"We are well positioned for continued broad economic growth in 2018."

- Ronald P. Joelson
  Executive Vice President & Chief Investment Officer
What’s Ahead for 2018?

A letter from our Chief Investment Officer

Ronald P. Joelson
Executive Vice President & Chief Investment Officer

Paradigm shift

Economic strength and market momentum characterized 2017, as the S&P 500 Index finished the year up 21.8%, largely driven by the Information Technology sector up more than 38%. Strong equity markets coupled with record-low volatility produced tighter credit spreads and easier financial conditions. All of this was taking place despite the Federal Reserve increasing short-term interest rates by 75 basis points and beginning to unwind purchases of U.S. Treasury bonds and mortgage-backed securities acquired as part of quantitative easing. Finally, after 15 consecutive months of positive total S&P 500 Index returns, we saw a 10% intra-month correction in February 2018, and the index declined by 3.69% on the month.

The correction in February and subsequent market volatility was likely triggered by several factors, including rising interest rates, elevated equity multiples, U.S. trade policy and concerns about the fiscal health of the United States. The yield on the 10-year U.S. Treasury bond increased from 2.04% in Q3 2017 to 2.95% in Q1 2018. Market-based expectations of inflation for the next 10 years rose by 40 basis points over this same period, implying higher levels of real interest rates. Market volatility also moved higher during Q1 2018. The CBOE Volatility Index, which measures expectations of future market volatility, implied a roughly 10% annualized market volatility throughout 2017 and increased to sustain levels around 20% during Q1 2018. Finally, throughout 2017 we saw real GDP growth increase from 2.2% in Q1 to 2.6% in Q4 on a year-over-year basis. And, unlike prior years, we have seen growth globally.

We remain confident in the U.S. growth outlook despite this expansion being one of the longest in U.S. history. Aggregate earnings per share for the S&P 500 Index was the highest on record in 2017 and is expected to increase more than 15% in 2018. Most individuals and businesses are expected to see a reduction in federal income taxes due to the Tax Cuts and Jobs Act passed in December. As a result, we expect increases in consumer spending and business investment to be supportive of economic growth in the short to intermediate term.

Since the Great Financial Crisis, we have seen periods of time when economic growth accelerated and interest rates began to rise. In each of these periods investors began to anticipate a return to more historical levels of growth and inflation such that higher interest rates could be sustained. However, each time proved to be fleeting; economic growth reverted toward 2%, and interest rates remained low by historical standards. We have viewed these moves with a healthy degree of skepticism and

Ronald P. Joelson
Executive Vice President & Chief Investment Officer

A letter from our Chief Investment Officer

WE REMAIN CONFIDENT IN THE U.S. GROWTH OUTLOOK DESPITE THIS EXPANSION BEING ONE OF THE LONGEST IN U.S. HISTORY.

"We remain confident in the U.S. growth outlook despite this expansion being one of the longest in U.S. history."
challenges ourselves to determine what, if anything, may be different this time around.

**What may be different?**
We seem to have ushered in a new paradigm with more financial market volatility, lower equity return expectations and somewhat higher interest rates. Fiscal policy and deficits are expanding in the United States, while monetary policy accommodation continues scaling back.

New fiscal stimulus is being injected into the economy while the unemployment rate is historically low at around 4%, home prices are growing more than 6% year-over-year (according to the S&P Case-Shiller Home Price Index), and core inflation is increasing toward the Federal Reserve’s stated 2% target. Fiscal deficits have typically expanded during recessions as a counter-cyclical policy tool, not after nine years of economic expansion.

What does this mean for the General Account portfolio?
While the economy appears to have a low probability of recession for the foreseeable future, equity and credit markets seem to already reflect this through elevated valuations that may not be fully compensating investors for the embedded risks. Despite this, if economic conditions are good, equity markets can generally be counted on for positive returns even if multiples are at the higher end of historical ranges. Additionally, our outlook has led us to be modestly positioned for higher interest rates, but not excessively so.

We continue to believe that it is very important to determine which asset classes provide the best value and make asset selections within those markets that offer the best opportunities. We are well positioned for continued broad economic growth in 2018 but also have not over-rotated toward risky assets in the event markets surprise. Also, markets aren’t paying investors enough to take on excessive risk. That level of conservatism is appropriate for a company that is managed to deliver the highest possible dividends while maintaining its financial strength in all seasons.

**General Account Overview**

It’s about results over time. Active portfolio management, diversification and a long-term perspective are behind our investment portfolio’s track record of consistently strong performance.

While this may lengthen the current business cycle, it also risks overheating the economy in the short term and worsening the long-term fiscal health of the United States.

Support for economic growth should allow the Federal Reserve to continue gradually normalizing monetary policy by raising interest rates and reducing its holdings of U.S. Treasury and mortgage-backed securities. Historically, we have seen increased financial market volatility and lower forward-looking equity returns as the business cycle matures and monetary policy becomes less accommodative.

**Long-term target allocations.**

- **Equity:** 10%
- **Fixed income:** 90%

**AlLOCATION**

We’ve found that a majority of lower-risk, investment-grade fixed income assets, with a balance of higher-risk, high-yield bond securities and equities, are the ingredients for above-average returns through a variety of business cycles and economic conditions.

- **LOWER-RISK ASSETS**
  - For a stable foundation and current income
  - 83%
  - 1% Emerging market U.S. dollar debt
  - 1% Commercial mortgage-backed securities
  - 2% Asset-backed securities
  - 4% U.S. government securities
  - 7% High-yield bonds
  - 5% Real estate equities
  - 3% Private equities
  - 2% Public common stock

- **HIGHER-RISK ASSETS**
  - For greater return potential and incremental diversification
  - 17%

#### THE RIGHT MIX

Appropriately balancing the steady cash flow offered by fixed income with potential capital gains from equities is a hallmark of our approach.

```
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial mortgage loans</td>
<td>17%</td>
</tr>
<tr>
<td>Residential mortgage-backed securities</td>
<td>20%</td>
</tr>
<tr>
<td>Investment-grade corporate bonds</td>
<td>41%</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>5%</td>
</tr>
<tr>
<td>Real estate equities</td>
<td>5%</td>
</tr>
<tr>
<td>Private equities</td>
<td>3%</td>
</tr>
<tr>
<td>Public common stock</td>
<td>2%</td>
</tr>
</tbody>
</table>
```

```
Long-term target allocations.
May not add up to 100% due to rounding.
```

This strategy works well in most market environments, and we continue to do it better than most. Our superior asset selection combined with asset allocations that change with market conditions (but not excessively) have been hallmarks of our long-term success and continue to work for us today. Thank you for being such loyal policyowners and clients. We always appreciate the trust you place in Northwestern Mutual.

Ronald P. Joe bson
Executive Vice President
& Chief Investment Officer
Quality

Ninety percent of the bond and preferred stock portfolio is investment grade. We’re committed to continuing to earn the highest financial strength ratings awarded to any insurer, a record we’ve maintained.

Quality

Ninety percent of the bond and preferred stock portfolio is investment grade. We’re committed to continuing to earn the highest financial strength ratings awarded to any insurer, a record we’ve maintained.

Bond portfolio duration: Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. For example, a five-year duration means a bond is expected to increase in value by about 5% if interest rates fall 1% and decrease in value by about 5% if interest rates rise 1%.

Average Duration

5-6 YEARS short-intermediate

A shorter relative duration means our bond portfolio is not overly sensitive to changes in the interest rate environment.

INVESTMENT GRADE

90%

AAA 32%

A 23%

BBB 29%

BB 5%

CCC & lower 2%

BELOW INVESTMENT GRADE

10%

Fixed-income investment quality

<table>
<thead>
<tr>
<th>Fixed-income investment quality</th>
<th>Rated investment grade BBB or better</th>
<th>Highest quality rating AAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public bonds, private bonds and preferred stock</td>
<td>90%</td>
<td>32%</td>
</tr>
<tr>
<td>Residential mortgage-backed securities</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Commercial mortgage-backed securities</td>
<td>99%</td>
<td>82%</td>
</tr>
</tbody>
</table>

NORTHWESTERN MUTUAL – HIGHEST FINANCIAL STRENGTH RATING AWARDED TO ANY U.S. LIFE INSURER

Aaa HIGHEST

Moody’s Investors Service

A++ HIGHEST

A.M. Best Company

AAA HIGHEST

Fitch Ratings

AA+ SECOND HIGHEST

S&P Global Ratings

“Extremely strong” competitive position stemming from national presence, top market position, complementary products (including whole life and term insurance, disability income insurance, annuities, mutual funds and long-term care insurance), and dedicated financial representatives.

S&P Global Ratings, June 2017

1 Credit quality is defined as the ability of the issuer to pay interest and principal on a timely basis. These ratings are based on the lower of the credit ratings from S&P Global Ratings, Moody’s Investors Service or Fitch Ratings when available, or internal rating evaluations when third-party ratings are not available. Excludes commercial mortgage loans and money market investments.

Third-party ratings are subject to change. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long-Term Care Insurance Company. Third-party ratings are a measure of the company’s relative financial strength and security but are not a reflection of the performance or stability of funds invested in a company’s separate accounts.
2017 Year in Review

Over the past 10 years, total invested assets and net investment income have shown consistent growth, and capital gains have also contributed to investment earnings. Together, these contribute significantly to Northwestern Mutual’s dividend-paying capacity and increases in total surplus, further improving the company’s financial strength.

TOTAL INVESTED ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$136.6</td>
<td>$146.1</td>
<td>$157.8</td>
<td>$166.0</td>
<td>$175.8</td>
<td>$196.9</td>
<td>$205.4</td>
<td>$215.5</td>
<td>$227.4</td>
<td>$250,000</td>
<td></td>
</tr>
</tbody>
</table>

6% Compound annual growth rate over the last 10 years

TOTAL ASSETS

<table>
<thead>
<tr>
<th>2016 (in millions)</th>
<th>Change</th>
<th>2017 (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-income investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market investments</td>
<td>$2,119</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Public bonds and preferred stock</td>
<td>$111,922</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Private bonds and preferred stock</td>
<td>$34,367</td>
<td>+11.3%</td>
</tr>
<tr>
<td>Commercial mortgage loans</td>
<td>$32,697</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Total fixed-income investments</td>
<td>$181,105</td>
<td>+4.7%</td>
</tr>
<tr>
<td>Equity investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>$6,263</td>
<td>+6.8%</td>
</tr>
<tr>
<td>Public common stock</td>
<td>$3,990</td>
<td>+36.3%</td>
</tr>
<tr>
<td>Private equities1</td>
<td>$5,771</td>
<td>+22.4%</td>
</tr>
<tr>
<td>Total equity investments</td>
<td>$16,024</td>
<td>+19.8%</td>
</tr>
<tr>
<td>Total</td>
<td>$197,129</td>
<td>$208,740</td>
</tr>
<tr>
<td>Loans on policies</td>
<td>$17,150</td>
<td>$17,421</td>
</tr>
<tr>
<td>Other investments</td>
<td>$1,258</td>
<td>$1,262</td>
</tr>
<tr>
<td>Total invested assets2</td>
<td>$215,537</td>
<td>$227,423</td>
</tr>
<tr>
<td>Other assets</td>
<td>$6,405</td>
<td>$5,164</td>
</tr>
<tr>
<td>Separate account business</td>
<td>$28,559</td>
<td>$32,462</td>
</tr>
<tr>
<td>Total</td>
<td>$250,501</td>
<td>$265,049</td>
</tr>
</tbody>
</table>

As presented in this report, private equities include direct investments in certain subsidiaries and affiliates.
1 Includes investment income due and accrued of $1,888 million in 2017 and $1,883 million in 2016.
2 Includes investment income due and accrued.
Note: Please read table above in conjunction with Reporting Considerations, p. 15 of this publication.

2017 managed assets portfolio in detail
Aggregate investment write-downs: $374 million
10-year investment write-down average: $292 million
Losses as a percentage of total managed assets: 0.1%
Commercial mortgage loans aggregate loan-balances-to-fair-value-of-collateral ratio: 51%
Why the yield decrease? The impact of low interest rates
Prolonged periods of low rates (like the present) invariably drive fixed-income yields lower. Nevertheless, to maintain our high investment quality standards, the General Account portfolio is approximately 83% lower-risk assets (p.5). Consequently, though superior performance from our other investments can help offset low bond yields, some decrease in the portfolio’s yield is unavoidable.

DETERMINING DIVIDENDS – THE ROLE OF THE GENERAL ACCOUNT

The Northwestern Mutual General Account yield reflects the impact of investment income and realized capital gains and losses for the period. It excludes income from policy loans and net investment expenses. The General Account yield is not the same as the various dividend scale interest rates credited to participating insurance policies or annuity contracts, nor is it a measure of a policy’s internal rate of return.

Northwestern Mutual’s dividend interest rate (DIR) past 100 years

For years prior to 1982, this graph reflects the highest applicable dividend interest rate across all whole life insurance policies. After 1982, this graph reflects the dividend interest rate for unborrowed funds for most whole life insurance policies with direct recognition.

See page 15 for more information on determining dividends.
Essential Diversifiers: Real Estate and Private Equity

Change is constant in global markets. This has made diversification – a proven technique for capitalizing on the “ups” while minimizing the impact of the “downs” – essential to building successful long-term portfolios like Northwestern Mutual’s General Account. This diversification is enhanced by our extensive nationwide real estate operations and significant international private equity activities.

These are just a few examples of the large number of investments Northwestern Mutual makes each year.

REAL ESTATE

Northwestern Mutual is one of largest real estate investors in the United States. And size matters. Our team has the capital and in-house capabilities to select from the broadest range of investments. The result: diversification and strong performance.

750 North Glebe | Arlington, Va.

In 2017, Northwestern Mutual made a $157 million construction/permanent loan on a 12-story mixed-use development featuring 491 luxury apartments and ground-floor retail anchored by Target. The property is within walking distance to Washington, DC, transit stops. Completion is expected in 2020.

100 Northern | Boston

Northwestern Mutual made a $246 million loan in 2017 on a first-class, 17-story office tower containing one-half million square feet of office space. The newly constructed building, located in Boston’s Seaport District, features floor-to-ceiling glass with panoramic views of Boston Harbor.

Granite Park | Plano, Texas

Northwestern Mutual prides itself on establishing relationships with new partners and borrowers each year. In 2017, Northwestern Mutual partnered with Granite Properties to invest in the ownership of five first-class office buildings totaling 1.5 million square feet. The office assets are part of an attractive master-planned development that includes retail, dining and hotel accommodations.

Baylor Cancer Center | Dallas

Sales execution plays an important part in maximizing investment returns. In 2008, Northwestern Mutual formed a joint venture for development of a 460,000-square-foot medical office and cancer treatment center on the Baylor University Medical campus in Dallas. In 2017, our partner decided to exit the venture and, very shortly thereafter, Northwestern Mutual as the sole owner found an ideal buyer, resulting in an overall outstanding investment return.

2017 PRIVATE INVESTMENTS

Private equity is a natural fit for a life insurance company with long-dated liabilities and a high tolerance for illiquidity. These investments are often exclusive and relationship driven, so getting access to the most attractive opportunities is critical. That’s where Northwestern Mutual’s reputation as a respected, highly sought-after private equity business partner comes in. The result: diversification and superior risk-adjusted returns relative to public market alternatives.

In 2013, Northwestern Mutual invested equity alongside MidOcean Partners in Water Pik, the market leader in water-jet technology in both oral water flossers and replacement showerheads. The company was attractive for its strong competitive position, grounded in continuous innovation, a large intellectual property portfolio, and organic growth opportunities from increasing demand for its products. MidOcean’s demonstrated expertise in consumer products also factored heavily into our decision. Excellent growth ensued during our hold period, driven by investments in new product development, an effective marketing strategy, a highly talented management team and guidance from a strong and effective board led by MidOcean Partners. This strong fundamental performance led to our extending Water Pik a senior bank loan to support MidOcean’s efforts to optimize the company’s capital structure and provide a dividend to shareholders. In 2017, Water Pik was sold to a public company, generating an exceptional return for our policyowners.

Northwestern Mutual is a preferred financing partner for London-based private equity firm CapVest, having financed a number of transactions over the years. Our flexibility, responsiveness and consistency have cemented a very strong business relationship that generates a significant and attractive pipeline of investment opportunities. One of these, initiated in 2013, was to provide debt financing to support CapVest’s acquisition of Scandza, a leader in branded food products. Scandza produces, distributes and sells cheeses and dairy products, snacks and baked goods to the Nordic region’s grocery retail industry. Due to their strong performance under CapVest’s ownership, Scandza refinanced a large portion of Northwestern Mutual’s debt in 2017 (balance repaid in early 2018), generating a notable profit for Northwestern Mutual’s General Account investment portfolio.

Net all investments made by Northwestern Mutual experience similar results. Some investments may result in losses. In addition, past investment performance by Northwestern Mutual is not necessarily indicative of future investment results. No investment or investment strategy can assure a profit or protect against a loss in a declining market. For more information about other Northwestern Mutual investments, see www.northwesternmutual.com.
Investment Management Team

As a mutual company, we think in years, not quarters. Our experienced investment team seeks long-term opportunities, not quick hits.

Ronald P. Joelson
Executive Vice President & Chief Investment Officer

Leslie Barbi
Senior Vice President - Public Investments

Jeffrey Lueken
Senior Vice President - Private Securities

Jeb Bentley
Vice President - Investment Strategy

Lisa Cadotte
Vice President - Investment Risk and Operations

Thomas Zale
Vice President - Real Estate

NORTHEASTERN MUTUAL CAPITAL

> A global investor
> Private equity
> Private investment-grade bonds
> Private high-yield bonds and loans
> Mezzanine debt

INVESTMENT STRATEGY

> Strategic asset allocation
> Composite portfolio management and reporting
> Public equity sub-allocation
> External manager evaluation and oversight

INVESTMENT RISK AND OPERATIONS

> Investment risk management
> Investment operations
> Investment information management and technology

NORTHEASTERN MUTUAL REAL ESTATE

> Origination, underwriting and servicing
> Multiple regional field offices
> Commercial mortgage loans
> Equities across property types

PUBLIC INVESTMENTS

> Active portfolio management
> Broad high grade bond capabilities
> High-yield bonds and loans
> Underwriting, surveillance and self-discipline
> Sector, industry, issuer and security selection

Overview of Overall Asset Allocation

Overall asset allocation, investment strategy and portfolio management are executed by teams of investment professionals within Northwestern Mutual’s General Account’s Investment Management Company (NMIMC), a wholly owned subsidiary of The Northwestern Mutual Life Insurance Company. Northwestern Mutual Capital is the marketing name for the private securities department of NMIMC. Northwestern Mutual Real Estate is the marketing name for the real estate department of NMIMC. Northwestern Mutual’s CFS utilizes the statutory method of accounting. Investment values under generally accepted accounting principles may differ materially from the figures presented in this report. The notes to the CFS provide further details as to the accounting and valuation methods applied to the reported investment values. PricewaterhouseCoopers LLP is the company’s independent auditor. A copy of Northwestern Mutual’s 2017 Consolidated Financial Statement is available at www.northwesternmutual.com.

ABOUT NORTHWESTERN MUTUAL’S GENERAL ACCOUNT INVESTMENTS AND INSURANCE PRODUCTS

The vast majority of the company’s managed assets are comprised of its life, disability income and portfolio income annuity liabilities. The investment strategies described in this booklet apply to the investment of those assets. A portion of managed assets back the remaining liabilities — primarily fixed deferred annuities, income plans and long-term care insurance, which have different investment exposures than described in this report. When purchasing the company’s life insurance and annuity products, clients are not investing in the company’s General Account portfolio but purchasing products backed by the financial strength of Northwestern Mutual. Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI, a subsidiary of Northwestern Mutual.

GENERAL ACCOUNT INVESTMENTS REPORTING CONSIDERATIONS

Northwestern Mutual publishes its Investment Report annually to provide information on the asset mix of its portfolio and the investment results generated during the previous calendar year. Certain types of investments have been grouped differently for this report than in Northwestern Mutual’s Consolidated Financial Statements (CFS). The most significant of these differences as of December 31, 2017, are:

• Other investments of $14.7 billion reported in the CFS include certain interests in subsidiaries and affiliates, joint ventures and partnerships. This report classifies these investments based on the character of the underlying assets, such as public bonds, private equities, real estate and public common stock.
• Mortgage loans of $35.8 billion reported in the CFS include $1.7 billion of loans made to real estate joint ventures in which the company is an equity investor. This report classifies these assets as real estate equity investments.
• Due and accrued investment income of $1.9 billion is reported separately in the CFS.
• Due and accrued investment income of $1.9 billion is reported separately in the CFS. This report includes these amounts in their respective asset classes.

Investment information

Mezzanine debt

Private equity

A global investor

Private investment-grade bonds

Private high-yield bonds and loans

General Account Investments Reporting Considerations

This report includes these amounts in their respective asset classes.

The vast majority of the company’s managed assets back most of its life, disability income and portfolio income annuity liabilities. The investment strategies described in this booklet apply to the investment of those assets. A portion of managed assets back the remaining liabilities — primarily fixed deferred annuities, income plans and long-term care insurance, which have different investment exposures than described in this report. When purchasing the company’s life insurance and annuity products, clients are not investing in the company’s General Account portfolio but purchasing products backed by the financial strength of Northwestern Mutual. Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI, a subsidiary of Northwestern Mutual.

GENERAL ACCOUNT INVESTMENTS REPORTING CONSIDERATIONS

Northwestern Mutual publishes its Investment Report annually to provide information on the asset mix of its portfolio and the investment results generated during the previous calendar year. Certain types of investments have been grouped differently for this report than in Northwestern Mutual’s Consolidated Financial Statements (CFS). The most significant of these differences as of December 31, 2017, are:

• Other investments of $14.7 billion reported in the CFS include certain interests in subsidiaries and affiliates, joint ventures and partnerships. This report classifies these investments based on the character of the underlying assets, such as public bonds, private equities, real estate and public common stock.
• Mortgage loans of $35.8 billion reported in the CFS include $1.7 billion of loans made to real estate joint ventures in which the company is an equity investor. This report classifies these assets as real estate equity investments.
• Due and accrued investment income of $1.9 billion is reported separately in the CFS.
• Due and accrued investment income of $1.9 billion is reported separately in the CFS. This report includes these amounts in their respective asset classes.

NORTHWESTERN MUTUAL CAPITAL

> A global investor
> Private equity
> Private investment-grade bonds
> Private high-yield bonds and loans
> Mezzanine debt

INVESTMENT STRATEGY

> Strategic asset allocation
> Composite portfolio management and reporting
> Public equity sub-allocation
> External manager evaluation and oversight

INVESTMENT RISK AND OPERATIONS

> Investment risk management
> Investment operations
> Investment information management and technology

NORTHWESTERN MUTUAL REAL ESTATE

> Origination, underwriting and servicing
> Multiple regional field offices
> Commercial mortgage loans
> Equities across property types

Overall asset allocation, investment strategy and portfolio management are executed by teams of investment professionals within Northwestern Mutual’s General Account’s Investment Management Company (NMIMC), a wholly owned subsidiary of The Northwestern Mutual Life Insurance Company. Northwestern Mutual Capital is the marketing name for the private securities department of NMIMC. Northwestern Mutual Real Estate is the marketing name for the real estate department of NMIMC. Northwestern Mutual’s CFS utilizes the statutory method of accounting. Investment values under generally accepted accounting principles may differ materially from the figures presented in this report. The notes to the CFS provide further details as to the accounting and valuation methods applied to the reported investment values. PricewaterhouseCoopers LLP is the company’s independent auditor. A copy of Northwestern Mutual’s 2017 Consolidated Financial Statement is available at www.northwesternmutual.com.

IMPORTANT INFORMATION ABOUT DETERMINING DIVIDENDS

In regard to Northwestern Mutual’s dividend payout and dividend interest rate (DIR), comments in this document pertain generally to life insurance policy dividends. The DIR is not the rate of return on a policy and is only one factor for determining the life insurance dividend. The majority of our life insurance dividend payment is a result of our industry-leading persistency, favorable mortality costs and diligent expense management. Decisions with respect to the determation and allocation of divisible surplus are left to the discretion and sound business judgment of the company’s Board of Trustees. There is no guaranteed specific method or formula for the determination and allocation of divisible surplus. Accordingly, the company’s approach is subject to change. Neither the existence nor the amount of a dividend is guaranteed on any policy in any given policy year. Some policies may not receive any dividends in a particular year or years even while other policies receive dividends. In its 2018 dividend scale resolution, the Board of Trustees has exercised its discretion to guarantee a minimum amount of dividends to be paid in 2018 to the policyholders as a group. If this guaranteed amount exceeds the aggregate amount of dividends actually paid to individual policyholders in 2018, that excess will be paid out in 2019 pursuant to the 2018 dividend scale resolution. The presence of a guaranteed minimum amount in the 2018 dividend scale resolution does not obligate Northwestern Mutual to declare a dividend in future years or to guarantee any portion of dividends that may be declared in future years.
Ratings are subject to change. Third-party ratings are a measure of the company’s relative financial strength and security but are not a reflection of the performance or stability of funds invested in a company’s separate accounts.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) (life and disability insurance, annuities and life insurance with long-term care benefits) and its subsidiaries.

More Than 160 Years of Strength and Stability

The ratings “reflect the company’s exceptional business and financial strength which includes a leading position and strong franchise in its core market with a significant focus on participating whole life insurance, a very productive distribution network, strong operating fundamentals reflected by its excellent persistency and mortality experience, and a robust and resilient balance sheet.”

Moody’s Investors Service
July 2017

“Fitch views Northwestern’s successful distribution system, large and stable block of traditional life insurance, and expense advantage relative to peers as key competitive advantages.”

Fitch Ratings
July 2017

“Extremely strong” competitive position stemming from national presence, top market position, complementary products (including whole life and term insurance, disability income insurance, annuities, mutual funds and long-term care insurance), and dedicated financial representatives.

S&P Global Ratings
June 2017

The rating takes account of our “leading participating ordinary life insurance franchise, consistently profitable operating performance and supportive risk-adjusted capitalization, along with a well-developed enterprise risk management program.”

A.M. Best Company
April 2018