Jackson National Life Insurance Company

2005 JNL ANALYST AND INVESTOR TRIP

JNL Fact File

November 1-3, 2005

Chicago, IL and Lansing, MI

PRUDENTIAL

Table of Contents

Fact Sheet

Introduction:

Jackson National Life Insurance Company® (JNL®), headquartered in Lansing, Michigan, is one of America's largest life insurance companies and financial services organizations. With more than $65 billion in assets (GAAP)*, Jackson National Life® is an industry leader in the areas of variable, fixed and fixed index annuities. JNL also sells separately managed accounts, life insurance and institutional products. The company markets its products in 49 states and the District of Columbia through independent and regional broker-dealers, financial institutions, independent insurance agents, and registered investment advisers. JNL's subsidiary, Jackson National Life Insurance Company of New York®, similarly markets products in the state of New York. Through its affiliates and subsidiaries, JNL also provides asset management and retail brokerage services. Jackson National is a wholly owned indirect subsidiary of Prudential plc (LSE: PRU). Prudential plc and its affiliated companies constitute one of the world's leading financial services groups. Prudential plc is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

**Assets as of June 30, 2005. JNL also has more than $57 billion (GAAP) in policy liabilities, set aside primarily to pay future policyowner benefits.*

Subsidiaries and Affiliates:

- Jackson National Life Distributors, Inc. (JNL's marketing and distribution arm) in Denver, Colorado
- Curian Capital LLC (JNL's registered investment adviser) in Denver, Colorado
- PPM America, Inc. (JNL's investment manager) and Jackson National Asset Management, LLC (JNL's asset manager) in Chicago, Illinois
- National Planning Holdings, Inc. (holding company for JNL's four affiliated independent broker-dealers) in Santa Monica, California
- National Planning Corporation (affiliated broker-dealer) in Santa Monica, California
- INVEST Financial Corporation, Inc. (affiliated broker-dealer) in Tampa, Florida
- SII Investments, Inc. (affiliated broker-dealer) in Appleton, Wisconsin
- Investment Centers of America, Inc. (affiliated broker-dealer) in Bismarck, North Dakota
- Jackson National Life Insurance Company of New York (wholly owned subsidiary of JNL that issues products in the state of New York), headquartered in Purchase, NY
- JNL Institutional Marketing Group (distributes JNL's products through banks and credit unions) in Atlanta, Georgia
- JNL Southeast Agency (new distribution team established following the purchase of Life Insurance Company of Georgia) in Atlanta, Georgia
- JNL Institutional Products Department (markets Guaranteed Investment Contracts, Funding Agreements, and Medium Term Notes to institutional investors) in Roseland, New Jersey

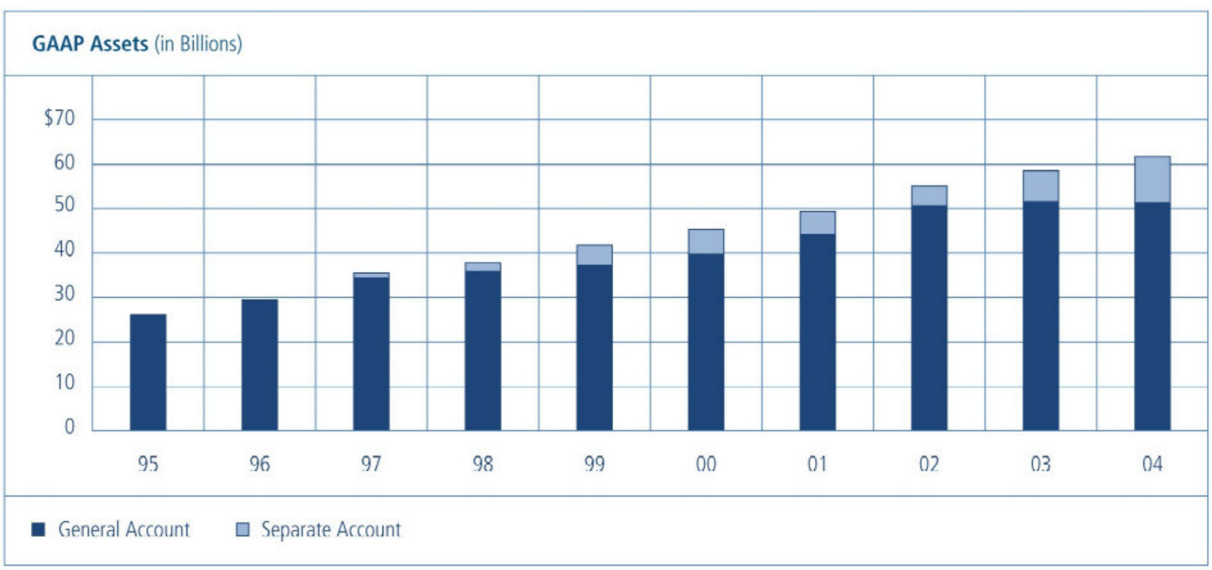
History:

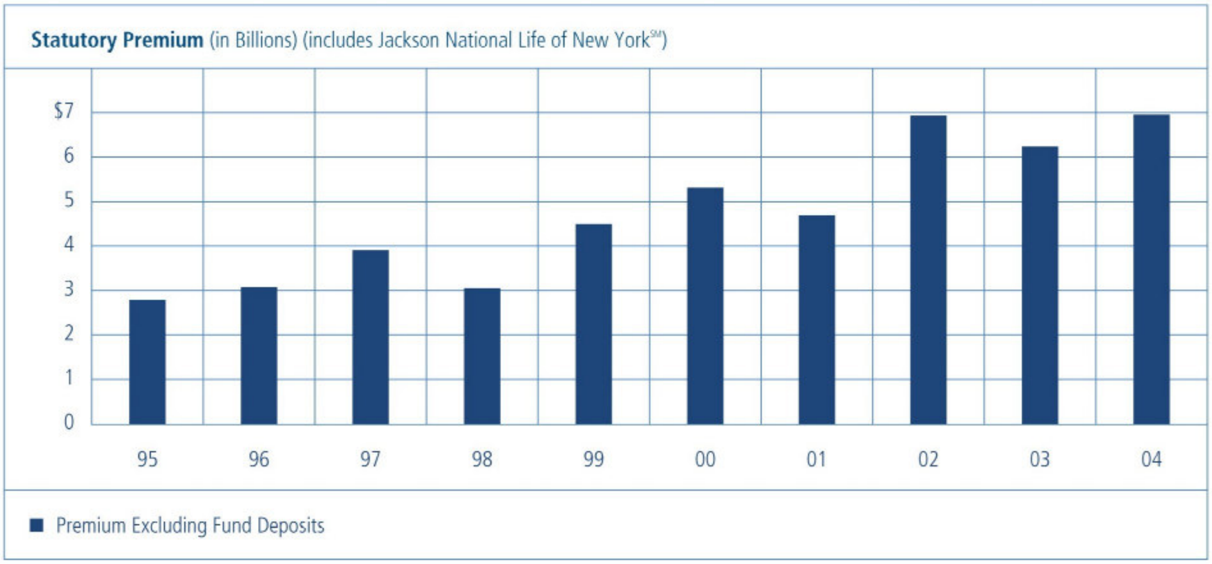
JNL is named after Andrew Jackson, the seventh president of the United States and a hero of Tony Pasant, the founder of the company. JNL was founded in Jackson, Michigan in 1961. It was one of the first companies in the US to promote the virtues of term insurance and, in 1975, had developed an early form of universal life insurance, eight years before any competitor offered a similar type of protection. By the time it was acquired by its UK-based parent in 1986, Jackson National was already a successful family-managed life insurance company operating in 45 states.

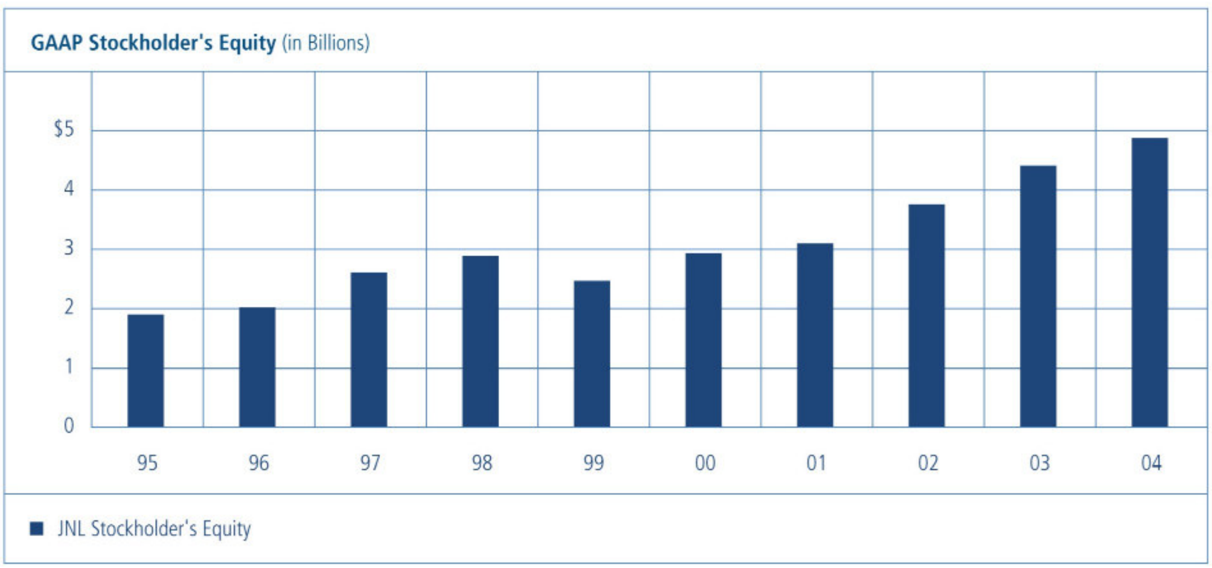
Since then, JNL has successfully focused on diversifying its products and distribution channels. In 1995, JNL launched its first variable annuity and began selling guaranteed investment contracts and funding agreements through its Institutional Products Department. In 1996, Jackson National introduced its first fixed index annuity. Two years later, the company launched its own broker-dealer, National Planning Corporation. The acquisition of SII Investments in 1998 and IFC Holdings in 2000 further strengthened JNL's position in the independent broker-dealer market. In March 2003, JNL entered the registered investment adviser channel with the launch of Curian Capital LLC. JNL tripled its number of in-force life policies and formed a retail distribution agency in May 2005 with the acquisition of Life Insurance Company of Georgia.

Financials:

As of June 30, 2005, JNL had more than $65 billion (GAAP) in assets under management and more than $57 billion (GAAP) in policy reserves set aside to pay primarily future policyowner benefits. As of year-end 2004, Jackson National recorded $3.6 billion in total revenue (GAAP), and $630.5 million in net income (GAAP).





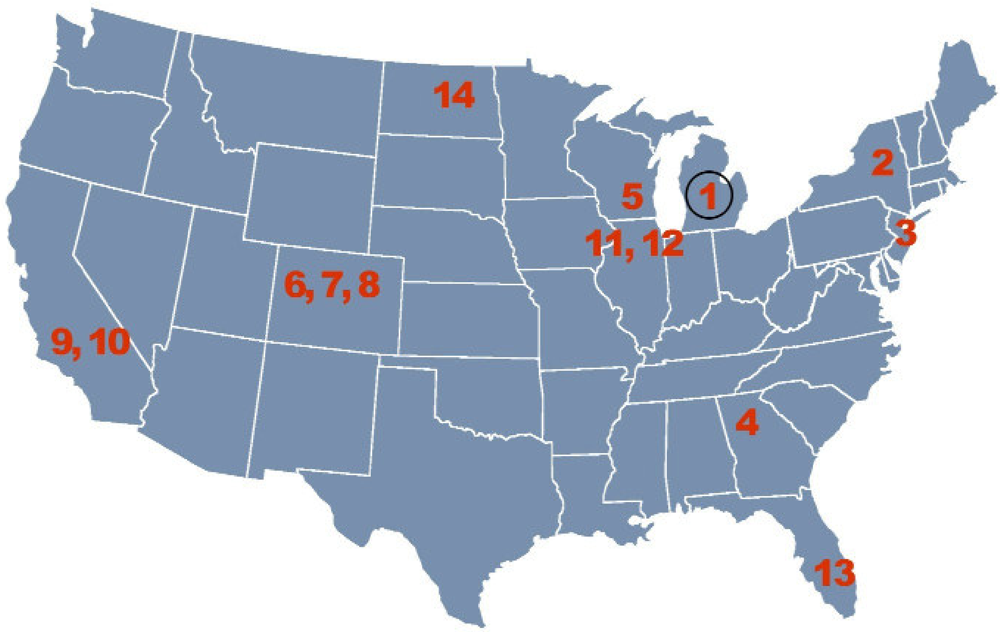


Ratings:

As of June 30, 2005, Jackson National's financial strength ratings were:

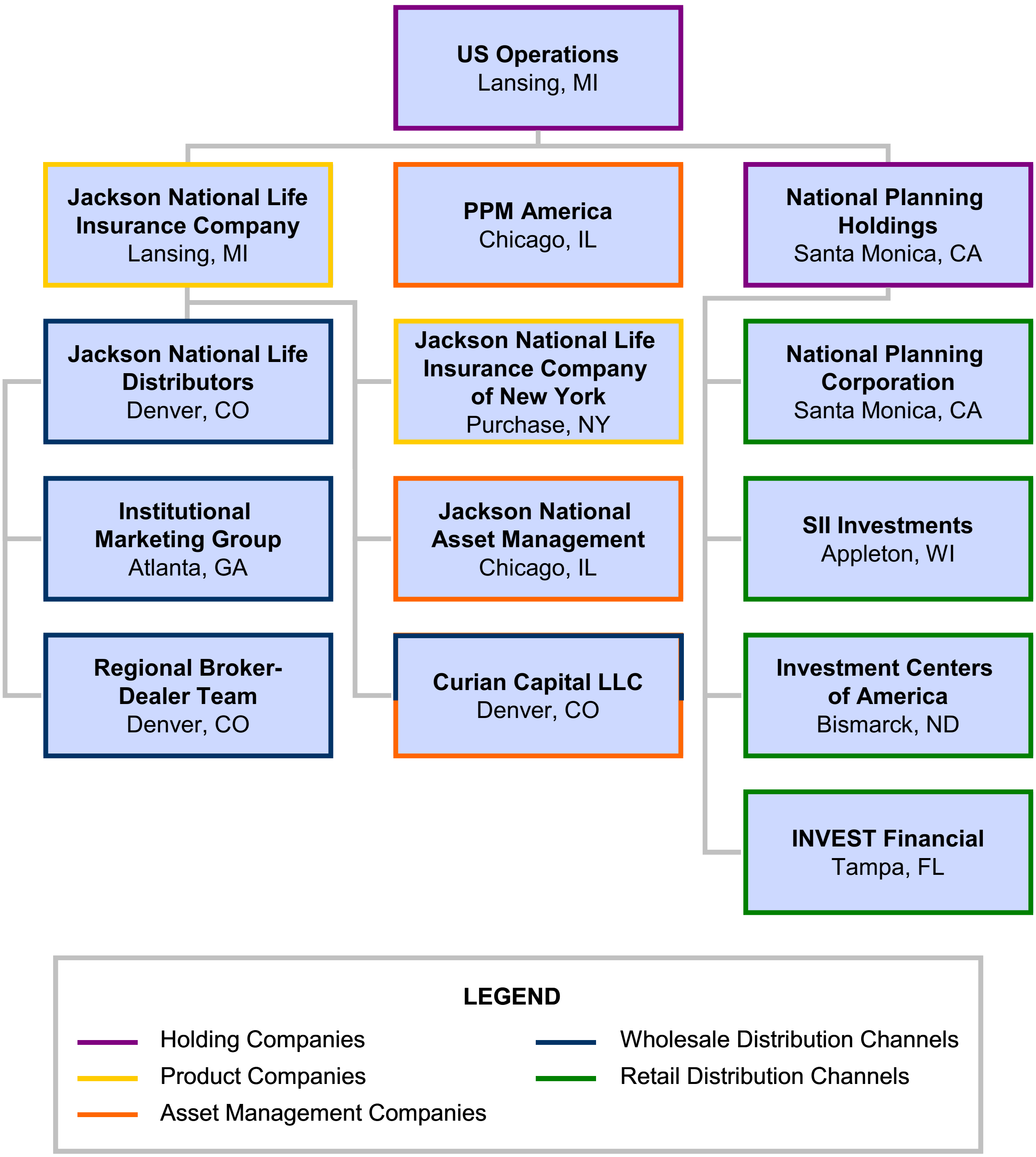
- A.M. Best, A+ (Superior), the second-highest of 16 rating categories;
- Fitch Ratings, AA (Very Strong), the third-highest of 24 rating categories;
- Standard & Poor's, AA (Very Strong), the third-highest of 21 rating categories;
- Moody's Investors Service, Inc., A1 (Good), the fifth-highest of 23 rating categories.

US **Locations**



1 **Jackson National Life Insurance Company® (Lansing, MI)**
2 Jackson National Life Insurance Company of New York® (Purchase, NY)
3 JNL Institutional Products Department (Roseland, NJ)
4 JNL Institutional Marketing Group (Atlanta, GA)
5 SII Investments, Inc. (Appleton, WI)
6 Regional Broker-Dealer Team (Denver, CO)
7 Jackson National Life Distributors, Inc. (Denver, CO)
8 Curian Capital® LLC (Denver, CO)
9 National Planning Holdings, Inc.® (Santa Monica, CA)
10 National Planning Corporation® (Santa Monica, CA)
11 Jackson National Asset Management, LLC® (Chicago, IL)
12 PPM America, Inc. (Chicago, IL)
13 INVEST Financial Corporation, Inc. (Tampa, FL)
14 Investment Centers of America, Inc. (Bismarck, ND)

Corporate **Structure**



Industry Overview

Financial Services Industry Overview Mid-year 2005

Punctuated by the threat of terror, war, corporate scandal, state and federal regulatory activity, and the specter of expensive reform to US Social Security, the financial services industry is facing one of the most difficult operating environments in history. Reflecting this, the main stock indexes have been anemic. Year-to-date July, the DJIA was down 1.3%; S&P 500 was up 1.8%; and the NASDAQ managed a mere 0.43% gain. Small-to mid-cap indexes posted better returns: The Russell 2000 was up 4.32%, and the Amex Composite advanced an impressive 11.9% July YTD.

Investment market anxiety coupled with strong, worldwide demand helped to push the price of oil to near $70 per barrel in mid-August 2005. Despite the surge in oil prices, US consumer spending continues, and remains the driving force behind the economy, accounting for 2.5 percentage points of the 3.8% first-quarter US GDP growth. With the savings rate at a near-record low of 0.6% in May 2005, consumers do not appear to be slowing down.

The Federal Reserve’s campaign of 10 consecutive quarter-point hikes in short-term rates brought the Fed Funds rate to 3.5% on August 9, still only about 1.5% in real (inflation-adjusted) terms. Fed officials believe that the real interest rate needs to be closer to 2.5% to be neutral, and also want to increase short-term rates to compensate for the lack of parallel movement in long-term rates, which have dipped.

Low real interest rates, together with investor disenchantment over poor stock market returns, are fueling a rise in housing prices in the US, and potentially the biggest housing bubble in history. Never before have real house prices risen so fast, for so long, in so many countries. The total value of residential property in developed economies rose by more than $30T over the past five years, to over $70T. This not only dwarfs any previous house-price boom, it is larger than the global stock market bubble in the 1990s or the US stock market bubble in the late 1920s.

The US faces very real fiscal trouble three years from now when the Baby Boomer generation begins retiring, stretching Social Security, Medicare and Medicaid to their breaking points. And, in the next 20 years, when the Baby Boomer generation is fully into retirement, these programs will become insolvent unless Congress acts to fundamentally reform them — that is, raise taxes, cut benefits, or both. Making matters worse, the US Pension Benefit Guaranty Corporation (PBGC) itself is underfunded, along with many traditional private pension plans. After assuming United Airlines’ pension plans, the PBGC will owe about $62.3B in promised benefits to more than 1.1 million people, yet its assets are only $39B.

In addition to economic, political, and demographic challenges, the financial services industry is grappling with another significant trend — closer regulatory scrutiny. Coming on the heels of major corporate and accounting scandals at Enron, Tyco, and WorldCom, the trading abuses uncovered at mutual fund companies created a firestorm, kick-starting a financial services industrywide reform process.

Having already secured convictions of several executives at Marsh & McLennan for bid rigging, New York Attorney General Eliot Spitzer ensnared the insurance colossus American International Group (AIG) — formerly headed by CEO Maurice "Hank" Greenberg — for corporate malfeasance in the areas of reinsurance practices, accounting reporting, and the payout of broker commissions. Several top AIG executives were fired and face criminal indictments. After having been stripped of his CEO post, Maurice Greenberg has been forced to sever all ties with AIG. As part of the fallout from the scandal, the SEC is increasing the number of random inspections it is conducting this year in an effort to discourage broker activities that hurt investors. The increase in regulatory oversight is raising compliance costs, thereby changing how financial products are sold and how broker-dealer branch offices are managed, and spurring the deployment of technology-based solutions to promote rep compliance and reduce operating expenses.

In light of this challenging operating environment, US life insurers delivered surprisingly strong financial results in first-half 2005 with an industry average return on equity (ROE) of 15.1%. Individual life insurance sales, however, are off to a sluggish start — Universal Life (UL) is the only product to post a gain in premiums for first-half 2005, up 16% over first-half 2004.

The dominant variable annuity (VA) sales driver in 2004 was the Guaranteed Minimum Withdrawal Benefit (GMWB) offered in an ever-increasing number of contracts. In 2003, 40% of all new sales to individuals were from products that offered the feature. In 2004, that figure soared to 69%. Adding to the momentum of growing interest in use of GMWB contract benefits was the introduction last fall by Jackson National of a standalone GMWB-for-life feature. Unlike the standard version of the GMWB, this newest cousin guarantees a percentage withdrawal for the life of the annuitant regardless of account value. One of the biggest selling points for GMWBs is that they do not force clients to annuitize in order for them to receive a guaranteed income stream. Industrywide, VA sales are relatively flat in 2005, and Jackson National Life is one of only five companies in the top 25 to have increased VA assets in Q1 2005 from Q4 2004. Reflective of the interest rate environment, second quarter fixed annuity sales were down 12% industrywide, but fixed index annuity sales were up a remarkable 49% over the same period last year.

Regulatory Overview

Recent accounting, corporate governance, and insider-trading financial scandals have served to highlight systemic deficiencies that exist in the regulation of this nation’s corporations and financial services companies. These problems were highlighted when Enron officers were charged with hiding the company’s debt, inflating profits, and illegally pocketing millions of dollars. Following Enron, Tyco officers were convicted of stealing millions to fund their extravagant lifestyles, and WorldCom proved to be the most egregious offender when an $11B accounting scandal was revealed, which consequently wiped out billions of investor dollars.

As a result of SOX, auditor fees have doubled, with a disproportionately larger burden falling on smaller companies, which are the chief source of innovation and job creation.

Source: Wall Street Journal

The investigation has now segued into the insurance industry with several companies, including the insurance colossus AIG, at the heart of the accusations. What began as an investigation into two reinsurance transactions at AIG has mushroomed into a growing accounting scandal that has tarnished the reputation of one of the nation's premier corporations.

Fixed Index Annuities

Regulatory scrutiny of fixed index annuities (FIAs) is not new; however, increasing sales have placed these investments in the spotlight. In 2004, sales of fixed index annuities came in at more than $23B, which is an increase of more than 60% over the previous year's sales numbers. Furthermore, sales of these products accounted for one-quarter of total annuity sales in 2004, up from 6% in 2002.

Fixed index annuities are fixed annuities. They differ from traditional annuities in that the crediting of excess interest is based on the movements of an external index. Although the ultimate return is often linked to the movements of an equity index, fixed index annuities protect the principal and credited earnings from market risk. The NASD's concern stems from the marketing of fixed index annuities, and "the absence of adequate supervision" of fixed index annuity sales practices. The NASD released an investor alert in 2002, cautioning that many FIAs are not subject to the "customer suitability, disclosure and sales practice requirements that registered securities are." The SEC, however, weighed in on this same issue in the late 1990s and concluded that FIAs do not qualify as securities. More recently, as the NASD moved toward positioning FIAs as securities, a firestorm of criticism erupted in the insurance industry with insurers arguing these products should be treated as fixed annuities because investor contributions are placed in the company's general account rather than into actual index funds.

As a result of the industrywide pushback, regulators softened their stance somewhat in issuing Notice to Members 05-50. NTM 05-50 does not take a position on whether a particular FIA is a security, but rather: 1) Requires reps to notify their broker-dealer promptly, in writing, when they are going to sell an unregistered FIA; and 2) If a client liquidates an investment, such as a mutual fund, that sale must be suitable, including when the proceeds from the sale are used to buy an unregistered FIA. Furthermore, the NASD suggests that firms do the following: 1) Consider maintaining a list of acceptable unregistered FIAs and prohibit brokers from selling any other unregistered FIA without the firm's written confirmation that the sale is acceptable; 2) Consider additional supervisory procedures to protect the firm's customers; for example, a firm could require that all sales of unregistered FIAs be processed through the firm, meaning the firm must supervise the marketing material, suitability analysis, and other sales practices in the same way it supervises the sale of securities through the firm; and 3) Give proper training to brokers selling any unregistered FIA through the firm to ensure they understand the FIA's features and the extent to which the FIA meets the needs of a particular customer.

The SEC is now entering the fray again, announcing an informal inquiry into sales practices of fixed index annuities. Regardless of the ultimate conclusions of both these regulatory bodies, the fixed index annuity business will change, with disclosure, registration and product regulation at the forefront of issues to be determined.

US Demographics and Behavior

Eight years have passed since the White House Conference on Aging issued its warning, and no action has been taken. The Harvard Generations Policy Journal says, "The aging of America's Baby Boomers is the most pressing national issue of the century." With only 10 to 20 years to implement such policies before Boomers are fully retired, America faces a crisis of major proportions.

Between 2010 and 2030, the 65+ population is projected to "spike" by 75% to more than 69 million people. By 2030, the Boomers' portion of the population will increase from its current 13% level to 20%. The year 2030 will experience extensive increases of people requiring services in health care, nutrition, housing, transportation, recreation, and education. Then, from 2030 to 2050, the growth rate is projected to increase at about 14%; the elderly are expected to total 79 million.

Because policymakers have ignored the looming Baby Boomer retirement wave, the US careens toward its largest social disaster — The American Retirement Crisis. With masses of potential retirees with meager or no savings or retirement assets, supporting these retirees is likely to fall directly on the federal government, causing increased taxes for workers and corporations. Social Security currently has a $1.8T debt, pension plans are terminated daily, and health care costs continue to escalate faster than the Consumer Price Index.

Social Security is the last vestige of the New Deal program. Costs of the program currently run at 4.3% of GDP, and are projected to rise to 6.1% of GDP by 2030. Rather than let it go bankrupt, lawmakers will likely increase taxes and cut benefits in order to maintain a last remnant of Social Security. The impact on the economy is likely to be enormous since other sectors will be forced to pick up the slack.

The American Retirement Crisis

During the last century, life expectancy has almost doubled. The average person can now expect to live 20 or more years in retirement.

By 2030, the demographics of 32 states will resemble those of Florida.

The number of pension plans in the US has dropped from over 110,000 in 1985 to fewer than 30,000 in 2004.

The Pension Benefit Guaranty Corporation, the government fund that insures pensions, tripled its deficit to $23.3B in 2005.

Fifty percent of retirees would be in poverty without Social Security.

Without changes, by 2042, the Social Security Trust Fund will be exhausted.

Taxes now represent the average household's single largest monthly expense, accounting for 30% of monthly income.

Earnings over $56,401 place you in the top 25% of all taxpayers in America.

If you need $50,000 a year to live on today, assuming a 3% inflation rate, you'll need nearly double that amount in 25 years, just to maintain the same lifestyle.

In a recent survey of Americans, people age 45 and over consider health care the single most critical national issue — more important than terrorism, the economy, education and national security.

A study by the Employee Benefit Research Institute projects that the average American may need almost $300,000 just to pay for Medicare premiums in retirement.

Nine out of 10 investors don't have a financial plan and six out of 10 do not have a retirement account.

According to the 2005 Trustee's report, Social Security payouts will exceed tax revenue in 2017. Interest income and tax revenues will help cover payments until 2027, after which the system will have to draw on the trust fund. The trust fund is estimated to run dry in 2042, and the system will have to function on tax revenue alone, which will only cover about 70% of currently legislated benefits.

Traditional pension plans may be in the worst shape of all. Human resources consultant Watson Wyatt Worldwide estimates that 614 of the companies in the Fortune 1000 offer traditional pension plans. About 71% of those companies have assets covering less than 90% of promised benefits. The pension problem has caused the Pension Benefit Guaranty Corporation (PBGC) itself to be underfunded.

Perhaps the most daunting expense in retirement will be health care. Health care costs continue to increase as a percentage of GDP. Over the past 30 years, per capita public health care spending in the US has grown 2.7 percentage points faster than per capita GDP, twice the average of other developed countries. A 65-year-old can expect to spend 37% of Social Security benefits on Medicare premiums in 2006, 40% in 2011, and nearly 50% in 2021. The US Census Bureau estimates that 45 million Americans have no health coverage of any kind, and 20 million workers have no health insurance.

Insurance Industry Overview

Given the low interest rate environment and tightening regulatory scrutiny during the first half of 2005, it may come as some surprise that the insurance industry fared well in the first quarter of this year. Adjusted Q1 returns posted, on average, a surplus of 15.1%, which was remarkably above the 14.5% return expected of Fortune 500 companies this year.

Premiums & Expenses

Premiums are up and expenses down for 50 top insurers as ranked by premium and annuity considerations. However, the differences in product mix and distribution channels continue to impact individual companies' performance. Premium and annuity considerations for these 50 companies increased by 14.31% in 2004 over 2003, and contract expenses as a percent of premium declined to an average 11.8% from 14.6% in 2003. In 2004, insurance expense as a percent of premium ranged from a low of 3.8% to a high of 29.1% for these top 50 companies. Of these 50 companies, 30 saw declines in their expense ratio, 18 experienced an increase, and two of the companies remained unchanged. In 2003, the range of insurance expense to premium ratio went from a low 5.3% to a staggering high of 88%.

> **"Costs are trending down, in part because companies are making efforts to become more efficient."**
>
> *— Kevin Ahern, managing director, Standard & Poor's*

Over 80% of the respondents expect distribution costs to increase moderately or significantly over the next three to four years.

Source: 10th Tillinghast CFO Survey

One of the biggest contributors to expenses is commissions. The shift from life insurance products to annuities is lowering the cost structure as a percentage of revenue. The difference in commission is significant. For whole life insurance products, commission can be up to 50% of first-year premium compared with 3% to 5% of the first-year considerations for annuity products. Small changes in a company's product mix can drive expenses a great deal. For instance, a shift from whole life products to term or lower-premium universal life products can cut a company's expenses. A fundamental factor driving expenses down is competition. Annuity writers need to maintain a lower commission structure because they are competing with banks and mutual fund companies that can provide these products at a low cost.

Investment Income

For the insurance industry, investment income rose by 20.2% after adjusting for special dividends (44.4% before adjusting) during Q1 2005 relative to Q1 2004, and only 2.4% for all of 2004. Growth in investment income (which consists primarily of interest income generated from the industry's substantial bond portfolio) had been tepid or even declined despite stronger cash flow due to declining interest rates over the past several years. Indeed the average yield on 10-year Treasury securities during July 2005 was just above 4.00%, not significantly different from 2003 and 2004 (at 4.01% and 4.27% respectively).

Given recent tightening by the Fed and strong economic growth, insurers, like most institutional investors, believed that long-term rates would have headed higher many months ago. They didn't. Instead, the yield curve simply flattened, as short-term yields rose in response to the Fed's actions while long-term rates stayed flat or declined — a phenomenon Fed Chairman Alan Greenspan famously labeled a "conundrum" in his February testimony.

Realized Capital Gains

The amount of realized capital gains fell by $1.9B during Q1 2005 relative to Q1 2004, in large part because of declining stock prices. Given the certainty of higher interest rates (at least for short-term yields) through the remainder of 2005, and the likelihood that no stock market crash will occur in the final five months of the year, 2005 is shaping up to be the strongest investment year for the industry since the stock market crash of 2000.

Should insurers maintain similar levels of profitability through the remainder of 2005, the industry would record its best year since 1987.

Source: Insurance Information Institute

Insurance Industry CFOs Outlook

More than 70 chief financial officers for insurance companies participated and provided some industry insights in the 10th Tillinghast CFO Survey. The vast majority of North American life insurance company CFOs polled agree that significant changes in insurance distribution are likely to occur due to the recent regulatory inquiries and the effects of the NAIC broker disclosure model amendment.

Most survey respondents expect: tightened regulation regarding the provision of "advice" and the role of distributors (97%); mandated disclosure to the consumer of the relationship between producer and provider (94%); increased insurance carrier accountability and liability for the behavior of producers (93%); and mandated disclosure to the consumer of commissions and other material support provided to producers by insurance carriers (81%).

More than half (54%) of the CFOs expect revenues to increase by at least 4% versus the same quarter last year. More than half (56%) also predicted net income to increase at least 4% over the same quarter last year, and a majority of the CFOs also indicated that distribution profitability is expected to decrease. Over 80% expect distribution costs to increase moderately or significantly over the next three to four years. Fifty-eight percent expect product profitability to decrease moderately or significantly over the same time period.

Figure 23
Top 10 Companies by Fixed, FIA, and Variable Annuity Sales
($Billions)

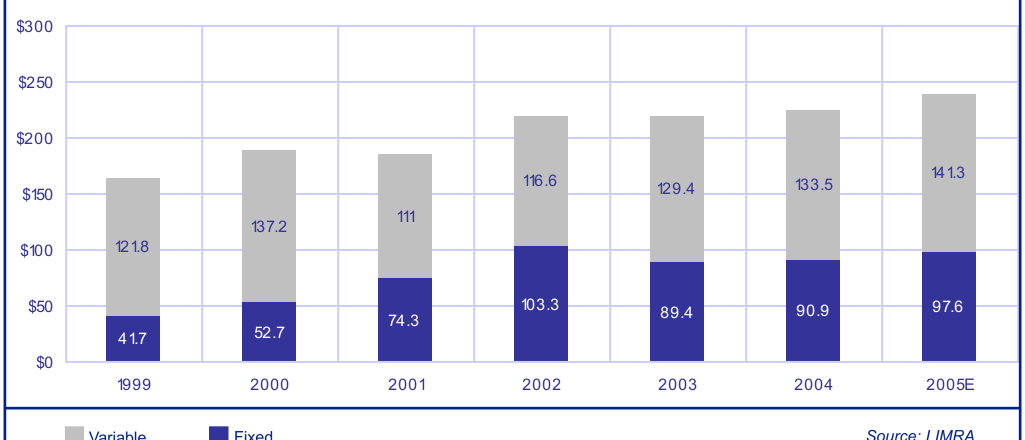
Mid Year 2005	Company	Total Sales	% Change Year Ago
1	AIG	$9.8	-16%
2	MetLife / Travelers	$8.2	-13%
3	Allianz	$7.0	46%
4	TIAA-CREF	$6.8	3%
5	Hartford	$6.5	-29%
6	ING	$6.5	3%
7	AXA Financial	$5.6	-1%
8	Lincoln National	$4.3	14%
9	Allstate	$4.2	8%
10	Prudential Financial (U.S.)	$3.8	5%
12	**JNL**	**$3.5**	**12%**
	Industry	**$108.7**	**-2%**

Source: LIMRA

Annuity Sales

While individual annuity sales improved in Q2 2005, totaling $108.7B, overall year-to-date sales are down 2% when compared to the first six months in 2004. Fixed index annuities (FIA), whose sales comprised 10% of the overall individual annuity market in 2004, continued to outperform all other annuity product types in sales growth during the first half of 2005, up 49% to reach $13.9B. Variable annuity (VA) year-to-date sales of $67B were down 5% when compared to the same period in 2004. Q2 2005 VA sales of $34.3B were relatively flat. Fixed deferred sales were up 1% YTD to $36.1B. Sales by product type within the fixed deferred group include $19.8B in book value deferred, $13.9B in FIA, and $2.4B in market value adjusted (MVA) sales. Fixed immediate annuity sales increased 8% with $2.6B and structured settlements increased 3% with $3B.

Figure 24
Individual Annuity Premiums
($ Billions)



Source: LIMRA

Annuity Distribution

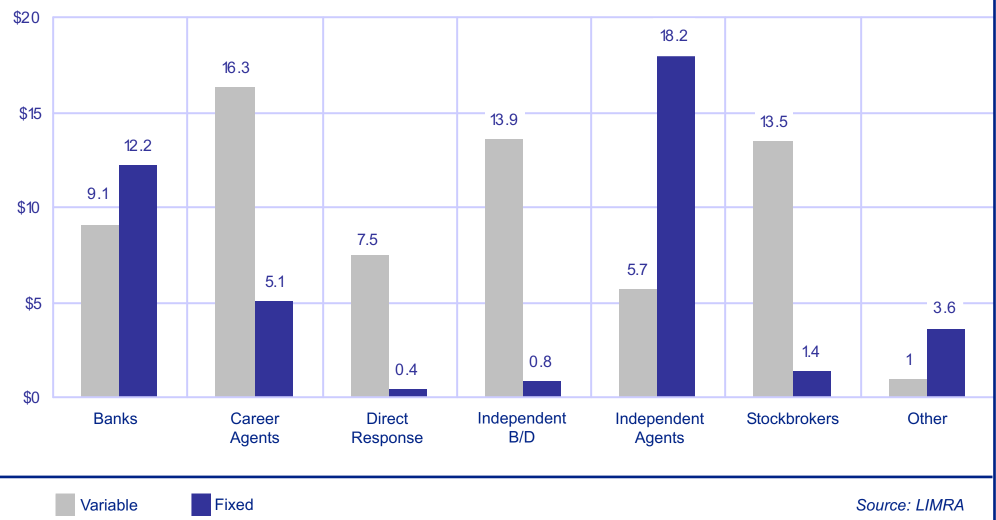
One of the critical factors in selling annuities is strong distribution relationships, given most annuities are sold through third-party channels including brokerage firms and banks. The strength of the distribution relationships largely reflects the effectiveness of annuity companies' wholesaling efforts.

In a survey conducted by Morgan Stanley of more than 1,700 financial advisers, strong evidence shows that advisers look for solid product knowledge from their wholesalers. Among those surveyed, 90% thought product knowledge was either very important or an essential support function provided by the annuity wholesaler. This is different from what most insurance companies claim as the most important factor. Insurance companies tend to focus specifically on point-of-sale support and sales strategies. While sales strategies were definitely viewed by participating financial advisers as important (77% said they were very important or essential), they are clearly a distant second behind product knowledge. Even more striking was how little distributors cared for point-of-sale assistance. Only 48% of advisers viewed point-of-sale assistance as very important or essential. Many advisers already have significant experience selling annuity products and are less likely to need help selling the product.

Figure 25

Individual Annuity Sales by Distribution Channel

Q2 2005 YTD ($ Billions)



Source: LIMRA

Annuity Persistency

In Q1 2005, annuity contracts were surrendered at an annualized rate of 7.5%. The cash surrender value rate was 5.8%. Both contract and cash surrender rates were higher for variable annuities than fixed annuities, a trend observed since 2002. Independent agent-sold annuities had the highest overall contract and cash value surrender rates. Direct-sold annuities had the lowest. Once out of the surrender period, surrender rates increased most markedly for non-agency channels.

As was the case for the past year, qualified annuities had higher contract surrender rates than non-qualified (7.9% vs. 6.2%). However, cash value surrender rates were lower for qualified versus non-qualified annuities (5.5% vs. 6.1%), which indicates that relatively small contracts are being surrendered in qualified markets. Variable contracts that have exited the charge period have significantly higher contract surrender rates than contracts that never had a charge (11.1% vs. 7.8%). Essentially no difference was found for fixed contracts.

In 2004, surrender rates increased as short-term rates rose and the stock market remained sluggish. A strong market could lead to increased replacement activity among VAs.

Source: LIMRA

Trends in the stock market and rising or falling interest rates have some influence on persistency. Stocks lost ground during 2000, 2001, and 2002, and annuity surrender rates generally decreased each quarter. However, 2003 witnessed a return to stock market gains, with continued low interest rates. Surrender rates generally remained unchanged during 2003. In 2004, surrender rates increased, as short-term rates rose and the stock market remained sluggish. If rates continue to increase and the stock market shows signs of recovery, one might expect a corresponding rise in fixed annuity surrender rates. A strong stock market could lead to increased replacement activity among VAs.

Industrywide **Distribution** Matrix

The matrix below describes the main distribution channels in the US and the factors that differentiate each channel.

Distribution channel	# of Advisers	Employee relationship	Target Customer	Regulated	Whole-of-market	Product bias
Wirehouse - full-service broker-dealer firm with extensive national and international distribution systems and product manufacturing capabilities. Paid both commission and/or fees. Examples include Merrill Lynch, Morgan Stanley, UBS.	**56,000**	Traditionally employed, but several wirehouses offer tiered employment-affiliation options to brokers. Higher payouts can be selected in return for less home office support.	Increasing focus on the High-Net-Worth (HNW) investor	Any broker receiving a commission for an investment product must be licensed by the NASD.	Typically operate on a multi-tie basis selling packaged products. Advisers can sell carriers' products with whom their sponsoring B-D maintains selling agreements.	MFs, Mutual Fund Wrap Programs, Separately Managed Accounts, VAs, Individual Securities, Exchange Traded Funds (EFTs), Brokerage Products, REITS / UITs
Insurance Broker-Dealers - the retail brokerage arm of an insurance company. Paid both commission and/or fees. Examples include MetLife Securities, AXA Advisors, NY Life, John Hancock.	**40,000**	Tied or direct employee of firm	Mass Market	As above	As above	Life products & affiliated Variable Annuities, Variable Universal Life, Proprietary MFs, individual securities, ETFs
Bank Broker-Dealers - the retail brokerage arm of a bank that provides brokerage services to banks on a contract basis. Paid both commission and/or fees. Examples include Wells Fargo, Citizens Bank, Fifth Third Bank.	**22,750**	Tied or direct employee of firm	Mass Market – increasing focus on developing cross-sell opportunities with the bank's demand deposit & Trust Department customer base	As above	As above	Bank proprietary mutual funds, Fixed Annuities and Fixed Index annuities, CDs
Independent Broker-Dealers - these firms generally provide limited services so the advisers bear all the costs of doing business themselves (e.g., office space rental, employee salaries, computers) in return for a higher commission. Examples include LPL Financial Services, AIG SunAmerica, and American Express.	**81,400**	Affiliated independent contractors rather than direct employee	Typically target Mass Market to Mass Affluent but rely heavily on referrals and professional networks	As above	As above	Mutual Funds, ETFs, Individual Securities, Mutual Fund Wrap Accounts
Regional Broker-Dealers - full-service B-Ds with a strong concentration of offices in one geographic region. Paid both commission and/or fees. Examples include A.G. Edwards, RBC Dain Rauscher, Robert W. Baird.	**22,600**	Tied employee	Similar to wirehouse – target HNW or emerging affluent	As above	As above	Similar to wirehouse, but less emphasis on SMAs and more on mutual funds
Registered Investment Advisers - individuals that provide investment advice or management for a fee after registering with either the Securities Exchange Commission or their state. Based either from an office or home, and there is a bias towards fee-based compensation.	**Firms: 13,920** **Advisers: 36,200**	Typically operate their own businesses	Primarily target the affluent or emerging affluent/HNW segment	Do not need to be licensed if just receiving fees, however many RIAs do maintain these licenses in order to offer their clients payment options.	Offer clients any product available via their mutual fund supermarket platform (e.g., Schwab, Fidelity, First Trust, etc.) If the client wants a product that is not on the platform, the adviser can go direct to the carrier to gain access.	Mutual Funds, Institutional Mutual Fund shares, EFTs

JNL **Distribution**

JNL's Distribution Model

JNL's relationship-driven wholesaling model, built around independent financial professionals and broker-dealers, enabled the company to post record retail sales in 2004. Outstanding internal and external wholesaling sets Jackson National Life apart and will continue to strengthen our reputation with the financial professionals who deliver our products to the public. JNL does not distribute its products through the wirehouse or career agent (insurance broker-dealer) channels because it operates only in the channels in which it can generate profitable returns.

JNL Sales by Distribution Channel (in Thousands) (includes Jackson National Life of New York℠ and Brooke Life Insurance Company®)

	Guaranteed	Registered	RBD	IMG	Institutional Products	Total
2000	$1,664,733	$2,227,840	N/A	$958,247	$2,510,991	$7,361,811
2001	$1,638,605	$1,107,831	N/A	$1,514,987	$2,410,289	$6,671,712
2002	$2,168,085	$1,635,013	$373,322	$2,357,135	$2,119,540	$8,653,095
2003	$1,383,852	$2,324,577	$500,401	$1,645,994	$794,075	$6,648,899
2004	$1,185,723	$2,788,587	$567,950	$1,994,904	$1,561,174	$8,098,338

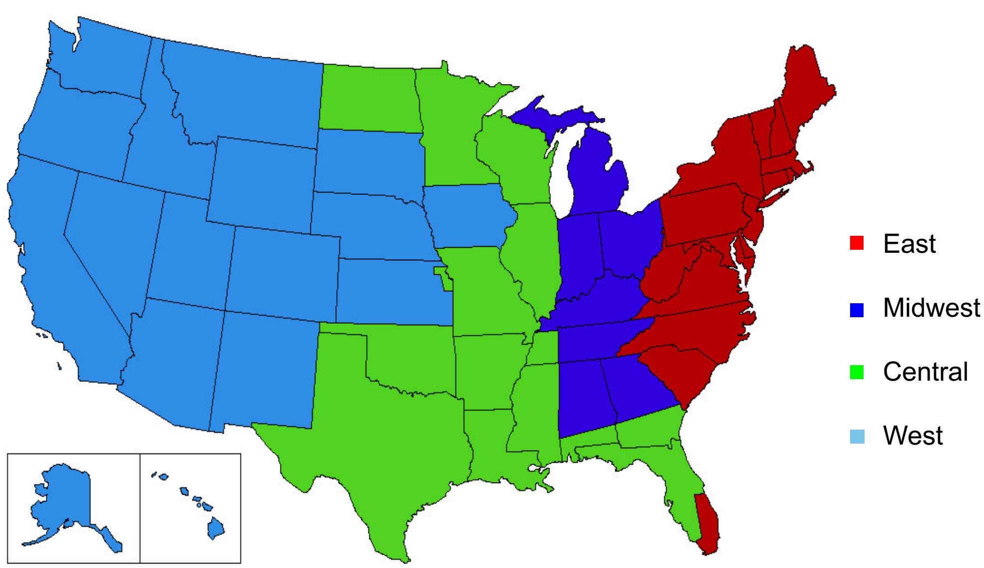
Jackson National Life Distributors (JNLD):

JNLD's success has been built on the ability to establish strong relationships with key producers in the independent financial adviser and independent agent distribution channels. JNLD's strong wholesaling capabilities are complemented by innovative product development, solid sales support, and effective utilization of technology.

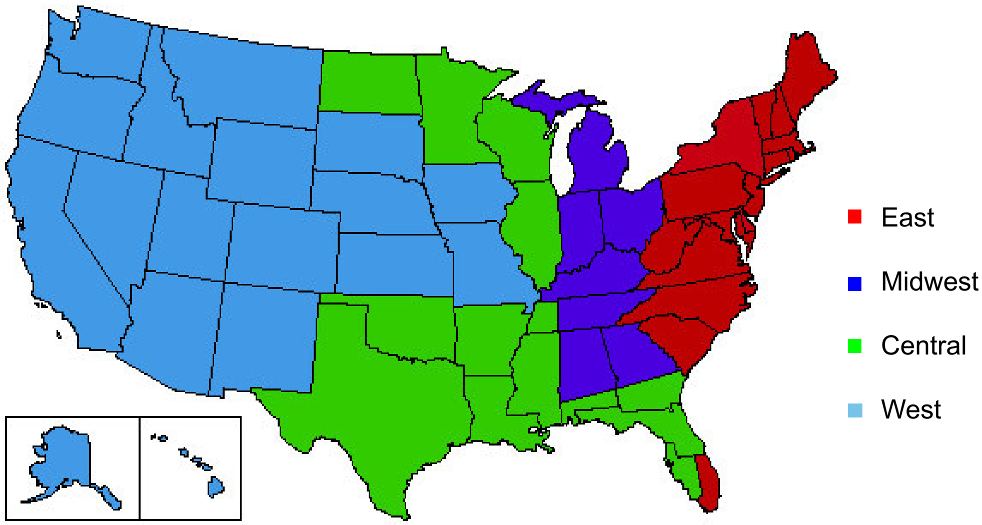
JNLD's focus on developing strong, close relationships with producers through training and sales support helps differentiate Jackson National's value proposition from the competition. By providing sales ideas and tools such as illustration software, customizable advertisements and sales brochures, JNLD wholesalers create partnerships with producers that can help them grow their businesses.

JNLD wholesalers are organized into two groups – Registered and Guaranteed. The Registered wholesaler group targets independent financial advisers who are registered securities brokers with the NASD, meaning they are licensed to sell securities products such as stocks, mutual funds, variable annuities and variable life insurance products. While wholesalers in the Registered group wholesale all of JNL's annuity and life insurance products, their primary focus is on wholesaling JNL's variable products. Guaranteed is the wholesaling group that is primarily focused on wholesaling JNL's guaranteed products – fixed and fixed index annuities, as well as term and universal life insurance – to independent agents (who are not licensed with the NASD). JNLD also has a limited number of wholesalers who are considered "hybrid" wholesalers, which means that they serve both registered and unregistered intermediaries (independent financial advisers and independent agents) and wholesale all of JNL's annuity and life insurance products.

JNLD Registered



JNLD Guaranteed

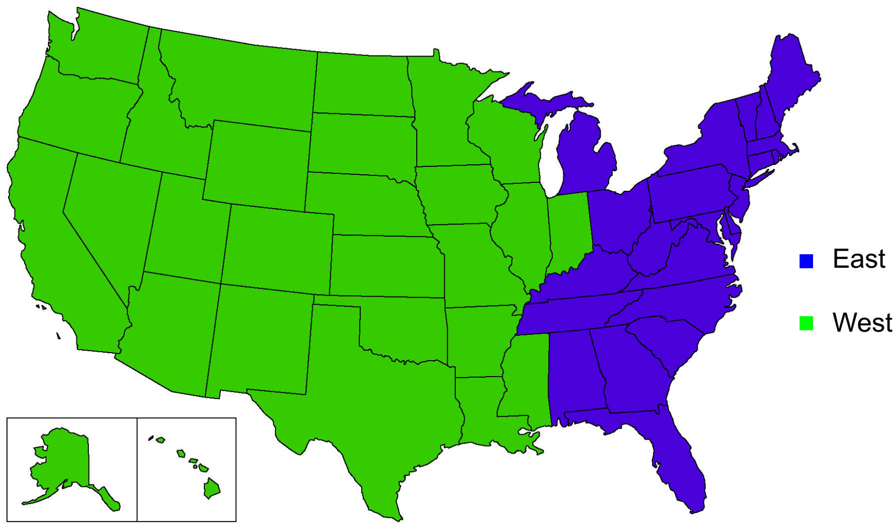


	West	Central	Midwest	East
Wholesalers	18	17	15	19
Registered	9	9	6	10
Guaranteed	9	8	6	8
Financial Representatives	13,307	12,494	9,268	10,189
Registered	6,962	6,924	4,870	6,106
Guaranteed	6,345	5,570	4,398	4,083

Regional Broker-Dealer Team (RBD):

Jackson National Life Distributors, Inc. formed its Regional Broker-Dealer team in 2002 to provide dedicated service and support to regional brokerage firm representatives. The RBD team wholesales JNL's variable, fixed and fixed index annuities. Regional broker-dealers are somewhat of a hybrid between independent broker-dealers and wirehouses. Like the big wirehouses, financial representatives at regional broker-dealers are actual employees of the firm – they are not self-employed like financial advisers at independent broker-dealers. However, unlike the big wirehouses, RBD firms have limited institutional investment banking services. The RBD team develops relationships with regional firms throughout the US and provides customized materials and support to meet their specialized advisory needs.

RBD Team

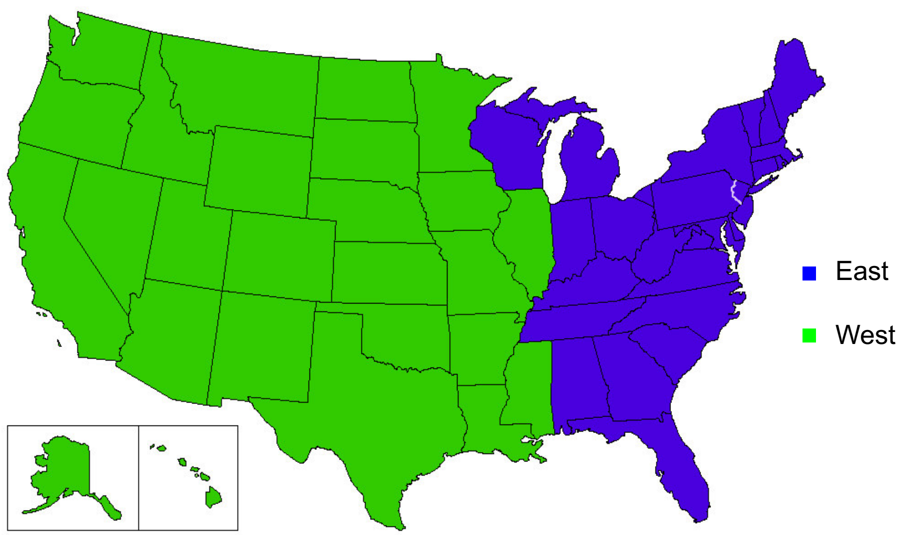


	West	East
Wholesalers	10	9
RBDs	54 total	
Financial Representatives	5,599	5,647

Institutional Marketing Group (IMG):

More than 15 years ago, Jackson National was one of the first insurance companies to partner with financial institutions, as larger numbers of banks and credit unions considered offering insurance products in their branches. In 1994, JNL established its Institutional Marketing Group (IMG), a unit dedicated solely to meeting the specific life insurance and annuity needs of financial institutions. IMG wholesales JNL's variable, fixed and fixed index annuities and life insurance products. With IMG firmly in place, Jackson National was well positioned to respond quickly to banks and credit unions upon the passage of the Gramm-Leach-Bliley Act in 1999, which removed regulations that prevented the merger of banks, stock brokerage companies, and insurance companies and paved the way for increased sales of retirement products and life insurance in financial institutions. With its focus on specialized education programs for financial institution representatives, IMG has set itself apart from the competition and has established a reputation for excellence throughout the industry in both sales support and client service.

IMG

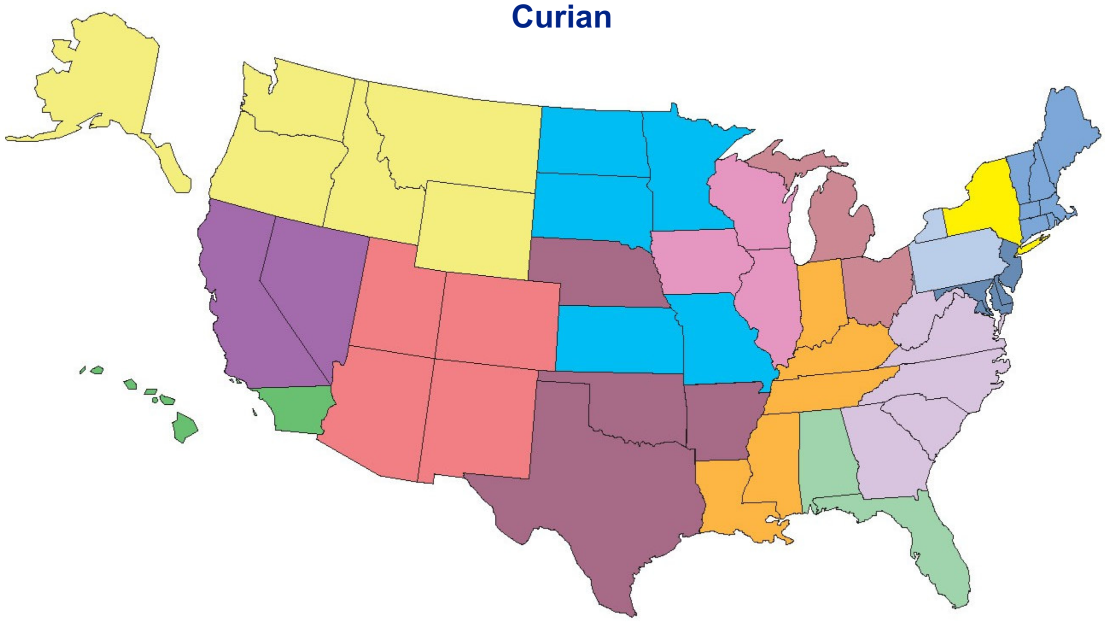


	West	East
Wholesalers	9	12
Banks / Credit Unions	295 total	
Financial Representatives	5,661	13,045

Curian Capital:

Curian Capital distributes its products through all types of brokerage firms (wirehouses, regional broker-dealers and independent broker-dealers) and financial institutions (banks and credit unions). Since its inception in March 2003, Curian Capital has secured 250 selling agreements with independent broker-dealers, licensed 17,000 financial professionals to sell Curian's managed accounts program, and conducted multiple training and education sessions with financial professionals. The firm has attracted thousands of clients with account sizes ranging from $25,000 to more than $5 million. With 15 regional business consultants supporting financial professionals, Curian Capital has the largest distribution force in the third-party asset management marketplace.

Curian



	Nationally
Wholesalers	15
Firms	250
Financial Representatives	17,000

Products

Jackson National Life is a leading provider of long-term savings and retirement products to retail and institutional customers throughout the United States. Jackson National Life offers variable annuities, fixed index annuities, individual fixed annuities, life insurance and institutional products. By developing and offering a wide variety of products, Jackson National Life believes that it has positioned itself to compete effectively in various stock market and interest rate environments.

Variable Annuities (VA)

Definition: Long-term personal retirement investment accounts in which invested funds grow tax-deferred until proceeds are withdrawn from the policy. There are no restrictions on how much one can invest each year. On the federal level, variable annuities are regulated by both the National Association of Securities Dealers (NASD) and the Securities and Exchange Commission (SEC). Variable annuities are also regulated on a state level by the individual state insurance commissioner's office of each state in which the products are sold.

JNL Products: JNL has a competitive advantage through the unbundled design of its variable annuity contracts. Customers start with a very low-cost "bare bones" product chassis and, in consultation with their adviser, add – and pay for – only the options and benefits that they need. The company's flagship VA product is its Perspective II contract (a B-share VA). However, it also sells three other VA contracts: Perspective Advisers II (a C-share VA); Perspective L Series (an L-share VA); and Fifth Third Perspective (a proprietary VA designed on the PII chassis for distribution exclusively through Fifth Third Bank).

Variable Annuity Share Classes

The following table provides a general comparison of the various types of variable annuity share classes offered in the industry, as defined in NAVA's *2004 Annuity Fact Book*.

Share Class	Definition
L-share	VA contracts that typically have shorter surrender periods, such as three or four years, but may have higher mortality and expense charges.
A-share	VA contracts that have up front sales charges instead of surrender charges. Sales charges are calculated as a percentage of each purchase payment. Often accompanied by lower mortality and expense charges.
B-share	VA contracts characterized by deferred sales/surrender charges, which typically range from 7% to 8.5% in the first year, and subsequently decline to zero after 5 to 7 years. The most common form of annuity contract sold.
C-share	VA contracts with no up front or contingent deferred sales charges, which offer full liquidity to contract holders at any time. Also called no-surrender charge annuities. Typically have the highest mortality and expense charges.
Bonus	VA contracts where the issuer provides an immediate enhancement to the contract on first-year premiums. Typically have higher mortality and expense charges than B-share VAs.

JNL offers three types of optional benefits in its VA products:

- Guaranteed Minimum Withdrawal Benefits (GMWBs). JNL offers five different GMWBs to help customers make the transition from asset accumulation to income distribution in retirement. JNL's two GMWBs-for-life can provide investors with a guaranteed lifetime income stream through systematic withdrawals equal to 4 or 5 percent of their original premium without having to annuitize the contract. In addition, JNL offers three standard GMWBs, which allow investors to make annual withdrawals of 5 or 7 percent of their original premium (depending on the GMWB selected) until the premiums are completely recovered, regardless of market performance or the actual account balance.

- Guaranteed Minimum Death Benefits (GMDBs), which are partially reinsured internally.

- Guaranteed Minimum Income Benefits (GMIBs), which guarantee a minimum fixed income benefit at annuitization, regardless of VA performance. The GMIB is fully reinsured and is only offered on an unbundled basis at an extra charge. The benefit is capped at 200% of premium.

JNL's VA success has been driven by the high-quality money managers, innovative modular design and lifetime income benefits in its VA products, as well as the company's wholesaling team, advanced marketing support, seminar support and award-winning customer service.

Ranking: Perspective II was the best-selling variable annuity in terms of net flow both through the full-year 2004 and year-to-date through the first half of 2005, and ranked fourth for total sales by contract through the first half of 2005 (up from seventh for the prior year period). Furthermore, PII was the top-selling variable annuity among independent financial advisers during the full year in both 2003 and 2004, one of the top five best-selling variable annuities among regional broker-dealers in 2004, and the second best-selling variable annuity in all distribution channels for the full year 2004. JNL ranked 12th in VA new sales in 1H05 (up from 14th for the prior year period) with a 3.46% market share (up from 2.71% for the prior year period).

Distribution: JNL distributes its variable annuities through independent broker-dealers, financial institutions (banks and credit unions) and regional broker-dealers.

Margins: JNL's variable annuities have shown an improvement in margin, increasing from 37% in 2004 to 39% in 1H05, primarily as a result of changes in pricing instituted early in 2004 (variable annuities generally have a higher margin than fixed annuities due to lower capital requirements). Similar to asset managers, life insurers generate a fee on assets under management and also get a rebate of management fees from the asset manager. Life insurers' earnings are the fee income less benefits, general operating expenses and commissions.

Fixed Annuities (FA)

Definition: Personal retirement savings vehicles that offer contract holders a guarantee of principal and a minimum guaranteed rate of return on their premiums, as well as tax-deferred accumulation of assets until proceeds are withdrawn from the policy. Fixed annuities do not expose contract holders to the uncertainty of the equity market, but rather, provide safety and guarantees for those looking for principal protection. Fixed annuities are regulated on a state level by the individual state insurance commissioner's office of each state in which the products are sold.

JNL Products: JNL currently markets 13 different deferred fixed annuity contracts — Target Select, Action, Action One, Action Two, Bonus MAX with EIA (excess interest adjustment*), Bonus MAX One with EIA, Bonus MAX Two with EIA, MAX, MAX with EIA, Super MAX, Super MAX with EIA, Optimax, Pathfinder — and one immediate fixed annuity (the JNL Immediate Annuity).

The primary difference among these products lies in whether the contract offers: an excess interest adjustment, an additional bonus on first-year premiums, an annuitization bonus, varying withdrawal charge periods (from six to 10 years), and/or an accelerated benefit, which grants contract holders greater withdrawals for certain medical conditions.

**For each premium payment (deposit) an Excess Interest Adjustment may apply on withdrawals made during the withdrawal charge period. Withdrawals within the contract's withdrawal charge period will be adjusted downward when interest rates are rising, and upward when they are falling, to reflect changes in the interest crediting rate since the date premium was credited to the contract.*

Ranking: JNL continues to be a scale player in the FA market, ranking 8th in traditional fixed annuity sales year-to-date through the first half of 2005. JNL ranked 10th in total individual fixed annuity sales (which also includes fixed index annuities and single premium immediate annuities) at the end of the first half of 2005.

Distribution: JNL fixed annuities are distributed through independent broker-dealers, independent agents, financial institutions (banks and credit unions) and regional broker-dealers.

Margins: The FA margin was stable in 1H05 vs. 2004 at 32%. Jackson's fixed annuity line of business is profitable, with current spreads exceeding targets for the book of business as a whole. One of Jackson's strengths is its ability to rapidly adjust its product mix to reflect current market conditions. JNL management has been actively managing the book to improve the company's spread throughout the year, including the annual reset mechanism (93% of FA book has crediting rates that can be reset annually). Life insurers' earnings are the investment income less interest credited to policyholders.

Fixed Index Annuities (FIA)

Definition: Fixed Index Annuities, formerly known as Equity Indexed Annuities (EIA) or Equity-Linked Indexed Annuities (ELIA), are innovative fixed annuities. Like a fixed annuity, they offer a guarantee of principal, a guaranteed minimum interest rate and tax deferral features. However, they also provide an opportunity to earn a higher rate of return based on the performance of an equity index (typically the S&P 500). These products have become increasingly popular with investors seeking a higher return than traditional fixed products, but also want to protect their investment with a minimum guarantee, should the equity markets turn downward. These products simultaneously offer investors upside potential and downside protection. Fixed index annuities are regulated on a state level by the individual state insurance commissioner's office of each state in which the products are sold.

In August 2005, the NASD issued regulatory guidance to all broker-dealers regarding responsibilities for supervising sales of unregistered fixed index annuities. The NASD regulatory guidance strongly suggests that broker-dealers implement new diligence, supervisory and suitability standards for FIA products that effectively treat fixed index annuities similar to securities (rather than as insurance products). The SEC has not made an affirmative determination that FIA products are securities.

JNL Products: JNL currently markets two fixed index annuity contracts, the Elite Annual Reset Deferred Annuity (which offers the ability to lock in any index-linked interest annually) and Elite 90 Deferred Annuity (through which, the percentage of any increase in the index, which is used to compute the index-linked interest that will be credited to the account, is guaranteed at the time of purchase for the length of the contract).

Ranking: JNL ranked 8th in fixed index annuity sales year-to-date in the first half of 2005 in the Advantage rankings (compared to 10th in the prior year period) and 8th in FIA sales in 1H2005 in the LIMRA rankings (compared to 9th in the prior year period).

Distribution: JNL fixed index annuities are distributed through independent broker-dealers, independent agents, financial institutions (banks and credit unions) and regional broker-dealers.

Margins: The FIA margin is not separately broken out, but is reported as part of the "Other" US Margin, encompassing FIAs, Life and Institutional Business. As of FY2004, the "Other" margin was 34%.

Life Insurance (Life)

Definition:

The US life products can be broken down into four main categories:

- **Term Life:** life insurance for a defined period of time payable to a designated beneficiary upon death
- **Universal Life:** permanent individual life insurance for the life of the insured
- **Survivorship Universal Life:** a form of permanent life insurance that insures two people and pays the policy benefits after the death of the last surviving insured
- **Variable Universal Life:** a life insurance policy that combines death benefit protection and the important tax advantages of life insurance with the long-term growth potential of professionally managed investments

Life insurance policies are regulated on a state level by the individual state insurance commissioner's office of each state in which the products are sold.

JNL Products: JNL currently offers one term life product (JNL Protector) in 10-, 15-, 20- and 30-year durations, one universal life product (JNL Generations), and three variable universal life products (Perspective Investor VUL, Ultimate Investor VUL, and JNL Advisor VUL). Perspective Investor, JNL's first VUL Product, offers an accelerated living benefit; Ultimate Investor offers clients no surrender charges; and JNL Advisor VUL is a "no load" product with no surrender charges, designed for fee-based advisers.

Ranking: Year-to-date through the first half of 2005, JNL ranked 53rd in total life premium.

Distribution: JNL life insurance policies are distributed through independent broker-dealers, independent agents, and financial institutions (banks and credit unions).

Institutional Business

Definition:

- Guaranteed Investment Contract (GIC): an investment contract between an insurance company and an institutional investor that provides a stated rate of return on deposits over a specified period of time. GICs are used primarily by retirement savings and 401(k) plans of large corporations.

- Medium Term Note (MTN): a general obligation of a company, sold through investment banks, with maturities generally in the 3- to 10-year range, with principal and interest payable in US dollars or other currencies.

- Funding Agreement: an investment contract between an insurance company and an institutional investor that provides a rate of return tied to an index, meaning the rate can fluctuate with prevailing market rates over the term of the contract. The most common index used is the London Interbank Offered Rate (LIBOR), a rate that most international banks charge each other for large US dollar loans.

JNL Products: GICs and Funding Agreements are tailored to the individual investor. MTNs are issued in many different markets, including the United States, United Kingdom, Japan, Switzerland, Italy and Australia. MTNs issued in the US are called global medium-term notes and are listed under the ticker JACLIF.

Ranking: At the end of August 2005, JNL ranked 10th in 2005 MTN issuance year-to-date and 8th in total cumulative amount issued.

Distribution: JNL distributes its institutional products directly to investors, through investment banks or through funding agreement brokers.

Margins: The institutional margin is not separately broken out, but is reported as part of the “Other” margin, encompassing FIAs, Life and Institutional Business. As of FY2004, the “Other” margin was 34%.

Broker-Dealer and **Fund** Management

National Planning Holdings (NPH)

JNL owns National Planning Holdings, a network of four independent broker-dealers. The NPH broker-dealers – National Planning Corporation in Santa Monica, California; SII Investments in Appleton, Wisconsin; Investment Centers of America in Bismarck, North Dakota; and INVEST Financial in Tampa, Florida – each have unique corporate cultures and personalities that are as distinct as the varied locations in which they are located.

National Planning HOLDINGS℠

By maintaining their individual identities, the firms are able to offer financial professionals the personalized service and responsiveness of a small company, while also providing the abundant resources and technological capabilities that are typical of a large firm.

In 2004, NPH ranked sixth among independent broker-dealer networks in total revenues (Source: *Financial Planning* magazine, June 2005).

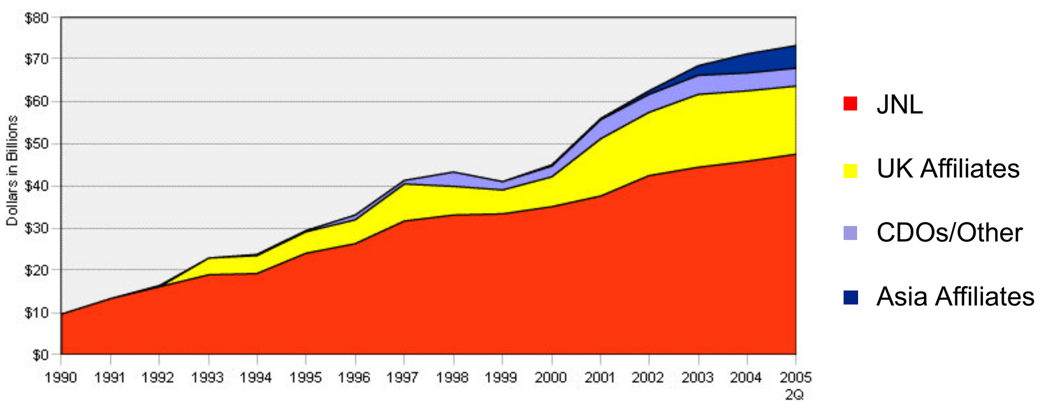
NPH's key competitive advantage is its sophisticated technology, which allows representatives to keep pace with the regulatory environment, improve their efficiency, and ultimately become more productive. All four broker-dealers operate on a single technology platform that was built in house, creating consistency and efficiency across the entire organization.

In 2004, 16% of JNL's total variable annuity sales and approximately 36% of Curian Capital's sales came from the NPH broker-dealers. NPH representatives are not compensated any more or any differently for selling JNL or Curian products than for selling products issued by other companies.

PPM America

PPM America, Inc. and its affiliates ("PPMA") are the North American investment arm of Prudential plc, with offices in Chicago and New York. PPMA has grown assets rapidly since 1990 and currently manages in excess of $72 billion of assets in the US. PPM America provides investment advisory services to a variety of portfolio product types originated by affiliates of Prudential plc, primarily Jackson National Life, Prudential UK, and a number of other UK and Asian affiliates. PPMA also provides services to other affiliated and unaffiliated institutional clients, including collateralized debt obligations (CDOs), private investment funds and institutional accounts.

Asset Growth 1990 – H12005



PPM America is committed to delivering client-tailored investment strategies in the following areas of expertise:

- **Public and Private Fixed Income:** PPMA is equipped with multiple asset class capabilities to serve its clients, including public investment-grade and below investment-grade bonds, traditional private placements, bank loans, mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities.

- **Public Equity:** The US equity group follows an investment philosophy based on the belief that value investing can provide superior, risk-adjusted returns over time. The group focuses on identifying individual stocks that appear underpriced relative to their true intrinsic values, determining the reasons for their undervaluation, and assessing the potential for a return to fair valuation.

- **Real Estate:** PPMA is one of the larger "life company" originators of commercial mortgage loans and one of the larger institutional investors in commercial mortgage-backed securities. Commercial mortgage loan efforts focus on the five main property types in the $7- to $40-million range: office, retail, multifamily, industrial, and hotel.

- **Private Equity:** PPMA's Private Equity group actively pursues private equity co-investments in sponsor-led buyouts, recapitalizations, and growth opportunities, and considers lead investing in certain situations where there is no sponsor. Their emphasis is on building the value of their portfolio companies through the appreciation of their equity investments, and not from fees, asset sales, or interest payments.

Curian

Curian Capital

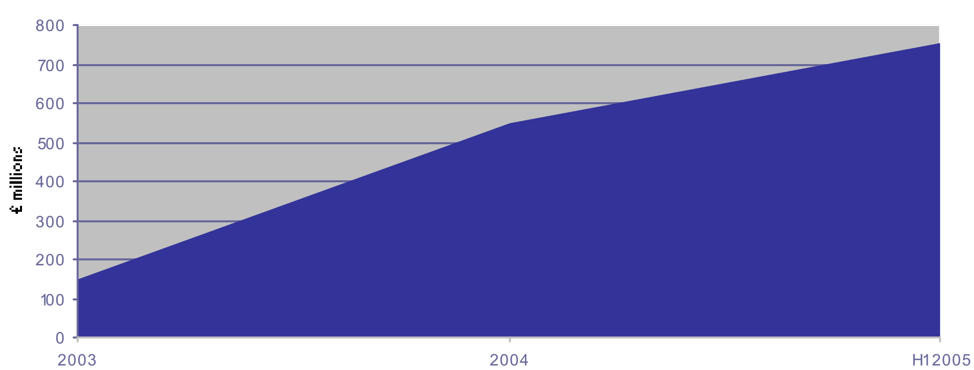
Launched in March 2003, Curian Capital LLC is one of the first registered investment advisers to offer true managed accounts for portfolios as small as $25,000. Each Curian custom style portfolio has four style-specific institutional managers, depending on selected asset allocation and client customization preferences, and can hold approximately 200 individual securities across a full range of asset categories. Custom style portfolios are highly scalable and are suitable for portfolios as small as $25,000 or as large as $25 million or more.

Curian's Custom Style Portfolio (CSP) program is a Web-based, paperless platform that features online account openings with complete account funding within a matter of hours, instead of days or weeks. The customized portfolios allow for real-time asset allocation tailored to the client's investment objectives, risk tolerance and time horizon. Components of the award-winning CSP program include:

- eSignature: Clients can electronically sign proposals and documentation, thereby eliminating paperwork.
- Online Document Storage: All documents, trade confirmations, tax reports and account statements are stored online, giving clients access 24 hours a day, seven days a week.
- Electronic Investment Policy Statements (IPS): All clients receive a customized IPS, which is stored online for the life of the account and is available 24 hours a day, seven days a week.
- Full Transparency: Account information is updated daily, allowing clients to always know exactly what they are invested in.

Curian is designed to help financial professionals improve operational efficiency, expand income opportunities and increase the overall profitability of their practice. Curian's innovative electronic platform includes WebFlow, a paperless account opening and administrative process that allows financial advisers to open and fund new separate accounts in as little as 24 hours. WebFlow incorporates automated proposal generation, investment policy statements, document packages, compliance review, electronic signatures, statement and report distribution, and document storage. Clients and their advisers have access to these materials online, 24 hours a day, seven days a week.

Curian Capital
Growth in Assets Under Management



Industry **Rankings**

The following pages compare financial results for JNL to its peer group. This peer group accounts for approximately two-thirds of US life insurance assets. The analysis illustrates that sales results for JNL clearly rank among the best in the industry.

Variable Annuity Sales

JNL has consistently grown its VA sales and has one of the highest compounded annual growth rates over the last four years.

($ millions)

	Company	2001 Sales	2002 Sales	2003 Sales	2004 Sales	Q2 YTD 2005 Sales	CAGR
1.	**Allianz**	$ 534.0	$ 1,785.7	$ 2,518.4	$ 4,043.4	$ 2,101.4	**67%**
2.	**Jackson National Life**	1,110.3	2,081.0	3,186.0	3,639.7	2,231.6	**42%**
3.	**Amex (IDS Life)**	3,084.5	4,378.1	4,386.9	4,672.2	3,053.4	**19%**
4.	**Lincoln National**	4,356.4	4,184.7	4,224.8	7,162.4	4,147.4	**17%**
5.	**AXA**	5,573.4	6,918.4	10,775.3	9,668.5	5,044.2	**16%**
6.	**MetLife / Travelers**	8,720.3	9,661.0	13,127.8	13,695.3	6,430.6	**10%**
7.	**Pacific Life**	4,386.5	4,259.5	6,253.5	6,401.4	3,200.5	**10%**
8.	**ING**	5,812.0	5,568.3	6,009.2	7,677.1	4,071.0	**9%**
9.	**Principal**	432.0	519.6	528.2	545.8	283.4	**7%**
10.	**Hartford**	9,650.3	10,456.0	15,773.0	15,281.5	6,116.8	**6%**
11.	**Prudential Financial**	5,053.7	4,795.7	5,318.7	5,769.4	3,197.5	**6%**
12.	**Manulife (J. Hancock)**	6,320.5	4,722.0	4,550.5	5,947.6	3,238.1	**1%**
13.	**New York Life**	1,926.7	2,051.2	2,245.1	1,916.9	906.9	**-1%**
14.	**AEGON (Transamerica)**	3,217.2	6,586.6	3,683.5	2,182.4	1,242.0	**-6%**
15.	**AIG**	10,621.9	8,226.1	8,197.3	8,863.6	3,997.8	**-7%**
16.	**Mass Mutual**	1,379.3	1,276.7	1,134.7	1,281.0	514.2	**-7%**
17.	**Allstate**	2,921.2	2,375.2	2,205.6	1,712.8	902.2	**-11%**
18.	**Nationwide**	6,106.9	4,827.3	4,846.3	4,255.2	1,863.4	**-12%**
19.	**Genworth**	2,263.3	1,597.4	2,049.8	1,072.1	516.6	**-18%**
20.	**Sun Life (Keyport)**	3,642.1	2,204.7	1,602.3	1,461.0	676.5	**-22%**
21.	**Jefferson-Pilot**	29.3	1.9	n/a	n/a	n/a	**n/a**
	MetLife	4,535.7	6,400.1	9,856.0	9,376.0	6,430.6	**30%**
	Travelers	4,184.6	3,260.9	3,271.8	4,319.3	-	**n/a**

Ranked by CAGR using annualized Q2 YTD-2005
Source: VARDS (new sales plus internal sales)

Total US Individual Annuity Sales

Rank	Company	YTD 6/30/05 ($ million)
1	AIG	$9,831
2	MetLIfe	8,203
3	Allianz Life of North America	7,037
4	TIAA-CREF	6,807
5	Hartford Life	6,523
6	ING	6,457
7	Axa Equitable	5,598
8	Lincoln National Life Insurance	4,285
9	Allstate Financial	4,173
10	Prudential Annuities	3,774
11	John Hancock	3,591
12	**Jackson National Life**	**3,544**
13	IDS Life	3,456
14	Pacific Life	3,231
15	New York Life	3,157
16	Genworth Financial	2,062
17	AEGON USA	2,001
18	Nationwide Life	1,899
19	Old Mutual Financial Network	1,631
20	Sun Life of Canada	1,406
21	American Equity Investment Life	1,399
22	AmerUs Group	1,284
23	Midland National	1,143
24	Thrivent Financial for Lutherans	1,135
25	Principal Life Insurance Company	1,043
	Top 25 Companies	**$94,670**
	Total Companies	**$108,700**

Source: LIMRA

Total US Variable Annuity Sales

Rank	Company	YTD 6/30/05 ($ million)
1	TIAA-CREF	$6,807
2	MetLife	6,341
3	Hartford Life	6,096
4	Axa Equitable	5,451
5	ING	5,040
6	AIG	4,356
7	Lincoln National Life Insurance	4,146
8	John Hancock	3,242
9	Pacific Life	3,201
10	Prudential Annuities	3,198
11	IDS Life	2,908
12	**Jackson National Life**	**2,232**
13	Allianz Life of North America	2,098
14	Nationwide Life	1,743
15	AEGON USA	1,238
16	New York Life	907
17	Allstate Financial	857
18	Thrivent Financial for Lutherans	798
19	Sun Life of Canada	630
20	Genworth Financial	518
21	Security Benefit Life	480
22	Massachusetts Mutual Life	461
23	Northwestern Mutual Life	421
24	Merrill Lynch Life	320
25	Guardian Life of America	286
	Top 25 Companies	**$63,774**
	Total Companies	**$67,000**

Source: LIMRA

Total US Fixed Annuity Sales

Rank	Company	YTD 6/30/05 ($ million)
1	AIG	$5,474
2	Allianz Life of North America	4,938
3	Allstate Financial	3,316
4	New York Life	2,251
5	MetLife	1,862
6	Old Mutual Financial Network	1,631
7	Genworth Financial	1,545
8	ING	1,417
9	American Equity Investment Life	1,399
10	**Jackson National Life**	**1,312**
11	AmerUs Group	1,284
12	Midland National	1,069
13	Sun Life of Canada	776
14	AEGON USA	763
15	Principal Life Insurance Company	760
16	Western Southern Group	664
17	Prudential Annuities	576
18	Jefferson-Pilot Life	552
19	IDS Life	548
20	Bankers Life & Casualty	458
21	Hartford Life	427
22	National Life/Life of the Southwest	387
23	Chase Insurance	373
24	Massachusetts Mutual Life	361
25	John Hancock	348
	Top 25 Companies	**$34,492**
	Total Companies	**$41,700**

Source: LIMRA

Total US Fixed Index Annuity Sales

Rank	Company	YTD 6/30/05 ($ million)
1	Allianz Life of North America	$4,742
2	American Equity Investment Life	1,281
3	Old Mutual Financial Network	1,168
4	AmerUs Group	1,145
5	ING	1,000
6	Midland National	981
7	Sun Life of Canada	562
8	**Jackson National Life**	**493**
9	Jefferson-Pilot Life	406
10	Allstate Financial	317
11	National Life/Life of the Southwest	288
12	North American Co.	136
13	AIG	119
14	Americo Financial Life & Annuity Co.	110
15	Business Men's Assurance	85
16	Principal Life Insurance Company	48
17	Conseco	46
18	Bankers Life & Casualty	40
	Top 18 Companies	**$12,969**
	Total Companies	**$13,900**

Source: LIMRA

Total US Individual Life Sales

Rank	Company	YTD 6/30/05 ($ million)
1	MetLife	$824
2	New York Life	645
3	AIG	602
4	Northwestern Mutual	515
5	ING	437
6	Aegon USA	425
7	Pacific Life	371
8	Protective Life	357
9	Jefferson-Pilot Life	321
10	Allstate Life	305
11	AXA	293
12	John Hancock/ManuLife	250
13	Principal Financial	242
14	Hartford	237
15	Prudential Financial	205
16	Sun Life of Canada	202
17	Midland National Life	196
18	MassMutual	196
19	State Farm Life	182
20	IDS Life	144
	Top 20 companies	**$6,949**
	Total companies	**$8,767**
	Jackson National Life	**21**

Source: LIMRA

Independent Agent Sales

Fixed & Variable Annuities

Rank	Company	YTD 6/30/05 ($ million)
1	Hartford Life	$2,197
2	Old Mutual Financial Network	1,574
3	Lincoln National Life Insurance	1,454
4	American Equity Investment Life	1,399
5	Midland National	1,143
6	ING	953
7	Allstate Financial	802
8	**Jackson National Life**	**614**
9	Sun Life of Canada	544
10	AIG	509
11	MetLife	504
12	Genworth Financial	389
13	National Life/Life of the Southwest	360
14	Jefferson-Pilot Life	356
15	Aviva Life	325
16	Western Southern Group	250
17	Business Men's Assurance	156
18	North American Co. for Life and Health	145
19	Phoenix Life Insurance Company	131
20	Americo Financial Life & Annuity Co.	120
	Top 20 companies	**$13,925**
	Total companies	**$23,900**

Source: LIMRA

Bank Sales

Fixed & Variable Annuities

Rank	Company	YTD 6/30/05 ($ million)
1	AIG	$3,377
2	Hartford Life	2,438
3	Allstate Financial	1,797
4	New York Life	1,291
5	Pacific Life	1,275
6	AEGON USA	971
7	MetLife	914
8	Axa Equitable	858
9	Genworth Financial	854
10	**Jackson National Life**	**798**
11	ING	633
12	Nationwide Life	594
13	John Hancock	562
14	IDS Life	542
15	AIG First SunAmerica	491
16	Prudential Annuities	437
17	Principal Life Insurance Company	396
18	Chase Insurance	373
19	Sun Life of Canada	300
20	Western Southern Group	260
	Top 20 companies	**$19,163**
	Total companies	**$21,300**

Source: LIMRA

Independent Financial Adviser Sales

Fixed & Variable Annuities

Rank	Company	YTD 6/30/05 ($ million)
1	Prudential Annuities	$2,084
2	John Hancock	2,037
3	ING	1,891
4	**Jackson National Life**	**1,802**
5	Pacific Life	1,513
6	Lincoln National Life Insurance	1,348
7	Axa Equitable	823
8	Nationwide Life	674
9	MetLife	478
10	AEGON USA	293
11	Western Southern Group	168
12	AIG	168
13	Sun Life of Canada	162
14	Massachusetts Mutual Life	133
15	Penn Mutual	83
16	Minnesota Life	64
17	Business Men's Assurance	35
18	Ameritas Acacia Companies	33
19	Principal Life Insurance Company	19
20	Kemper Investors Life	2
	Top 20 companies	**$13,812**
	Total companies	**$14,709**

Source: LIMRA

Broker-Dealer Rankings

Jackson National Life's retail distribution is managed by National Planning Holdings, Inc., a four-firm independent broker-dealer network. In 2004, NPH enjoyed gross product sales of $9.3 billion.

($000s)

Rank		Total 2004 Revenues	% change vs. 2003
1.	Linsco/Private Ledger	$1,136,744	27.6%
2.	AIG Advisor Group	869,341	8.5%
3.	Raymond James Financial Services	790,110	21.2%
4.	ING Advisors Network	562,539	7.8%
5.	Lincoln Financial Advisors Corp.	561,810	9.4%
6.	National Planning Holdings	407,303	19.8%
7.	Northwestern Mutual Invest. Services	317,725	25.0%
8.	Securities America	304,793	27.0%
9.	Pacific Select Distributors	282,373	17.0%
10.	Commonwealth Financial Network	269,244	26.6%
11.	NFP Securities	252,348	17.4%
12.	H.D. Vest Financial Services	181,604	—
13.	Aegon USA	177,528	17.9%
14.	NYLife Securities	175,798	11.5%
15.	Signator Investors	165,987	26.6%
16.	Walnut Street Securities	160,554	-5.6%
17.	Woodbury Financial Services	150,449	21.2%
18.	Jefferson Pilot Securities Corp.	137,327	15.2%
19.	Princor Financial Services	134,512	59.9%
20.	GunnAllen Financial	133,000	56.7%
21.	First Allied Securities	113,670	32.9%
22.	Cambridge Investment Research	104,835	63.5%
23.	American General Securities	96,763	18.7%
24.	M Holdings Securities	93,174	10.7%
25.	Park Avenue Securities	87,571	18.9%
26.	Cadaret, Grant & Co.	87,169	14.5%
27.	Ameritas Investment Corp.	71,963	32.1%
28.	Terra Securites Corp.	68,000	94.3%
29.	ProEquities	61,364	10.5%
30.	Securian Financial Services	57,708	34.5%
31.	Lincoln Investment Planning	57,700	20.3%
32.	Investacorp	56,125	-1.3%
33.	FFP Securities	55,711	-1.5%
34.	1717 Capital Management Co.	54,525	3.6%
35.	Investors Capital Corp.	54,415	38.9%
36.	Securities Service Network	54,200	9.3%
37.	VSR Financial Services	51,093	30.0%
38.	Capital Analysts	50,929	20.8%
39.	CFG/H. Beck	46,961	31.5%
40.	Northeast Securities	45,207	51.8%
41.	Centaurus Financial	44,400	20.7%
	Average	$ 209,380	24.1%

Source: *Financial Planning* Magazine June 2005
* % Change reflects revised 2003 figures
\- Not reported

Glossary of Terms

1035 exchange: A tax-free exchange from an annuity or life insurance contract to another contract, often from a different issuer.

401(k): A defined-contribution, qualified retirement plan offered by a company to its employees, who may set aside tax-deferred income for retirement purposes. The name 401(k) comes from the section of the Internal Revenue Code that permits the program.

403(b): A type of defined-contribution plan covered in section 403(b) of the Internal Revenue Code that permits public employers and tax-exempt organizations to make payments for retirement annuity policies for their employees and have the payments excluded from the employees' gross income for tax purposes, subject to certain limitations.

529 plan: A state-sponsored investment program named after the section of the Internal Revenue Code that permits these education savings programs. Earnings are exempt from federal tax if they are used for qualified educational expenses. Some states allow deductions from state income tax liability for contributions to 529 plans. Plan features vary by state.

Accumulation period: The time when the owner of a deferred annuity makes payments into the contract and accumulates assets.

Admitted assets: Assets permitted by state law to be included in an insurance company's statutory annual statement. These assets are an important factor when regulators measure insurance company solvency. They include mortgages, stocks, bonds, and real estate.

Administrative charges: Expenses that cover all of the services involved with maintaining a variable annuity contract, such as transfers among subaccounts, preparation of contract statements and mailings, and other customer services.

Agent: A person who sells an insurance policy or annuity to a client (see also 'broker').

Annual contract fee: An annual fee, typically $30 or $40, paid to the insurance company for administering the contract. The fee is often waived for contracts with high account values.

Annual statement: An accounting report that was developed by the National Association of Insurance Commissioners (NAIC) and that each insurer prepares each calendar year and files with the insurance department in each state in which it operates. Also commonly known as 'Blue Book' due to the color of the report's cover.

Annual reset annuities: Fixed annuities in which the insurance company can adjust the interest crediting rate annually on the policy's anniversary date, as long as the credited rate does not fall below a guaranteed minimum (generally ranging from 1.5-3.0 percent).

Annuitant: The person(s) upon whose life annuity payments are based. Often, but not always, the annuitant and the owner are the same person.

Annuitization: The conversion of the accumulated value of an annuity into a stream of income, either for one or more lifetimes or a specific period of time.

Annuity: A contract between an individual and an insurance company used for accumulating assets for retirement, or as a method for providing an income stream at a later date. In a deferred annuity, the payment period is preceded by an accumulation period, when all capital and investment proceeds that remain inside the annuity can accumulate tax-deferred. An immediate annuity has no accumulation, but begins payments immediately in return for a lump sum premium.

Annuity commencement date: The date income payments begin. Also known as the annuity starting date.

Annuity contract: A legal agreement between the contract owner and the insurance company.

Annuity income payments or payouts: A series of payments made over a specified period of time with the duration guaranteed by the life insurance company at the beginning of the period.

Annuity purchase rate: The cost of an annuity based on insurance company tables, which take into account various factors such as age and gender.

A-share variable annuities: Variable annuity contracts that have upfront sales charges instead of surrender charges, and are often accompanied by lower Mortality and Expense (M&E) fees. Sales charges are calculated as a percentage of each purchase payment.

Asset allocation programs: A system of allocating variable annuity purchase payments to subaccounts based on a contract owner's financial goals and risk tolerance.

Asset-based expenses: Variable annuity expenses, such as investment management fees and annual insurance charges, that are based on the value of the assets held in the insurance company's separate account.

Asset valuation reserve (AVR): Explicit liability reserve, required by the National Association of Insurance Commissioners (NAIC), established for all invested asset classes. Specific reserves are established for real estate and mortgages. In essence, the purpose of this reserve is to provide a back-up sum for potential equity and credit losses. To accomplish this objective, reserves are maintained for stocks, bonds, real estate, mortgages, and similar types of invested assets. Realized and unrealized equity and credit capital gains and losses are credited to or debited against this reserve. The amount of reserves required to be maintained for each invested asset is determined by actuarial formula.

Assumed interest rate (AIR): The rate of interest an annuity provider uses to determine the amount of each variable annuity income payment. If the actual performance of the contract holder's underlying investment portfolio is higher that the AIR, payments will go up; if it is lower, payments will go down.

Banks: Financial institutions that collect deposits and reinvest them, usually in loans. Many banks diversify their product offerings with annuities and insurance. JNL distributes its fixed annuities, fixed index annuities, variable annuities and life insurance products to the mass, upscale and mass affluent markets through banks across the United States.

Beneficiary: The person designated under the contract to receive any payments that may be due upon the death of the owner or the annuitant.

Bonus rate: Extra percent of interest credited to an annuity during the first year that it is in force. This extra amount is above the interest rate to be credited beginning with the second year and the remaining years that the annuity is in force. The extra rate is paid in the first year as an effort to attract new annuitants.

Breakpoint pricing: A system whereby the cost of upfront sales charges decreases depending on the cumulative amount of purchase payments that has been made.

Broker: In insurance, a broker is a person who finds the best insurance product for a client and then sells the policy to the client. A securities broker acts as an intermediary between a buyer and seller, usually charging a commission. A broker who specializes in stocks, bonds, commodities or options acts as the agent and must be registered with the exchange where the securities are traded, hence the term Registered Representative.

Broker-dealer: A brokerage firm operating both as broker and as principal. A dealer is an individual or firm acting as a principal in securities transactions. Principals trade for their own account and risk. When buying from a broker acting as a dealer, a customer receives securities from the firm's inventory. The primary function of a broker-dealer is to ensure compliance with industry regulatory bodies (i.e., the SEC and NASD – Securities and Exchange Commission and National Association of Securities Dealers). By performing surveillance of all of its representatives' activities, a broker-dealer helps to protect the best interests of the investor. Broker-dealers also provide the following services: process the opening of accounts, including the actual trade execution and commissions processing; help representatives meet continuing education requirements; process all payouts to representatives; and sponsor NASD licenses.

B-share variable annuities: Variable annuity contracts characterized by deferred sales charges, which typically range from 5-7% in the first year, and subsequently decline to zero after five to seven years. B-shares are the most common form of annuity contract sold.

Bullet contract: A fixed annuity in which the interest crediting rate is guaranteed for a certain number of years, meaning that the insurance company cannot change the interest rate during the guaranteed period.

Capital ratio: Total statutory capital, surplus and asset valuation reserve, divided by general account reserve liabilities.

Cash surrender value: The amount that can be withdrawn from the contract after the deduction of any surrender charge. It is equal to the contract value (the sum of premiums and earnings minus contract charges and withdrawals), minus the surrender charge. Also known as cash value.

Certificate of deposit (CD): An interest-paying instrument offered by banks. Maturities usually range from a few weeks to several years.

Commercial mortgage backed securities (CMBS): Securities backed by commercial mortgage loans. These loans are generally secured by first liens on the underlying real estate and the cash flow from that real estate. CMBS are different from residential mortgage backed securities (MBS) in that the commercial mortgage loans making up CMBS are generally either prohibited from prepayment or penalized upon prepayment. CMBS therefore carries significantly lower extension or prepayment risk than MBS.

Commissioners annuity reserve valuation method (CARVM): Term for statutory reserves for annuities that can be calculated using various methods but at the minimum, the reserve must be at least equal to the CARVM. The CARVM equals the greatest present value of future guaranteed benefits to include nonforfeiture benefits in excess of future required premiums. Not included in this calculation are expenses and policy lapses.

Contingent deferred sales charge: Back-end loads, charged on the liquidation of a variable annuity, which typically start at 5-7% and decline 1% per year until they disappear.

Contract date: The date an annuity contract becomes effective.

Contract owner: The person(s) who pays the premiums and has certain rights under the contract, such as making withdrawals, determining investment decisions, surrendering the contract, and changing the beneficiary or other terms of the contract.

C-share variable annuities: Variable annuity contracts with no upfront or contingent deferred sales charge, which offer full liquidity to contract holders at any time. Also known as no-surrender charge annuities.

Death benefit: The payment made to the beneficiary upon the death of the contract owner or annuitant.

Deferred acquisition costs (DACs): Costs accounted for as an asset and amortized over time to match the emergence of a surplus on life insurance policies. They effectively match the recognition of acquisition costs as an expense on the P&L with fees/profits emerging on a life insurance policy. DACs are intangible assets and may need to be written off if the profits expected to emerge on the life insurance book of business are deemed insufficient to cover DACs.

Deferred annuity: An annuity contract that is purchased either with a single premium or with periodic payments to help save for retirement. The contract owner determines the point at which accumulated principal and earnings are converted into a stream of income.

Defined benefit plan: An employer-administered pension plan that qualifies for special tax treatment under the Internal Revenue Code. With a deferred benefit plan, the retired employee receives lifetime payments based on salary, years of service, and age at retirement. The employer bears the investment risk.

Defined contribution plan: An employer-administered pension plan in which the employee is allowed to channel part of his/her income into the plan on a pre-tax basis. The employer may match a percentage of employee contributions, but the employee bears the investment risk.

Dollar cost averaging: A program for investing a fixed amount of money at set intervals with the goal of purchasing more shares at low values and fewer shares at high values. Variable annuity dollar cost averaging programs involve allocating a certain amount of money to one investment subaccount and then having portions of that payment periodically transferred to other subaccounts.

Duration averaging: Disciplined approach to managing an insurance company's bond portfolio duration. When interest rates rise, the average maturity and duration of the bond portfolio is lengthened, resulting in the portfolio becoming more aggressively positioned to take advantage of the falling bond prices. Conversely, when interest rates fall, the average maturity and duration of the bond portfolio is shortened, resulting in the portfolio becoming more defensively positioned to take advantage of the rising bond prices.

Enhanced death benefit: A death benefit that goes beyond the guaranteed minimum death benefit by locking in investment gains every few years or every year, or paying a minimum stated interest rate on purchase payments.

Enhanced earnings benefit: A feature of some variable annuity contracts which provides beneficiaries with an additional death benefit amount, usually equal to a percentage of earnings.

Equity-indexed annuity (EIA): A fixed annuity that allows limited participation in gains tied to an index, usually the S&P 500, and also provides a floor guarantee against downside market risk. Jackson National Life refers to its EIAs as fixed index annuities in recognition of the fact that the assets backing these products are held in JNL's general account and the company, rather than the policyholder, assumes the investment risk.

Exclusion ratio: The formula that determines which portion of an annuity payment is considered taxable and which is a tax-free return of principal.

Expense ratio: The amount, as a percentage of total variable annuity account value, that is paid annually for administrative, investment management and insurance expenses.

Federal Deposit Insurance Corporation (FDIC): Originally established as a federal agency in 1933, the FDIC insures funds on deposit in banks and performs other functions such as making loans to or buying assets from member banks to facilitate mergers or prevent failures.

Federal estate tax: The federal tax imposed on the deceased's estate which includes the total assets comprising a person's estate at death

Fee-based income: Compensation that a financial adviser earns from providing financial planning services. Typically, this is an annual charge calculated as a percentage of the customer's assets under management, rather than a commission calculated as a percentage of the premium paid by the customer.

Financial planner: A qualified professional who analyzes an individual's personal financial circumstances in order to meet specific needs and objectives. A financial planner's areas of expertise should include taxes, insurance, retirement planning and estate planning.

Fixed account: Part of the insurance company's general account to which a variable annuity contract owner may allocate all or part of premium payments. A minimum rate of interest is guaranteed usually for one year.

Fixed annuitization: A stream of income payments that are fixed and guaranteed.

Fixed annuity: An annuity contract that guarantees that the contract owner will earn a stated rate of interest during the accumulation phase of a deferred annuity, and receive a fixed amount of income on a regular schedule when the contract is annuitized.

Fixed index annuity: A fixed annuity offering guaranteed minimum interest rates, with potentially increased returns measured by the performance of an equity index, such as the S&P 500, over a selected period of time. (see also ‘equity indexed annuity”)

Flexible premium contract: A contract that allows payments to be made at any time after the initial purchase payment.

Free-look period: A specified number of days (e.g., 10 days) during which an annuity contract holder may revoke the purchase of the contract.

Funding agreement: An investment contract between an insurance company and an institutional investor that provides a stated rate of return on deposits over a specified period of time.

GAAP: Generally Accepted Accounting Principles. A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

General account: An undivided account in which life insurers record incoming funds from fixed products. General accounts do not include funds placed in variable products, which are managed in a separate account. Therefore, the general account consists exclusively of non-linked assets.

Gift tax: Both federal and state governments have gift tax laws, which tax gifts made by one person to another. Federal law allows donors to give up to US $10,000 per year to any individual without incurring gift tax liability.

Glass-Steagall Act of 1993: Legislation passed by Congress authorizing deposit insurance and prohibiting commercial banks from owning full-service brokerage firms. Under Glass-Steagall, these banks were prohibited from investment banking activities, such as underwriting corporate securities or municipal revenue bonds. The law was designed to insulate bank depositors from the risk involved when a bank deals in securities and to prevent a bank collapse like the one that occurred during the Great Depression. The original separation of commercial and investment banking has been significantly eroded in recent years, however, since banks now own discount brokerage operations, sell mutual funds and can perform some corporate and municipal underwriting operations and provide other investment services.

Global medium term note (GMTN): A medium term note sold into the US market.

Gramm-Leach-Bliley act: Also known as the Financial Services Modernization Act of 1999, the GLBA primarily sought to remove regulations that prevented the merger of banks, stock brokerage companies, and insurance companies. The GLBA also included three requirements to protect the personal data of individuals: First, banks, brokerage companies, and insurance companies must securely store personal financial information. Second, they must advise customers of their policies on sharing of personal financial information. Third, they must give consumers the option to opt-out of some sharing of personal financial information.

Guaranteed investment contract (GIC): An investment contract between an insurance company and an institutional investor, which provides a stated rate of return on deposits over a specified period of time. Primarily, the retirement savings and 401(k) plans of large corporations use GICs. They typically provide for partial or total withdrawals at book value if needed for certain liquidity needs of the plan (e.g., to pay benefits to terminating 401(k) participants).

Guaranteed minimum accumulation benefit (GMAB): A guarantee that ensures that the contract value of a variable annuity contract will be at least equal to a certain minimum amount after a specified number of years.

Guaranteed minimum death benefit (GMDB): The basic death benefit offered under variable annuity contracts, which specifies that if the owner dies before annuity income payments begin, the beneficiary will receive a payment equal to the greater of the contract value or purchase payments less withdrawals.

Guaranteed minimum income benefit (GMIB): A guarantee that ensures, under certain conditions, that the owner may annuitize the variable annuity contract based on the greater of (a) the actual account value or (b) a "payout base" equal to premiums credited with some interest rate, or the maximum anniversary value of the account prior to annuitization.

Guaranteed minimum withdrawal benefit (GMWB): A guarantee in a variable annuity that promises that the owner may make annual withdrawals of a stated percentage of total premiums until the premiums are completely recovered, regardless of market performance or the actual account balance.

Guaranteed period: The period during which the level of interest credited under a fixed annuity is guaranteed.

Immediate annuity: An annuity that is purchased with a single lump sum. Income payments begin within a short period – less than 13 months. Can be either fixed or variable.

Income or payout options: Different ways by which a contract owner can receive income from an annuity. These include lump sum payment, systematic withdrawals, and annuitization.

Independent agent: Contractor who represents different insurance companies and who searches the market for the best place for a client's business. The independent agent, who owns the records of policies sold, is not controlled by any one company, pays his or her agency's expenses out of the commissions earned, and is responsible for maintaining employee benefits. JNL distributes its fixed annuities, fixed index annuities and life insurance products to the mass market through independent agents.

Independent broker-dealers: Independent broker-dealers help their representatives ensure compliance with industry regulatory bodies like the US Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD). Representatives operating their own independent businesses also align themselves with independent broker-dealers to obtain assistance with the processing of new account openings, including trade execution and commissions processing, and to fulfill continuing education requirements. JNL distributes its variable annuities, fixed annuities, fixed index annuities and life insurance products to the upscale and mass affluent markets through independent broker-dealers. Prudential plc also owns National Planning Holdings, a network of four independent broker-dealers: INVEST Financial, Investment Centers of America, National Planning Corporation and SII Investments.

Individual annuity: An annuity sold to an individual contract holder, as opposed to one issued to fund a group retirement plan. Retail annuity products in the United States must be specifically designed for either individual or group issue.

Individual Retirement Account (IRA): A tax-deferred retirement account that permits an individual to set aside up to US$3,000 per year. People who do not participate in a pension plan at work, or who do participate but fall within certain income guidelines, can make tax-deductible contributions to an IRA. All others can contribute to an IRA on a non-deductible basis. In both cases, interest earnings accumulate tax-deferred until the funds are withdrawn.

Institutional investors: Primarily insurance companies, investment banks, pension funds, mutual fund companies, asset managers and corporations with large amounts of cash to invest. JNL distributes its guaranteed investment contracts, funding agreements and medium term notes through institutional investors.

Insurance charges: Charges that cover administrative expenses and the cost of the mortality and expense (M&E) risk.

Interest maintenance reserve (IMR): Liability reserve establishment required by the National Association of Insurance Commissioners (NAIC), the purpose of which is to accumulate realized capital gains and losses resulting from fluctuations in the interest rate. These gains and losses in the IMR are amortized and shown as an adjustment to the net investment income over the remaining life of the sold assets.

Investment Company Act of 1940: Act that regulates the variable dollar insurance products (equity related) sold by insurance companies. The act includes regulations that stipulate: that variable dollar insurance products must be funded through a separate account (segregated from the other investment accounts of the insurance company); benefits and cash values must vary in tandem with the investment returns of this separate account; mortality and expense fluctuations (above the maximum chargeable stipulated in the policy) must be borne by the insurance company; maximum sales load and periodic financial reports must be sent to the policyowner.

Investment management fee: The fee paid in connection with the professional management of assets of the investment funds underlying variable annuities.

Issuer: The insurance company that supplies the annuity contract.

Joint and survivor annuity: A life annuity in which there are two annuitants, usually spouses, known as joint annuitants. Annuity payments continue as long as either annuitant is alive.

Level annuity payments: Annuity payments under a variable annuity contract that remain the same for a period of time and then change to reflect investment performance. Once changed, payments remain the same for the next 12 months.

Life annuity: Annuity payments that are guaranteed to continue for the life of the annuitant.

Longevity risk: The risk of outliving one's assets.

L-share variable annuities: Variable annuity contracts that typically have shorter surrender periods, such as three or four years, but may have higher mortality and expense (M&E) charges.

Lump sum option: A withdrawal option in which the annuity is surrendered and all assets are withdrawn in a single payment.

Managed account: A customized investment approach designed to reach specific financial objectives. Managed accounts allow the investor to make specific portfolio requests relating to such issues as avoidance of specific stocks, tax-related trading, etc.

Market risk: The risk of losing portfolio value due to the volatility of the stock market.

Market Value Adjustment (MVA) / Excess Interest Adjustment (EIA): A fixed annuity where the insurance company pays a fixed rate of return for a specified time period known as a "guarantee period". However, if the policyowner withdraws money before the end of the guarantee period, the withdrawal may be adjusted upward or downward based on changes in interest rates. If current interest rates are higher than the contract guaranteed rate, the withdrawal is decreased to compensate the insurer for the loss on the market value of the asset backing the liability. If current rates are lower, the withdrawal is increased. The increase or decrease is called a "market value adjustment" or an "excess interest adjustment".

Medium Term Note (MTN): A general obligation of a company sold through investment banks, with maturities generally in the three- to 10-year range. Interest is payable in US dollars or other currencies.

Minimum credited interest rate: The minimum rate of interest that is guaranteed on a fixed annuity.

Mortality and expense (M&E) risk charge: A fee that pays for the insurance guarantees, including the death benefit and the ability to choose a payout option that can provide lifetime income, at rates set in the contract at the time of the purchase.

NASDAQ Index: The NASDAQ Composite Stock Price Index is one of the broadest measures of stock trading. It includes all common stocks listed on the electronic NASDAQ Stock Market. NASDAQ, or the National Association of Securities Dealers Automated Quotations, is the primary exchange system for over-the-counter stocks, but may also quote stocks that are listed on the New York Stock Exchange.

National Association of Insurance Commissioners (NAIC): An association of state insurance commissioners that was formed for the purpose of exchanging information and to develop uniformity in the regulatory practices of the states through the drafting of model legislation and regulations.

National Association of Securities Dealers (NASD): An industry organization that regulates the behavior of member securities dealers. It operates under the auspices of the Securities and Exchange Commission (SEC) to enforce, on a self-regulating basis, rules designed to protect investors against fraud and market manipulation of stocks. Insurance agents selling variable life insurance, variable annuities and mutual funds are required to be licensed by the NASD. It also owns and operates the NASDAQ.

Net sales or net flows: Total variable annuity sales minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments.

No lapse guarantee: Agreement by the insurance company to keep a universal life insurance policy in force, even if the cash value becomes zero or less than zero, provided that a specified minimum continuation premium is made at the required time.

Nonadmitted assets: Assets, such as furniture and fixtures, that are not permitted by state law to be included in an insurance company's annual statement.

Nonqualified: An investment or savings arrangement that has not been funded by tax-deductible contributions as permitted by the Internal Revenue Code. The term does not signify any particular failure to meet qualifications, but simply covers all savings vehicles that fall outside the qualified arena. For example, an individual or entity may purchase a nonqualified annuity. It can accumulate interest on a tax-deferred basis, unless it is owned by an entity.

Nonqualified annuity: An annuity that is not purchased as part of a retirement program that receives special tax treatment.

Payout phase or payout period: The period during which the money accumulated in a deferred annuity contract, or the purchase payment for an immediate annuity, is paid out as income payments.

Pension plan, USA: A qualified retirement plan set up by a corporation, labor union, government, or other organization for its employees. Examples include profit-sharing plans, stock bonus and Employee Stock Ownership Plans, thrift plans, target benefit plans, money purchase plans, and defined benefit plans.

Period certain: A type of annuity that guarantees that if the annuitant dies before payments have been made for a specified time, payments to the beneficiary will continue until the end of the guaranteed period.

Portfolio rebalancing: A type of asset allocation program that periodically reallocates contract assets, in specified proportion, among fixed and variable investment options under a variable annuity contract.

Premiums or purchase payments: The amounts of money paid into an annuity contract.

Producer: A term applied to an agent, solicitor or other person who sells insurance.

Qualified annuity: An annuity purchased with pre-tax dollars as part of a retirement program, such as a 401(k) plan, that receives special tax treatment.

Qualified retirement plan: A retirement plan offered by employers which allows individuals to save for retirement on a tax-deferred basis, with tax-deductible contributions, and which must meet specified provisions of the Internal Revenue Code. They may be funded by various types of investments, including annuities.

Real estate investment trust (REIT): A US corporation specifically set up to passively invest in real estate. Among other quite strict requirements, REITs must distribute 90 percent or more of the income generated by the real estate held in the trust to maintain their status as a REIT. They are not taxed at the corporate level for either income or capital gains – this income flows to the shareholders and is taxed at the investor level.

Regional broker-dealers: Regional broker-dealers typically specialize in a single region of the country and have multiple branded office locations throughout their chosen region, within which their representatives provide advisory services to clients. JNL distributes its variable annuities, fixed annuities and fixed index annuities to the upscale and mass affluent markets through regional broker-dealers.

Registered investment adviser (RIA): An investment adviser who is registered with the SEC. A RIA will pick SEC-registered investments for a client and usually operates on a fee rather than on a commission basis. Curian Capital is a registered investment adviser targeting the upscale to mass affluent markets, offering separately managed accounts.

Registered representative: Individual licensed to sell securities to the public. For example, to sell variable annuities and variable life insurance products and mutual funds, an insurance agent is required to pass examinations given by the National Association of Securities Dealers.

REIT debt: Securities, either public or private and investment grade or non-investment grade, issued by REITs. All of the assets of the REIT are pledged as security for these corporate bonds.

Retirement income period: The period during which the money accumulated in a deferred annuity contract, or the purchase payment for an immediate annuity, is paid out as income payments.

Return on capital (ROC): Net income divided by average invested capital (debt plus total stockholders' equity). Also known as "return on investment", this ratio can be used as a measure of how effectively management is using the capital at its disposal.

Return on equity (ROE): The percentage amount a company earns on its total stockholders' equity.

Risk-based capital ratio (RBC ratio): A ratio comparing an insurance company's capital base with a weighted average of amounts at risk, mainly investment and underwriting risk. S&P's capital adequacy ratio is an example of a risk-based capital ratio, as is the US ratio used for regulatory purposes.

Risk pooling: The spreading (in the case of annuities) of longevity risk among a large group of individuals, some of whom will die sooner than expected, some of whom will live longer than expected.

Roth IRA: A new type of IRA established in the Taxpayer Relief Act of 1997, allowing taxpayers, subject to certain income limits, to accumulate retirement savings tax-free. Taxes are paid on contributions, but withdrawals, subject to certain rules, are not taxed at all.

S&P 500 Index: A broad measurement of price changes in the stock market, based on the average performance of 500 publicly traded common stocks of US-based companies. This index tracks stocks from a number of sectors, including the industrial, transportation, financial and utility sectors. Composition of the 500 stocks is flexible, and the number of issues in each sector varies over time.

Savings period: The period in which the owner of a deferred annuity makes payments and accumulates assets.

Section 7702 Corridor: For purposes of federal income tax laws, the required difference between a policy's face amount and the amount of the policy's cash value needed for the policy to qualify as a life insurance policy rather than an investment product.

Securities and Exchange Commission (SEC): The federal regulatory agency whose primary mission is to protect investors and maintain integrity of securities markets by enforcing US securities law. The SEC has jurisdiction over securities exchanges, broker-dealers, investment advisers, mutual funds, self-regulatory organizations, public utility holding companies and virtually all other individuals and firms operating in the investment field.

SEP IRA: A retirement program that allows self-employed people or owners of small companies to defer taxes on investments intended for retirement.

Separate account: An account that is set apart from an insurer's general account and is legally insulated from the insurer's general creditors. Variable annuities are issued through separate accounts.

SIMPLE plan: A retirement plan for companies with fewer than 100 employees, in which employees receive matching funds from their employer. A SIMPLE Plan may be structured as either a 401(k) or an IRA.

Single premium annuity: An annuity contract that is purchased with a single payment. All immediate annuities and some deferred non-qualified annuities are in this category.

Social Security: A federal program that provides specified benefits, including monthly retirement income benefits, to people who have contributed to the plan during their income-earning years.

Statutory accounting principles (SAP): Those principles required by statute that must be followed by an insurance company when submitting its financial statement to the state insurance department. Such principles differ from Generally Accepted Accounting Principles (GAAP) in some important respects. For example, SAP requires that expenses must be recorded immediately and cannot be deferred, so that they track with premiums as they are earned and taken into revenue.

Stepped-up death benefit: A death benefit that is increased regularly to protect investment gains.

Subaccount: The investment funds offered in variable annuity contracts that are held within the separate account of the insurance company offering the variable annuity.

Surrender charge: The cost to a contract owner for withdrawals from the contract before the end of the surrender charge period.

Systematic withdrawal plan: A plan that allows a variable annuity contract owner to periodically receive a specified amount as a partial withdrawal from the annuity contract value prior to the annuity starting date.

Tax deferred: Term describing an investment whose accumulated earnings are free from taxation until withdrawn. Tax-deferred investments include: annuities, qualified plans, variable, whole and universal life insurance, and Series EE US savings bonds.

Total sales or total premium flows: The sum of new sales (all first-time buyers of a contract, including inter- and intra-company exchanges) and additional premiums from existing contract owners.

Transfer: The movement of assets from one subaccount to another.

Unbundled contracts: Annuity contracts that permit purchasers to choose and pay for certain optional features they want in their contract.

Unit value: A measurement of the performance of the underlying funds in a variable annuity, similar to the share value of a stock. The unit value increases with positive investment performance in the subaccount, and decreases with negative investment performance and with asset management and insurance charges.

Unrealized capital gains: Sometimes referred to as "hidden reserves", they arise when the value of investments reported on the balance sheet is inferior to the market value. Unrealized capital gains would then be reported off-balance sheet. The concept is not relevant where the full balance sheet is on a market value basis, e.g., in the UK.

Variable annuitization: A stream of income payments that vary based on the investment performance of the underlying subaccounts.

Variable annuity: An annuity whose value is determined by the performance of underlying investment options that frequently include securities. A variable annuity's value is not guaranteed and will fluctuate, depending on the value of its underlying investments. The holder of a variable annuity assumes the investment risk and the funds backing a variable annuity are held in the insurance company's separate account. VAs are similar to unit-linked annuities in the UK.

Variable annuity fee income: Management fees earned by the financial services company on customers' assets held in equity allocations within variable annuities. The fees are typically calculated as a percentage of assets under management.

Variable investment options: The investment choices available to a variable annuity contract owner. Choices typically include stock, bond, and money market funds.

Withdrawal fee: An administrative fee charged on withdrawals.

Withdrawals: Distributions from an annuity other than scheduled annuity payments.

Sources

2005 NAVA Annuity Fact Book
RealEstateAgent.com Insurance Glossary
Barron's Dictionary of Finance and Investment Terms