received from financial institutions, or valuation pricing models, and generally reflect the estimated amounts that the Company would receive or pay upon sale or termination of the contracts as of the reporting date. With respect to market risk (market movements) on derivatives used for hedging purposes, fair value changes would be anticipated to be offset by fair value changes of the hedged items. As such, derivatives used in hedging activities are accounted for in a manner consistent with the hedged items.

Cash requirements for derivatives activities are limited to payment commitments on swaps, margin requirements on open futures contracts, and potential collateral posting requirements in accordance with derivatives' counterparty agreements.

- B. Interest rate swap agreements hedge assets or liabilities and generally involve the exchange of fixed and floating payments over the life of the agreements without an exchange of the underlying principal (notional) amount. Generally, no cash is exchanged at the outset of the contract. The Company agrees with counterparties to exchange, at specified intervals, the difference between referenced rates on the notional amount. A cash payment, representing the net differential, is usually made by one counterparty to the other at each payment date.

Forwards consist of interest rate spreadlock agreements, in which the Company locks in the forward interest rate differential between a swap and the corresponding U.S. Treasury security. The forwards are held for investment purposes.

Put-swaption contracts provide the purchaser with the right, but not the obligation, to require the writers to pay the present value of a long duration interest rate swap at future exercise dates. The Company purchases and writes put-swaption contracts with maturities up to 10 years. On a net basis, the Company's put-swaption contracts hedge against significant upward movements in interest rates.

Equity index futures contracts and equity index call options owned are used to hedge the Company's obligations associated with its issuance of equity-linked immediate and deferred annuities.

Equity swaps, in which the Company receives equity returns in exchange for short-term floating rate payments based on a notional amount, are held for both hedging and investment purposes.

Cross-currency swaps, which embody spot and forward currency swaps and additionally, in some cases, interest rate swaps and equity swaps, are entered into for the purpose of hedging the Company's foreign currency denominated guaranteed investment contracts.

- C. Interest rate swap agreements are included in invested assets at amortized cost. Net amounts paid or received on interest rate swaps, including unsettled accruals, are included in investment income. Fair value changes are excluded from investment income consistent with fair value changes on the associated assets and liabilities being hedged.

Notes to Financial Statements

Forwards are included in invested assets at fair value. Changes in fair value are recorded as unrealized gains or losses (i.e., fair value accounting).

Put-swaption contracts owned are included in invested assets and put-swaption contracts written are included in liabilities at amortized cost. Premiums paid or received for put-swaption contracts are amortized to investment income over the terms of the contracts. Fair value changes are excluded from investment income consistent with fair value changes on the associated assets and liabilities being hedged.

Equity index futures contracts and equity index call options owned are accounted for as hedges of the associated index-linked annuity liabilities. Realized gains and losses on futures and options are included in income consistent with the increase in the liability of the associated index-linked annuities. Premiums paid or received for equity index call options, adjusted for the effects of hedging, are included in net investment income ratably over the terms of the options.

Equity swaps held for investment purposes are included in invested assets at fair value. Net periodic payments, as well as fair value changes, are included in investment income.

Cross-currency swaps are included in invested assets at amortized cost. Amounts paid or received are netted with amounts paid or received on the hedge-associated foreign currency denominated guaranteed investment contracts.

The Company does not have reportable information for items D through F.

9. Income Taxes

A. The components of the net deferred tax assets at December 31, 2004 and December 31, 2003 are as follows:

| | <u>12/31/2004</u> | <u>12/31/2003</u> |
|---|------------------------|------------------------|
| Total of all deferred tax assets (admitted and nonadmitted) | \$ 964,790,007 | \$ 1,099,246,240 |
| Total of all deferred tax liabilities | <u>(495,136,238)</u> | <u>(496,462,684)</u> |
| Net deferred tax assets | 469,653,769 | 602,783,556 |
| Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes | <u>380,458,769</u> | <u>443,702,556</u> |
| Total of net deferred tax assets admitted | <u>\$ 89,195,000</u> | <u>\$ 159,081,000</u> |
| Decrease in deferred tax assets nonadmitted | <u>\$ (63,243,787)</u> | <u>\$ (68,635,917)</u> |

B. Deferred tax liabilities are not recognized for the following amounts:

- (1) There are no temporary differences for which deferred tax liabilities have not been recognized. Accordingly, there are no events that would cause unrecognized temporary differences to become taxable.
- (2) There are no unrecognized temporary differences.
- (3) There are no unrecognized deferred tax liabilities related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration.
- (4) There are no other deferred tax liabilities not recognized.

C. Current income taxes incurred (excluding tax on capital gains) consist of the following major components:

| | <u>12/31/2004</u> | <u>12/31/2003</u> |
|--|-----------------------|----------------------|
| Current income tax expense | \$ 154,058,400 | \$ 109,874,135 |
| Tax credits | (779,600) | (252,118) |
| Prior year overaccrual of tax reserves | (21,158,827) | (12,741,299) |
| Adjustment pursuant to Tax Sharing Agreement | (28,699,534) | (29,445,786) |
| Other accruals and adjustments | <u>(267)</u> | <u>(231)</u> |
| Current income taxes incurred (excluding tax on capital gains) | <u>\$ 103,420,172</u> | <u>\$ 67,434,701</u> |

Notes to Financial Statements

The main components of the December 31, 2004 deferred tax amounts are as follows:

| <u>DTAs</u> | <u>Statutory</u> | <u>Tax</u> | <u>Difference</u> | <u>Tax Effect</u> |
|---------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Reserves | \$ 31,636,890,037 | \$ 31,262,032,956 | \$ 374,857,081 | \$ 131,199,978 |
| DAC | 0 | 451,470,589 | 451,470,589 | 158,014,706 |
| Investments | 36,419,105,085 | 38,047,989,161 | 1,628,884,076 | 570,109,427 |
| Capital loss carryforward | 0 | 83,002,559 | 83,002,559 | 29,050,896 |
| Other | 211,430,475 | 429,759,047 | 218,328,572 | 76,415,000 |
| Total DTAs | \$ 4,993,645,523 | \$ 7,750,188,400 | \$ 2,756,542,877 | \$ 964,790,007 |
| DTAs nonadmitted | \$ 0 | \$ 1,087,025,054 | \$ 1,087,025,054 | \$ 380,458,769 |

| <u>DTLs</u> | <u>Statutory</u> | <u>Tax</u> | <u>Difference</u> | <u>Tax Effect</u> |
|--------------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| Investments | \$ 1,356,914,221 | \$ 212,074,044 | \$ 1,144,840,177 | \$ 400,694,062 |
| Premiums deferred and uncollected | 152,940,819 | 0 | 152,940,819 | 53,529,287 |
| Other | 88,818,782 | (28,075,187) | 116,893,969 | 40,912,889 |
| Total DTLs | \$ 1,598,673,822 | \$ 183,998,857 | \$ 1,414,674,965 | \$ 495,136,238 |

| <u>DTAs resulting from book/tax differences in:</u> | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>Change</u> |
|---|-----------------------|-------------------------|-------------------------|
| Reserves | \$ 131,199,978 | \$ 137,538,089 | \$ (6,338,111) |
| DAC | 158,014,706 | 153,237,360 | 4,777,346 |
| Investments | 570,109,427 | 652,340,121 | (82,230,694) |
| Capital loss carryforward | 29,050,896 | 79,992,420 | (50,941,524) |
| Other | 76,415,000 | 76,138,250 | 276,750 |
| Total DTAs | \$ 964,790,007 | \$ 1,099,246,240 | \$ (134,456,233) |
| DTAs nonadmitted | \$ 380,458,769 | \$ 443,702,556 | \$ (63,243,787) |

| <u>DTLs resulting from book/tax differences in:</u> | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>Change</u> |
|---|-----------------------|-----------------------|-----------------------|
| Investments | \$ 400,694,062 | \$ 376,019,158 | \$ 24,674,904 |
| Premiums deferred and uncollected | 53,529,287 | 59,181,125 | (5,651,838) |
| Other | 40,912,889 | 61,262,401 | (20,349,512) |
| Total DTLs | \$ 495,136,238 | \$ 496,462,684 | \$ (1,326,446) |

D. Among the more significant book to tax adjustments were the following:

| | <u>Amount</u> | <u>Tax Effect at a 35% Statutory Rate</u> |
|--------------------------|-----------------------|---|
| Income before taxes | \$ 517,240,992 | \$ 181,034,347 |
| Book over tax reserves | (7,233,692) | (2,531,792) |
| Net DAC adjustment | 13,552,431 | 4,743,351 |
| Accrued market discount | (27,277,037) | (9,546,963) |
| Reinsurance ceded | (5,004,356) | (1,751,525) |
| Other | (51,111,482) | (17,889,018) |
| Total adjustments | (77,074,136) | (26,975,947) |
| Taxable income | \$ 440,166,856 | \$ 154,058,400 |

E. Tax operating loss carry forwards, tax credits or taxes incurred available for recoupment:

- (1) At December 31, 2004 the Company had no tax operating loss carry forwards.
- (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

| | | |
|------|--------------------|----------------|
| 2004 | (current year) | \$ 131,605,224 |
| 2003 | (current year - 1) | \$ 30,147,460 |
| 2002 | (current year - 2) | \$ 126,261,073 |

F. Federal Income Tax Allocations

- (1) The Company files a consolidated federal income tax return with its parent, Brooke Life Insurance Company, and subsidiary, Jackson National Life Insurance Company of New York (JNLNY).
- (2) The Company has entered into a written tax allocation agreement which is generally based on separate return calculations. Intercompany balances are settled on a quarterly basis.

Notes to Financial Statements

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B.

& C. In August of 2003, the Company received a cash contribution to surplus in the amount of \$20,000,000 from its parent company, Brooke Life Insurance Company.

The Company made capital contributions during 2003 of \$4,505,747 to its wholly owned subsidiary, Jackson National Life (Bermuda) LTD.

In September of 2003, the Company issued a 5 year revolving note to PPM America, Inc. ("PPMA"), an affiliate. The note is in the amount of \$40 million and bears interest at the rate of *libor plus 2%* per annum. As of December 31, 2004, no funds were outstanding.

In November of 2003, the Company issued a 5 year revolving note to Investment Centers of America, Inc., an affiliate. The note is in the amount of \$20 million and bears interest at the rate of *libor plus 2%* per annum. As of December 31, 2004, no funds were outstanding.

In November of 2003, the Company executed the Piedmont CDO Trust ("Piedmont") securitization transaction. In this transaction, the Company contributed \$1,159.6 million of asset-backed securities, ultimately to Piedmont, which issued several classes of debt to acquire such securities. The transaction was recorded as a sale; however, the Company retained beneficial interests in the contributed asset-backed securities of approximately 80% by acquiring certain securities issued by Piedmont. The Company recognized a loss of approximately \$100 thousand related to the sale, to third parties, of the entire most senior class of securities issued by Piedmont.

In January of 2004, the Company issued \$13,000,000 of 1.75% notes, due December 31, 2004, to Brooke Holdings, Inc. On December 31, 2004, the notes were re-written at 2.75% with a maturity date of December 31, 2005.

In January of 2004, the Company loaned \$90,000,000 to its wholly owned subsidiary, Curian Capital, LLC, due in one year with an interest rate of 4%. The loan was repaid by the end of January. The Company also made capital contributions during 2004 and 2003 of \$14,002,002 and \$40,000,000, respectively, to Curian Capital, LLC.

In October of 2004, the Company made a capital contribution of \$4,647,454 to Jackson Federal Bank (JFB), a wholly owned thrift headquartered in Southern California. Subsequent to the contribution, the Company sold JFB to UnionBanCal Corporation for \$305.0 million in cash and stock.

During the year 2004 and 2003, the Company paid cash dividends to its parent company, Brooke Life Insurance Company, totaling \$120,000,000 and \$85,200,000, respectively.

D. The Company did not have material amounts due from or to related parties as of the date of each balance sheet included in these financial statements that require disclosure.

E. The Company has guaranteed the policyholder obligations of its wholly owned subsidiary, Jackson National Life Insurance Company of New York. The Company does not consider that this guaranty results in a material contingent exposure of its assets to liability.

The Company has agreed to support and provide Curian Capital, LLC, its wholly owned subsidiary, the necessary liquidity to fund its operations through June 30, 2005, to allow the company to meet its obligations as they become due. The Company does not consider this as resulting in a material exposure to a loss.

F. The Company does not have material management or service contracts and cost-sharing arrangements that require disclosure.

G. All outstanding shares of the Company are owned by Brooke Life Insurance Company, an insurance company domiciled in the State of Michigan. The Company is a member of the Prudential plc group incorporated in England. The group structure is shown in Schedule Y.

H. The Company does not own any shares of an upstream intermediate entity or ultimate parent, either directly or indirectly, via a downstream subsidiary, controlled or affiliated company.

I. The Company does not have investments in subsidiary, controlled or affiliated companies that exceed 10% of the admitted assets of the Company.

J. The Company did not recognize any material impairment write down for investments in subsidiary, controlled or affiliated companies during the statement period.

11. Debt

A. Capital Notes

The Company does not have capital notes outstanding at December 31, 2004.

Notes to Financial Statements

B. All Other Debt

At December 31, 2004, the Company has no reverse repurchase agreements or dollar reverse repurchase agreements outstanding.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

The Company does not offer a defined benefit plan.

B. Defined Contribution Plans

The Company has a defined contribution plan covering substantially all of its employees and employees of certain subsidiary and affiliated companies. To be eligible for Company contributions in the plan, an employee must have at least one year of service with the Company, attained the age of 21 and completed at least 1,000 hours of service in a 12-month period. The Company's contributions, as declared by the board of directors, are based on a percentage of covered compensation paid to participating employees during the year. The Company's liability to the plan was \$8,139,676 and \$7,015,512 at December 31, 2004 and 2003, respectively. The Company settles the prior year liability annually during the first quarter of the following year.

The Company maintains non-qualified voluntary deferred compensation plans for certain agents and employees. The Company invests general account assets in selected mutual funds in amounts similar to participant elections as a hedge against significant movement in the payout liability. At December 31, 2004 and 2003, the liability for such plans totaled \$132.8 million and \$113.2 million, respectively. The Company's expense related to these plans totaled \$1.7 million and \$1.5 million and at December 31, 2004 and 2003, respectively.

C. Multiemployer Plans

The Company does not participate in multiemployer plans.

D. Consolidated/Holding Company Plans

The Company does not participate in a plan sponsored by either the parent company or holding company.

E. Postretirement Benefits and Compensated Absences

Postemployment benefits and compensated absences that might exist at December 31, 2004, are accrued in accordance with SSAP No. 11, Postemployment Benefits and Compensated Absences.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1) The Company has 50,000,000 shares of common capital stock authorized and 12,000,000 shares issued and outstanding with each share having a par value of \$1.15.

(2) The Company does not have preferred stock authorized, issued or outstanding.

(3) The maximum amount of dividends which can be paid by State of Michigan insurance companies to shareholders without prior approval of the commissioner of insurance is subject to restrictions relating to statutory surplus and/or statutory earnings. The maximum dividend which can be paid in 2005 without prior approval of the Michigan commissioner of insurance is approximately \$414 million.

(4) Within the limitations of (3) above, there are no prohibitions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(6) The Company had no advances to surplus.

(7) The Company held no stock, including stock of affiliated companies, for special purposes.

(8) The Company had no special surplus funds.

(9) The portion of unassigned funds represented or (reduced) by each item below is as follows:

| | | |
|-----|--|------------------|
| (a) | unrealized gains and losses: | \$ (311,416,412) |
| (b) | nonadmitted asset values: | \$ (406,431,923) |
| (c) | separate account business: | \$ 480,737,616 |
| (d) | asset valuation reserves: | \$ (298,808,381) |
| (e) | reinsurance in unauthorized companies: | \$ 0 |

Notes to Financial Statements

- (10) The Company issued the following surplus debentures or similar obligations:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|----------------|---------------|--|---------------------------|--|--|---|------------------|
| Date Issued | Interest Rate | Par Value (Face Amount of Notes) | Carrying Value of Note | Principal And/Or Interest Paid Current Year | Total Principal And/Or Interest Paid | Unapproved Principal And/Or Interest | Date of Maturity |
| March 15, 1997 | 8.15% | \$ 250,000,000 | \$ 249,237,673 | \$ 20,375,000 | \$ 152,642,708 | \$ 5,999,306 | March 15, 2027 |
| | | | | | | | |
| | | | | | | | |
| 1310999 Total | | \$ 250,000,000 | \$ 249,237,673 | \$ 20,375,000 | \$ 152,642,708 | \$ 5,999,306 | XXX |

Unapproved interest of \$5,999,306 has not been reflected as an expense or liability as of December 31, 2004.

The surplus notes in the amount of \$250,000,000, listed in the above table, were issued pursuant to Rule 144A under the Securities Act of 1933, underwritten by a syndicate that included Goldman Sachs & Co., J.P. Morgan & Co., and Morgan Stanley & Co., and are administered by Citibank, N.A. as fiscal agent.

The surplus notes have the following repayment conditions and restrictions: Payments of interest or principal may be made only with the prior approval of the commissioner of insurance of the State of Michigan and only out of surplus earnings which the commissioner determines to be available for such payments under Michigan Insurance Law. The surplus notes may not be redeemed at the option of the Company or any holder of the notes prior to maturity.

The surplus notes have the following subordination terms: The Notes will rank pari passu with any other future surplus, capital or contribution notes of the Company and with all other similarly subordinated claims.

The liquidation preference to the insurer's common shareholder is as follows: In the event that the Parent is subject to such a proceeding, holders of indebtedness, policy claims and prior claims would be afforded a greater priority under the liquidation act and the terms of the Notes and, accordingly, would have the right to be paid in full before any payments of interest or principal are made to Note holders.

- (11) The Company was not subject to a quasi-reorganization during the year.
- (12) The Company was not subject to a quasi-reorganization in the prior 10 years.

14. Contingencies

A. Contingent Commitments

In September of 2003, the Company issued a 5 year revolving note to PPMA, an affiliate. The note is in the amount of \$40 million and bears interest at the rate of *libor plus 2%* per annum. As of December 31, 2004, no funds were outstanding.

In November of 2003, the Company issued a 5 year revolving note to Investment Centers of America, Inc., an affiliate. The note is in the amount of \$20 million and bears interest at the rate of *libor plus 2%* per annum. As of December 31, 2004, no funds were outstanding.

The Company has a cut through agreement on behalf of Berkley International Life Compania Seguros de Vida (Berkley International Life). The agreement permits policyholders of Berkley International Life to look to the Company for benefit payments for which Berkley International Life is obligated. Pursuant to the agreement, the Company will pay up to 90% of valid claims and would seek reimbursement from Berkley International Life. The Company does not consider that this cut through agreement results in a material contingent exposure to a loss.

At December 31, 2004, the Company has unfunded commitments related to its investments in limited partnerships and limited liability companies totaling \$306,494,166.

At December 31, 2004, the Company has commitments for future payments related to equity index call options owned totaling \$14,767,827.

The Company has guaranteed the policyholder obligations of its wholly owned subsidiary, Jackson National Life Insurance Company of New York. The Company does not consider that this guaranty results in a material exposure to a loss contingency.

The Company has agreed to support and provide Curian Capital, LLC, its wholly owned subsidiary, the necessary liquidity to fund its operations through June 30, 2005, to allow the company to meet its obligations as they become due. The Company does not consider this as resulting in a material exposure to a loss.

B. Assessments

The Company is unaware of assessments that would have a material impact on its financial position or results of operations.

Notes to Financial Statements

C. Gain Contingencies

The Company does not recognize gain contingencies except as provided under SSAP No. 5, Liabilities, Contingencies and Impairments of Assets. The Company did not realize a gain subsequent to the balance sheet date but prior to the issuance of the financial statements that requires disclosure.

D. All Other Contingencies

The Company is involved in litigation arising in the ordinary course of business. It is the opinion of management that the ultimate disposition of such litigation will not have a material adverse affect on the Company's financial condition or results of operations. The Company has been named in civil litigation proceedings which appear to be substantially similar to other class action litigation brought against many life insurers alleging misconduct in the sale of insurance products. The Company generally accrues for legal contingencies once the contingency is deemed to be probable and estimable. Accordingly, at December 31, 2004 and 2003, the Company had recorded accruals totaling \$20.8 million and \$13.5 million, respectively.

15. Leases

The Company leases office space, land and equipment under operating leases that expire at various dates through 2051. Certain leases include escalating lease rates and, as a result, at December 31, 2004, the Company recorded a liability of \$2.5 million for future lease payments.

Lease expense was \$25.6 million, and \$30.1 million for 2004 and 2003, respectively. Future minimum payments under noncancellable operating leases are as follows (in thousands):

| | | |
|------------|----|---------------|
| 2005 | \$ | 5,513 |
| 2006 | | 5,565 |
| 2007 | | 5,515 |
| 2008 | | 5,731 |
| 2009 | | 3,975 |
| Thereafter | | <u>1,747</u> |
| Total | \$ | <u>28,046</u> |

The Company subleased office space under several operating leases that expire at various dates through 2008. Total future lease income to be received on the subleased property is \$2.8 million. Lease income for the subleased property totaled \$0.7 million and \$0.2 million in 2004 and 2003, respectively.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

- A. (1) The table below summarizes the aggregate contractual or notional amounts for the Company's financial instruments with off-balance sheet risk (in thousands):

| | Assets | | Liabilities | |
|-------------------------|---------------|---------------|-------------|------------|
| | 2004 | 2003 | 2004 | 2003 |
| a. Interest rate swaps | \$ 10,083,566 | \$ 14,080,364 | \$ 0 | \$ 0 |
| b. Cross-currency swaps | 1,833,825 | 2,532,428 | 0 | 0 |
| c. Put-swaptions | 15,000,000 | 27,500,000 | 25,000,000 | 10,000,000 |
| d. Futures | 65,675 | 3,168 | 0 | 0 |
| e. Forwards | 700,000 | 0 | 0 | 0 |
| f. Call options | 1,841,868 | 1,742,550 | 0 | 0 |
| g. Equity index swaps | 218,473 | 218,473 | 0 | 0 |

See Schedule DB for additional details.

- (2) See Note 8.A. for a description of the credit risk, market risk and cash requirements of these financial instruments.
- (3) The Company manages the potential credit exposure for over-the-counter derivative contracts through careful evaluation of the counterparty credit standing, collateral agreements, and master netting agreements. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, however, the Company does not anticipate nonperformance given their high credit ratings. The credit exposure of derivatives is represented by the fair value of contracts with a positive fair value at the reporting date. Ultimately, this exposure is reduced by any offsetting positions with, and collateral posted by, counterparties. See Schedule DB – Part E – Section 1 for the net counterparty credit exposure as of December 31, 2004.

Futures transactions are effected through regulated exchanges and positions are marked to market and settled in cash on a daily basis. As such, the Company has little exposure to credit-related losses for exchange traded derivatives.

Notes to Financial Statements

- (4) All of the Company's significant over-the-counter financial derivative counterparty master agreements contain netting provisions allowing for the offset of contractual payments due from and due to counterparties. To the extent that the net market value of aggregate contracts with individual counterparties exceeds established threshold amounts, collateral posting in favor of the exposed party is required. Collateral posted must be high quality, liquid securities or cash as dictated by the agreements.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables reported as Sales

No transfers as described by SSAP No. 42, Sale of Premium Receivables have occurred during the year.

B. Transfer and Servicing of Financial Assets

The Company has entered into a securities lending agreement with an agent bank, for the purpose of earning fees, whereby blocks of securities are loaned to third parties, primarily major brokerage firms. As of December 31, 2004, the estimated fair value of loaned securities was \$825,894,173. The agreement requires collateral with a minimum fair value of 102 percent of the fair value of the loaned securities, calculated on a daily basis. To further minimize the credit risks related to this program, the financial condition of the counterparties is monitored by the agent bank on a regular basis. Cash collateral received is not available for the general use of the Company but is invested by the agent bank for the benefit of the Company. Securities loaned are identified in Schedule D with the designation "LS".

C. Wash Sales

No reportable wash sales have occurred during the year.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company does not write accident and health insurance.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

There was no direct premium written or produced by managing general agents or third party administrators.

20. September 11 Events

The Company does not have September 11 events that require disclosure.

21. Other Items

A. Extraordinary Items

In 2004, the Company received cash proceeds of \$51.3 million from a judgment award in a legal action involving LePages, Inc., an entity in which the Company had a controlling interest. This gain was recorded in miscellaneous income.

B. Troubled Debt Restructuring: Debtors

The Company did not restructure its debt during the year.

C. Other Disclosures

At December 31, 2004, the Company has pledged \$143,757,472 of high quality securities as collateral to support the fair value of financial derivative transactions in favor of counterparties. Securities pledged continue to be reported as invested assets and are identified in Schedule D with the designation "C".

In November 2004, Brooke Life Insurance Company, parent of the Company, announced that it had entered into a definitive agreement to acquire the operations of Life Insurance Company of Georgia (LOG), a wholly owned life insurance subsidiary of ING Groep, N.V. based in Atlanta, Georgia. The transaction will be accounted for as a purchase and is expected to close during the second quarter of 2005 (pending regulatory approvals). It is expected that Brooke Life Insurance Company will contribute the stock of LOG to the Company shortly after the purchase, with LOG eventually merged into the operations of the Company.

D. Uncollectible Balances

The Company does not have balances that are reasonably possible to be uncollectible that require disclosure.

Notes to Financial Statements

E. Business Interruption Insurance Recoveries

The Company does not have business interruption insurance recoveries that require disclosure.

22. Events Subsequent

The Company is not aware of any events occurring subsequent to the balance sheet date which require disclosure to keep the financial statements from being misleading or that may have a material effect on the financial condition of the Company.

23. Reinsurance

A. Ceded Reinsurance Report Section 1 - General Interrogatories

- (1) None of the reinsurers, listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company.
- (2) None of the policies issued by the Company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such Companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2 - Ceded Reinsurance Report - Part A

- (1) The Company does not have reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits.
- (2) The Company does not have reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3 - Ceded Reinsurance Report - Part B

- (1) The estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) from termination of all reinsurance agreements, by either party, as of the date of this statement, is approximately \$131 million.
- (2) The Company has not executed new agreements or amended existing agreements, since January 1, 2004, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement.

B. Uncollectible Reinsurance

The Company did not write off reinsurance balances due from reinsurers.

C. Commutation of Ceded Reinsurance

The Company did not commute reinsurance during the period covered by this annual statement.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company is not a party to retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Losses and Loss Adjustment Expenses

The Company does not have incurred losses or loss adjustment expenses that require disclosure.

26. Intercompany Pooling Arrangements

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement.

27. Structured Settlements

The Company does not have structured settlements that require disclosure.

Notes to Financial Statements

28. Health Care Receivables

The Company does not have health care receivables that require disclosure.

29. Participating Policies

The Company does not have participating policies that require disclosure.

30. Premium Deficiency Reserves

The Company does not have premium deficiency reserves that require disclosure.

31. Reserves for Life Contracts and Deposit-Type Contracts

- (1) The Company waives deduction of deferred fractional premiums upon death of the insured and returns premiums paid and due beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- (2) Extra premiums are charged for substandard lives for policies issued plus the gross premium for a rated age. Mean reserves are determined by computing the regular mean reserve for the plan at the rated age and holding in addition one-half (1/2) of the extra premium charge for the year.
- (3) As of December 31, 2004, the Company had \$12,475,088,243 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Michigan. Reserves to cover the above insurance totaled the gross amount of \$143,505,514 at year-end and are reported in Exhibit 5, Life Insurance and Annuities section.
- (4) The Tabular Interest (Page 7, Line 4) has been determined by formula as described in the instructions for Page 7. The Tabular Less Actual Reserve Released (Page 7, Line 5) has been determined by formula as described in the instructions for Page 7. The Tabular Cost (Page 7, Line 9) has been determined by formula as described in the instructions for Page 7.
- (5) The Company does not make a determination of tabular interest on funds not involving life contingencies.
- (6) The Company does not have other changes that require disclosure.

Notes to Financial Statements

32. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics

| | (1) <u>Amount</u> | (2) <u>% of Total</u> |
|---|--------------------------|--------------------------|
| A. Subject to discretionary withdrawal: | | |
| 1. With fair value adjustment | \$ 5,700,531,219 | 13.01% |
| 2. At book value less surrender charge of 5% or more | 8,394,360,508 | 19.16% |
| 3. At fair value | <u>10,867,160,167</u> | <u>24.80%</u> |
| 4. Total with adjustment or at fair value (Total of 1 through 3) | 24,962,051,894 | 56.97% |
| 5. At book value (minimal or no charge or adjustment): | | |
| Surrender charge < 1% | 8,045,512,281 | 18.36% |
| Surrender charge >= 1% but < 2.5% | 1,135,049,133 | 2.59% |
| Surrender charge >= 2.5% but < 5% | 2,747,622,160 | 6.27% |
| B. Not subject to discretionary withdrawal provisions | <u>6,925,450,737</u> | <u>15.81%</u> |
| C. Total annuity actuarial reserves and deposit fund liabilities (gross) | 43,815,686,205 | 100.00% |
| D. Reinsurance Ceded | <u>12,578,336</u> | |
| E. Total (net)* (C) - (D) | <u>\$ 43,803,107,870</u> | |
| * Reconciliation of total annuity actuarial reserves and deposit fund liabilities. | | |
| F. Life & Accident & Health Annual Statement: | | |
| 1. Exhibit 5, Annuities Section, Total (net) | \$ 26,565,473,531 | |
| 2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net) | - | |
| 3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1 | <u>7,868,080,679</u> | |
| 4. Subtotal | <u>34,433,554,210</u> | |
| Separate Accounts Annual Statement: | | |
| 5. Exhibit 3, Line 0299999, Column 2 | 9,366,450,328 | |
| 6. Exhibit 3, Line 0399999, Column 2 | 0 | |
| 7. Policyholder dividend and coupon accumulations | 0 | |
| 8. Policyholder premiums | 0 | |
| 9. Guaranteed interest contracts | 0 | |
| 10. Other contract deposit funds | <u>3,103,332</u> | |
| 11. Subtotal | <u>9,369,553,660</u> | |
| 12. Combined Total | <u>\$ 43,803,107,870</u> | |

33. Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2004 were as follows:

| | | (1) <u>Gross</u> | (2) <u>Net of Loading</u> |
|---------------------------|--|----------------------|------------------------------|
| (1) Industrial | | \$ 0 | \$ 0 |
| (2) Ordinary new business | | 121,900 | 121,900 |
| (3) Ordinary renewal | | 88,443,241 | 152,486,158 |
| (4) Credit Life | | 0 | 0 |
| (5) Group Life | | 424,346 | 332,761 |
| (6) Group Annuity | | <u>0</u> | <u>0</u> |
| (7) Totals | | <u>\$ 88,989,487</u> | <u>\$ 152,940,819</u> |

Notes to Financial Statements

34. Separate Accounts

A. General Nature and Characteristics of Separate Accounts Business:

The Company maintains Separate Accounts as funding vehicles for certain individual flexible premium variable annuity and variable life contracts issued by the Company. Additionally, the Company maintains a separate account as the funding vehicle for the group variable annuity contract for the Company's Defined Contribution Plan. The assets of the Separate Accounts are carried at market value. The reserves for minimum guaranteed death benefit are held in Exhibit 5, Section G of the Company's general account annual statement. This business has been included in column 4 of the table below. Information regarding the separate accounts of the Company is as follows (000's omitted):

| | (1) Indexed | (2) Nonindexed Guarantee Less than/equal to 4% | (3) Nonindexed Guarantee More than 4% | (4) Nonguaranteed Separate Accounts | (5) Total |
|---|----------------|---|--|--|---------------------|
| (1) Premiums, considerations or deposits for year ended 12/31/04 | | | | \$ 2,400,912 | \$ 2,400,912 |
| Reserves at 12/31/04 | | | | | |
| (2) For accounts with assets at: | | | | | |
| (a) Fair value | | | | \$ 9,370,363 | \$ 9,370,363 |
| (b) Amortized Cost | | | | <u>0</u> | <u>0</u> |
| (c) Total Reserves* | | | | <u>\$ 9,370,363</u> | <u>\$ 9,370,363</u> |
| (3) By withdrawal characteristics: | | | | | |
| (a) Subject to discretionary withdrawal: | | | | | |
| (b) With MV adjustment | | | | \$ 0 | \$ 0 |
| (c) At book value without MV adjustment and with current surrender charge of 5% or more | | | | 0 | 0 |
| (d) At fair value | | | | 9,368,615 | 9,368,615 |
| (e) At book value without MV adjustment and with current surrender charge less than 5% | | | | <u>0</u> | <u>0</u> |
| (f) Subtotal | | | | 9,368,615 | 9,368,615 |
| (g) Not subject to discretionary withdrawal | | | | <u>1,749</u> | <u>1,749</u> |
| (h) Total | | | | <u>\$ 9,370,363</u> | <u>\$ 9,370,363</u> |
| * Line 2(c) should equal Line 3(h). | | | | | |
| (4) Reserves for Asset Default Risk in Lieu of AVR | | | | \$ 0 | \$ 0 |
| (5) Transfers as reported in the Summary of Operations of the Separate Accounts Statement | | | | \$ 865,229 | \$ 865,229 |

B. Reconciliation of Net Transfers To or (From) Separate Accounts

| | | |
|--|--|---------------------|
| (1) Transfers as reported in the Summary of Operations of the Separate Accounts Statement: | | |
| (a) Transfers to Separate Accounts (Page 4, Line 1.4) | | \$ 2,890,941 |
| (b) Transfers from Separate Accounts (Page 4, Line 10) | | <u>865,229</u> |
| (c) Net transfers to or (from) Separate Accounts (a) – (b) | | 2,025,712 |
| (2) Reconciling Adjustments: | | |
| (a) Fees | | (8,600) |
| (b) Permanent differences | | <u>(6,434)</u> |
| (3) Transfers as Reported in the Summary of Operations of the Life, Accident & Health Annual Statement | | |
| (1c) + (2) = (Page 4, Line 26) | | <u>\$ 2,010,678</u> |

35. Loss/Claim Adjustment Expenses

The Company does not have loss/claim adjustment expenses that require disclosure.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE JACKSON NATIONAL LIFE INSURANCE COMPANY

SUMMARY INVESTMENT SCHEDULE

| Investment Categories | Gross Investment Holdings | | Admitted Assets as Reported in the Annual Statement | |
|---|---------------------------|-----------------|---|-----------------|
| | 1 Amount | 2 Percentage | 3 Amount | 4 Percentage |
| 1. Bonds: | | | | |
| 1.1 U.S. Treasury securities | 3,626,426 | 0.0 | 3,626,426 | 0.0 |
| 1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| 1.21 Issued by U.S. government agencies | 0 | 0.0 | 0 | 0.0 |
| 1.22 Issued by U.S. government sponsored agencies | 0 | 0.0 | 0 | 0.0 |
| 1.3 Foreign government (including Canada, excluding mortgaged-backed securities) | 1,437,360 | 0.0 | 1,437,360 | 0.0 |
| 1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. : | | | | |
| 1.41 States, territories and possessions general obligations | 0 | 0.0 | 0 | 0.0 |
| 1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations | 0 | 0.0 | 0 | 0.0 |
| 1.43 Revenue and assessment obligations | 13,515,000 | 0.0 | 13,515,000 | 0.0 |
| 1.44 Industrial development and similar obligations | 0 | 0.0 | 0 | 0.0 |
| 1.5 Mortgage-backed securities (includes residential and commercial MBS): | | | | |
| 1.51 Pass-through securities: | | | | |
| 1.511 Issued or guaranteed by GNMA | 0 | 0.0 | 0 | 0.0 |
| 1.512 Issued or guaranteed by FNMA and FHLMC | 1,929,321,301 | 4.4 | 1,929,321,301 | 4.5 |
| 1.513 All other | 0 | 0.0 | 0 | 0.0 |
| 1.52 CMOs and REMICs: | | | | |
| 1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA | 0 | 0.0 | 0 | 0.0 |
| 1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 | 969,339,742 | 2.2 | 969,339,742 | 2.3 |
| 1.523 All other | 3,069,481,921 | 7.1 | 3,063,335,384 | 7.1 |
| 2. Other debt and other fixed income securities (excluding short-term): | | | | |
| 2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) | 24,075,516,476 | 55.5 | 24,075,516,476 | 55.9 |
| 2.2 Unaffiliated foreign securities | 5,097,426,984 | 11.8 | 5,097,426,984 | 11.8 |
| 2.3 Affiliated securities | 9,228,000 | 0.0 | 8,886,164 | 0.0 |
| 3. Equity interests: | | | | |
| 3.1 Investments in mutual funds | 124,876,368 | 0.3 | 123,598,255 | 0.3 |
| 3.2 Preferred stocks: | | | | |
| 3.21 Affiliated | 0 | 0.0 | 0 | 0.0 |
| 3.22 Unaffiliated | 89,338,551 | 0.2 | 81,163,558 | 0.2 |
| 3.3 Publicly traded equity securities (excluding preferred stocks): | | | | |
| 3.31 Affiliated | 25,867,139 | 0.1 | 35,142,727 | 0.1 |
| 3.32 Unaffiliated | 0 | 0.0 | 0 | 0.0 |
| 3.4 Other equity securities: | | | | |
| 3.41 Affiliated | 212,988,298 | 0.5 | 137,196,240 | 0.3 |
| 3.42 Unaffiliated | 21,961,539 | 0.1 | 7,249,714 | 0.0 |
| 3.5 Other equity interests including tangible personal property under lease: | | | | |
| 3.51 Affiliated | 0 | 0.0 | 0 | 0.0 |
| 3.52 Unaffiliated | 0 | 0.0 | 0 | 0.0 |
| 4. Mortgage loans: | | | | |
| 4.1 Construction and land development | 0 | 0.0 | 0 | 0.0 |
| 4.2 Agricultural | 0 | 0.0 | 0 | 0.0 |
| 4.3 Single family residential properties | 0 | 0.0 | 0 | 0.0 |
| 4.4 Multifamily residential properties | 1,200,640,701 | 2.8 | 1,200,640,701 | 2.8 |
| 4.5 Commercial loans | 3,468,968,826 | 8.0 | 3,468,968,826 | 8.1 |
| 4.6 Mezzanine real estate loans | 0 | 0.0 | 0 | 0.0 |
| 5. Real estate investments: | | | | |
| 5.1 Property occupied by the company | 71,945,680 | 0.2 | 71,945,680 | 0.2 |
| 5.2 Property held for the production of income (includes \$9,928,436 of property acquired in satisfaction of debt) | 16,163,189 | 0.0 | 16,163,189 | 0.0 |
| 5.3 Property held for sale (\$1,165,587 including property acquired in satisfaction of debt) | 1,165,587 | 0.0 | 1,165,587 | 0.0 |
| 6. Policy loans | 717,479,055 | 1.7 | 717,116,734 | 1.7 |
| 7. Receivables for securities | 274,693 | 0.0 | 274,693 | 0.0 |
| 8. Cash, cash equivalents and short-term investments | 354,379,894 | 0.8 | 354,379,894 | 0.8 |
| 9. Other invested assets | 1,881,645,402 | 4.3 | 1,667,761,085 | 3.9 |
| 10. Total invested assets | 43,356,588,132 | 100.0 | 43,045,171,720 | 100.0 |