OFFERING MEMORANDUM

NORTHWESTERN MUTUAL GLOBAL FUNDING
$10,000,000,000
Global Debt Issuance Program

Northwestern Mutual Global Funding, a special purpose statutory trust organized in series and formed under the laws of the State of Delaware (the "**Issuer**"), may from time to time offer senior secured medium-term notes (the "**Notes**") pursuant to the global debt issuance program (the "**Program**") described in this Offering Memorandum (this "**Offering Memorandum**"). The Notes will be offered in separate series (each, a "**Series**" or "**Series of Notes**"), each of which may be comprised of one or more tranches (each, a "**Tranche**"). The specific terms of the Notes of any Series will be set forth in one or more applicable pricing supplements (each such document, the "**Pricing Supplement**"), which will complete this Offering Memorandum. The Issuer will use the net proceeds from the sale of each Series of Notes to purchase one or more funding agreements (each, a "**Funding Agreement**" and, together, the "**Funding Agreements**") from The Northwestern Mutual Life Insurance Company, a mutual insurance company domiciled in Wisconsin ("**Northwestern Mutual**").

The exclusive purposes of the Issuer are, and the Issuer shall have the power and authority, to (i) enter into certain agreements in connection with the Program; (ii) issue and sell the Notes, (iii) use the net proceeds from the sale of the Notes to purchase one or more Funding Agreements, (iv) pledge, collaterally assign and grant a security interest in the applicable Series Collateral (as defined herein) for any Series of Notes to the Indenture Trustee (as defined herein), (v) pay amounts due in respect of the Notes; and (vi) engage in only those other activities necessary or incidental thereto. The Issuer is organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Delaware Statutory Trust Act (the "**Trust Act**"). In connection with the issuance of each Series of Notes, the Issuer will create a separate series of beneficial interests in a segregated pool of assets of the Issuer (each, a "**Series of the Issuer**"). The applicable Series of Notes and the related liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to such Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The individual Series of the Issuer are not separate legal entities. Any reference to a "**Holder**" or "**Holders**" herein refers to the person in whose name a Note of an applicable Series is registered.

The Notes of each Series will: (i) rank *pari passu* with respect to each other; (ii) be secured by one or more Funding Agreements; (iii) bear interest at a fixed or floating rate payable on such dates as set forth in the applicable Pricing Supplement, or bear no interest at all; (iv) mature 90 days or more from the date of issue; (v) not be obligations of Northwestern Mutual or any of its subsidiaries or affiliates or any other person; (vi) not be insurance contracts, insurance policies or funding agreements; and (vii) not benefit from any insurance guaranty fund coverage or any similar protection.

The Irish Stock Exchange Plc, trading as Euronext Dublin ("**Euronext Dublin**"), has approved this Offering Memorandum as a Listing Particulars. Application will be made to Euronext Dublin for the Notes issued during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List (the "**Official List**") and trading on its Global Exchange Market (the "**GEM**"). Such approval relates only to the Notes of any Series, which are to be admitted to trading on the GEM. The GEM is not a regulated market for the purposes of Directive 2014/65/EC (as amended or superseded, "**MiFID II**").

This Offering Memorandum is not a Base Prospectus for purposes of Article 8 of Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

The price and amount of Notes to be issued under the Program, up to the Authorized Amount (as defined herein), will be determined by the Issuer and each relevant Purchasing Agent (as defined herein) at the time of issue in accordance with prevailing market conditions.

For a discussion of certain factors that should be considered in connection with an investment in the Notes, *see* "Risk Factors" beginning on page 11.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR FOREIGN SECURITIES LAWS AND, UNLESS

SO REGISTERED**, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR FOREIGN SECURITIES LAWS. ACCORDINGLY, THE NOTES WILL BE OFFERED AND SOLD (A) IN THE UNITED STATES OF AMERICA, ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (B) IN "OFFSHORE TRANSACTIONS" TO PERSONS OTHER THAN "U.S. PERSONS" (EACH AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). PROSPECTIVE PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS ARE HEREBY NOTIFIED THAT THE ISSUER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.** ***SEE*** **"PURCHASE AND TRANSFER RESTRICTIONS."**

The Notes have not been approved or recommended by the U.S. Securities and Exchange Commission (the "SEC") or any other federal, state or foreign securities commission or securities regulatory authority or any insurance or other regulatory body. Furthermore, the foregoing authorities have not reviewed this document nor confirmed or determined the adequacy or accuracy of this document. Any representation to the contrary may be criminal.

This Offering Memorandum constitutes a "Listing Particulars" for the purpose of listing on the Official List and trading on the GEM.

Arranger for the Program
J.P. Morgan

U.S. Purchasing Agents
J.P. Morgan
BofA Securities
Citigroup
Credit Suisse
Deutsche Bank Securities
Goldman Sachs & Co. LLC
Morgan Stanley
PNC Capital Markets LLC
US Bancorp

Non-U.S. Purchasing Agents
J.P. Morgan
BofA Securities
Citigroup
Credit Suisse
Deutsche Bank
Goldman Sachs International
Morgan Stanley
PNC Capital Markets LLC

Offering Memorandum dated December 17, 2020

NOTICE TO ARKANSAS RESIDENTS ONLY

The Notes may not be purchased by, offered, resold, pledged or otherwise transferred to an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department.

NOTICE TO INDIANA RESIDENTS ONLY

The Indiana Insurance Department has stated that Indiana domestic insurers should contact the Indiana Insurance Department before purchasing the Notes.

NOTICE TO UNITED KINGDOM INVESTORS ONLY

In the United Kingdom, this Offering Memorandum, any Pricing Supplement and any other documents or materials relating to the issue of the Notes are only being distributed to, and are only directed at (1) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (2) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (3) any other persons to whom it may otherwise lawfully be communicated pursuant to the Order (each such person being referred to as a "**Relevant Person**"). Any investment or investment activity to which this Offering Memorandum and any Pricing Supplement relate is available only to Relevant Persons and will be engaged in only with Relevant Persons. This Offering Memorandum and any Pricing Supplement must not be acted or relied on by persons who are not Relevant Persons.

NOTICE TO EEA AND UNITED KINGDOM INVESTORS ONLY

Neither this Offering Memorandum nor any related Pricing Supplement is a prospectus for the purposes of Article 8 of the Prospectus Regulation. This Offering Memorandum and any related Pricing Supplement have been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (the "**EEA**") or in the United Kingdom (each, a "**Relevant State**") will only be made to a legal entity which is a qualified investor under the Prospectus Regulation ("**Qualified Investors**"). Accordingly any person making or intending to make an offer in that Relevant State of Notes which are the subject of the offering contemplated in this Offering Memorandum and any related Pricing Supplement may only do so with respect to Qualified Investors. Neither the Issuer nor the Purchasing Agents have authorized, nor do they authorize, the making of any offer of Notes other than to Qualified Investors.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement in respect of any Series of Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes of any such Series and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

In relation to any issue, a determination may be made about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any

Purchasing Agent subscribing for Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Purchasing Agents nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT – PROHIBITION ON SALES TO EEA AND UNITED KINGDOM RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

CRA REGULATION

Series of Notes to be issued under the Program will be rated or unrated. Where a Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union ("**EU**") or the United Kingdom and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**"), will be disclosed in the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension.

None of A.M. Best Company ("**AM Best**"), Fitch Ratings, Inc. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") or S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("**S&P**") is established in the EU or the United Kingdom nor registered in accordance with the CRA Regulation, and therefore is not included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation; however, the ratings assigned by each of AM Best, Fitch, Moody's and S&P are endorsed in the EU and the United Kingdom by A.M. Best Europe Rating Services Limited, Fitch Ratings Ltd., Moody's Investors Service Ltd. and Standard & Poor's Global Ratings Europe Limited, respectively, each of which is registered under the CRA Regulation.

The rating of the Program by Moody's and the rating of the Notes by Fitch, Moody's and S&P is based primarily upon the insurance financial strength rating of Northwestern Mutual. The rating of the Notes will be monitored and is subject to reconsideration at the sole discretion of Fitch, Moody's and S&P. Fitch, Moody's and S&P will each change their rating of the Notes in accordance with any change in the financial strength rating of Northwestern Mutual or with any change in the priority status under the state jurisdiction governing funding agreements issued by Northwestern Mutual.

The rating of certain Series of the Notes to be issued under the Program will be specified in the applicable Pricing Supplement. Whether or not each rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation will be disclosed in the applicable Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation. Such general restriction will also apply in the case of credit ratings issued by credit rating agencies not established in the EU or the United Kingdom, unless either (i) the relevant credit ratings are endorsed by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation or (ii) the relevant rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

STABILIZATION

In connection with any Series of Notes, the Purchasing Agent or Purchasing Agents (if any) may be named as the stabilizing manager(s) (the "**Stabilizing Manager(s)**") (or persons acting on behalf of any Stabilizing Manager) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it shall, in any event, end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any such stabilizing or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in compliance with all relevant laws, guidelines and regulations. For a description of these activities, *see* "Plan of Distribution."

RESPONSIBILITY STATEMENT

Each of the Issuer and Northwestern Mutual accepts responsibility for the information contained in this Offering Memorandum. Having taken all reasonable care to ensure that such is the case, and to the best of their knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation or warranty is made or implied by any Purchasing Agent or any of their respective affiliates to purchasers of Notes, and none of the Purchasing Agents nor any of their respective affiliates makes any representation or warranty, or accepts any responsibility to purchasers of Notes, as to the accuracy or completeness of the information contained in this Offering Memorandum. The Purchasing Agents do not take any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Purchasing Agent) in connection with any issue and offering of Notes under the Program.

NOTICE TO INVESTORS

The Notes will be offered from time to time by the Issuer to or through one or more of the Purchasing Agents acting as principals. The Purchasing Agents, individually or in a syndicate, may purchase the Notes, as principals from the Issuer for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any such Purchasing Agent(s) or, if so specified in the applicable Pricing Supplement, for resale at a fixed offering price.

The Issuer is not a subsidiary or an affiliate of Northwestern Mutual, or any of its subsidiaries or affiliates. The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, Northwestern Mutual or any of its subsidiaries or affiliates. The obligations of Northwestern Mutual under the Funding Agreements will not be obligations of, and will not be guaranteed by, any other person. The Series Collateral for each Series of Notes is the sole source of distributions on the Notes of such Series.

Under the Purchase Agreement (as defined herein), each Purchasing Agent has made, or will make, certain representations, warranties and covenants to the Issuer and Northwestern Mutual. *See* "Plan of Distribution."

Neither the delivery of this Offering Memorandum, including any amendment or supplement hereto, nor any applicable Pricing Supplement nor the offering, sale or delivery of any Note shall create, in any circumstances, any implication that (i) the information contained in this Offering Memorandum is true subsequent to the date hereof or subsequent to the date upon which this Offering Memorandum has been most recently amended or supplemented or (ii) there have been no adverse changes in the financial situation of the Issuer or Northwestern Mutual subsequent to the date hereof or subsequent to the date upon which this Offering Memorandum has been most recently amended or supplemented.

This Offering Memorandum may only be used for the purpose for which it has been prepared and should be read and construed in accordance with any amendment or supplement hereto and, in relation to any Series of Notes, should be read and construed in accordance with each applicable Pricing Supplement. Any statement contained in this Offering Memorandum, including in any amendment or supplement hereto, shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained in any subsequent amendment, supplement or applicable Pricing Supplement is inconsistent with, modifies or supersedes such statement.

Each of the Issuer and Northwestern Mutual has confirmed to the Purchasing Agents that this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement) does not and, at the time of sale and the issue date for a particular Tranche of Notes will not, contain any untrue statement of a material fact or fail to state any material fact necessary in order to make statements herein, in light of the circumstances under which they were made, not misleading. Such confirmation by each of the Issuer and Northwestern Mutual is limited to the extent any untrue statements or omissions of material fact or alleged untrue statements or omissions were made in reliance upon and in conformity with any written information furnished by any of the Purchasing Agents to the Issuer or Northwestern Mutual expressly for use in this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement).

The offering of the Notes is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. Each purchaser of Notes in making its purchase will be deemed to have made certain acknowledgments, representations, warranties, and agreements as set forth under "Purchase and Transfer Restrictions." The Notes have not been and will not be registered under the Securities Act or any state or foreign securities laws and, unless so registered, may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or foreign securities laws. Accordingly, the Notes will be offered and sold (a) in the United States, only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and (b) in "offshore transactions" to persons other than "U.S. persons" (each as defined in Regulation S under the Securities Act). *See* "Purchase and Transfer Restrictions."

The Notes may not be transferred to, or acquired or held by, or acquired with the "plan assets" of, any Plan or other Plan Asset Entity or any Non-ERISA Plan (each as defined under "ERISA and Other Benefit Plan Considerations") or any entity the assets of which are treated as including the assets of a Non-ERISA Plan, unless the purchase, holding and disposition of the Notes by or on behalf of such plan or entity (i) in the case of a Plan or Plan Asset Entity, is exempt from the prohibited transaction provisions of Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), under U.S. Department of Labor (the "**DOL**") Prohibited Transaction Class Exemption ("**PTCE**") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14, the Service Provider Exemption (as defined under "ERISA and Other Benefit Plan Considerations") or another applicable exemption, or (ii) in the case of a Non-ERISA Plan or entity the assets of which are treated as including the assets of a Non-ERISA Plan, will not violate any Similar Laws (as defined under "ERISA and Other Benefit Plan Considerations"). *See* "ERISA and Other Benefit Plan Considerations" and "Purchase and Transfer Restrictions."

Because the primary asset of the relevant Series of the Issuer will be one or more Funding Agreements issued by Northwestern Mutual, there is a risk that the transfer of the Notes of the applicable Series could subject the parties to such transfer to regulation under the insurance laws of jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales would be materially and adversely affected. *See* "Risk Factors—Risk Factors Related to the Notes—If the Notes were deemed to be contracts of insurance or participations in the Funding Agreements, the Holders of the Notes could be subject to certain regulatory requirements and the marketability and market value of the Notes could be reduced."

None of the Purchasing Agents will be under any obligation to make a market in the Notes and, to the extent that such market making is commenced by any of the Purchasing Agents, it may be discontinued at any time. The Notes are subject to substantial restrictions on transfer as set forth under "Purchase and Transfer Restrictions." Given the restrictions on and risks related to transfer, there is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of the Notes with adequate liquidity or that such liquidity will be sustained. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until the Stated Maturity Date (as defined herein) of such Notes.

No person is authorized by the Issuer or Northwestern Mutual in connection with any offering made hereby to give any written information or to make any representation other than as contained in this Offering Memorandum (read and construed in accordance with any amendment or supplement hereto and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement) and, if given or made, such written information or representation must not be relied upon as having been authorized by any of the Issuer, Northwestern Mutual, the Arranger for the Program (as set forth on the cover of this Offering Memorandum) or any of the Purchasing Agents.

Neither this Offering Memorandum, including any amendment or supplement hereto nor any applicable Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes in any jurisdiction in which it is unlawful to make such an offer or such an invitation to subscribe and should not be considered as a recommendation by any of the Issuer, Northwestern Mutual, the Arranger or any of the Purchasing Agents that any recipient of this Offering Memorandum or any applicable Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Memorandum, read as a whole and construed in accordance with any amendment or supplement hereto and, in relation to any Series of Notes, read and construed in accordance with each applicable Pricing Supplement, shall be deemed to have made its own investigation and appraisal of the condition (financial and otherwise) of the Issuer and Northwestern Mutual.

In making an investment decision in the Notes, investors must rely on their own examination of the Issuer and Northwestern Mutual, including the merits and risks involved. The Notes have not been approved or recommended by the SEC or any other federal, state or foreign securities commission or securities regulatory authority or any insurance or other regulatory body. Furthermore, the foregoing authorities have not reviewed this document nor confirmed or determined the adequacy or accuracy of this document. Any representation to the contrary may be criminal.

PRESENTATION OF FINANCIAL INFORMATION

The financial information contained in this Offering Memorandum is based on the audited statutory basis financial statements of Northwestern Mutual as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 (including the notes thereto, the "**Statutory Basis Financial Statements**"), attached as Annex A hereto, the condensed interim statutory financial information of Northwestern Mutual as of September 30, 2020 and December 31, 2019 and for the nine months ended September 30, 2020 and 2019 (the "**Interim Financial Information**" and, together with the Statutory Basis Financial Statements, the "**Financial Statements**"), attached as Annex B hereto.

The Financial Statements were prepared in conformity with the statutory accounting principles ("**WI SAP**") prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance (the "**OCI**" or the "**Commissioner**"). WI SAP differs in certain respects, which in some cases may be material, from U.S. generally accepted accounting principles ("**U.S. GAAP**"). *See* Notes 1 and 2 to Northwestern Mutual's Statutory Basis Financial Statements included in this Offering Memorandum.

WI SAP also differs in certain respects from international financial reporting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 ("**IFRS**") and there may be material differences in the financial information had IFRS been applied.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum does, and any supplement hereto and any Pricing Supplement may, contain information that includes or is based upon forward-looking statements that are intended to enhance the reader's ability to assess Northwestern Mutual's future financial and business performance. These statements appear in a number of places throughout this Offering Memorandum and include statements regarding Northwestern Mutual's intentions, beliefs, assumptions or current expectations concerning, among other things, financial position, results of operations, cash flows, prospects, growth strategies or expectations, customer retention, the potential future response or responses to the pandemic caused by the spread of the novel coronavirus COVID-19 ("**COVID-19**") and any related contagious disease or pandemic, the outcome (by judgment or settlement) and costs of legal, administrative or regulatory proceedings, investigations or inspections, including collective, representative or class action litigation, and the impact of prevailing economic conditions. Forward-looking statements are based on the beliefs and assumptions of Northwestern Mutual's management, and are subject to risks and uncertainties. Generally, statements that are not about historical facts, including statements concerning Northwestern Mutual's possible or assumed future actions or results of operations, are forward looking statements. Forward looking statements include, but are not limited to, statements that represent Northwestern Mutual's beliefs concerning future operations, strategies, financial results or other developments, and contain words and phrases such as "may," "believes," "intends," "anticipates," "plans," "estimates," "expects," "should" or similar expressions.

Forward looking statements are not guarantees of performance, and the Issuer and Northwestern Mutual caution you not to rely on them. Because these forward looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond the Issuer or Northwestern Mutual's control or are subject to change, actual results or other outcomes could differ materially from those expressed or implied in the forward looking statements. The following risks and uncertainties, among others, may have such an effect:

- The course of the COVID-19 Pandemic (as defined herein), and responses to it, which may also precipitate or exacerbate the remaining uncertainties;
- Overall conditions in the global capital markets and the economy;
- Risks relating to Northwestern Mutual's investment portfolio;
- Significant market valuation fluctuations of Northwestern Mutual's investments, including some that are relatively illiquid;
- Increased capital requirements;
- Changes in interest rates and exposure to credit spreads;
- Difficulties as to valuation of securities in Northwestern Mutual's investment portfolio;
- Subjectivity in determining the amount of allowances and impairments taken on certain of Northwestern Mutual's investments;
- Defaults on, and volatility in the performance of, commercial mortgage loans held by Northwestern Mutual;
- Exposure to certain asset classes, including commercial and residential mortgage-backed securities, commercial real estate, partnership and limited liability company investments, securities lending and repurchase programs, spread lending, mezzanine and junior debt securities, private equity and other assets;

- Declines in the performance or valuation of commercial real estate properties owned by Northwestern Mutual;

- Payment obligations under guarantees made by Northwestern Mutual;

- Impairments of other financial institutions;

- Downgrades or potential downgrades of Northwestern Mutual's ratings;

- Sensitivity of the amount of statutory capital Northwestern Mutual must hold due to factors outside of its control;

- Changes in laws and regulations, including tax laws, accounting rules, insurance regulation, banking regulation and securities regulation;

- Significant competition in Northwestern Mutual's business;

- Limitations in Northwestern Mutual's geographic reach and product offerings;

- Deviations from assumptions regarding future mortality, morbidity, interest rates and medical costs used in calculating reserve amounts and in pricing Northwestern Mutual's and Northwestern Long Term Care Insurance Company's ("**NLTC**") products;

- Adequacy of Northwestern Mutual's reserves for future policy benefits and claims;

- Availability and pricing of reinsurance;

- Failure to establish or maintain adequate controls or risk management policies;

- Exposure to litigation, regulatory investigations and enforcement actions;

- Limited ability to raise additional capital;

- No access to separate accounts funds to fund general account liabilities;

- Ability to attract and retain financial representatives to be a part of Northwestern Mutual's exclusive distribution system;

- Ability to attract and retain key personnel;

- Performance of Northwestern Mutual's subsidiaries;

- Impact of international tension between the United States and other nations, terrorist attacks and ongoing military and other actions and any pandemic or other catastrophic event;

- Failure in cyber or other information security systems and the occurrence of events unanticipated in Northwestern Mutual's disaster recovery systems and management continuity planning; and

- Northwestern Mutual may become insolvent.

Consequently, any forward-looking statements should be regarded solely as Northwestern Mutual's current plans, estimates and beliefs and are based on management's beliefs and assumptions about the businesses in which Northwestern Mutual competes, global and domestic economic conditions and other factors. Northwestern Mutual does not intend, and will not undertake any obligation, to update any forward-looking statements to reflect future events or circumstances or changed assumptions after the date of such statements.

You should review carefully the section captioned "Risk Factors" in this Offering Memorandum for a more complete discussion of the risks of an investment in the Notes.

The other risks and uncertainties identified in this Offering Memorandum including, without limitation, those under the headings "Risk Factors—Risk Factors Related to Northwestern Mutual" and "Business of Northwestern Mutual."

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OVERVIEW OF THE PROGRAM

The following is a brief description of the Program only and should be read in conjunction with the rest of this Offering Memorandum, any amendments or supplements hereto, and, in relation to the Notes, in conjunction with each applicable Pricing Supplement and, to the extent applicable, the Description of the Notes set out herein.

Issuer...	Northwestern Mutual Global Funding, a special purpose statutory trust organized in series and formed under the laws of the State of Delaware.
Issuer Legal Entity Identifier (LEI)....	635400LZXFVELZDVP257
Northwestern Mutual	The Northwestern Mutual Life Insurance Company is a Wisconsin-domiciled mutual insurance company.
Series of the Issuer	The Issuer is organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. In connection with the issuance of each Series of Notes, the Issuer will create a separate Series of the Issuer. The applicable Series of Notes and the related liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to such Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The individual Series of the Issuer are not separate legal entities. *See* "Description of the Issuer—The Issuer is Organized in Series."
Assets..	The primary assets of the Issuer will be the Funding Agreements issued by Northwestern Mutual. In addition, Northwestern Mutual has agreed to pay certain expenses and other liabilities of the Issuer. *See* "Description of the Issuer—Expenses of the Issuer." Since Northwestern Mutual will be the sole obligor under the applicable Funding Agreement (or Funding Agreements), the ability of the Issuer to meet its obligations, and the ability of the investors to receive payments from the Issuer, with respect to a particular Series of Notes, will be principally dependent upon Northwestern Mutual's ability to perform its obligations under each Funding Agreement securing the Notes of the relevant Series. However, investors will have no direct contractual rights against Northwestern Mutual under any such Funding Agreement. In connection with the offering and sale of a Series of Notes, the Issuer will pledge, collaterally assign and grant a security interest in the applicable Series Collateral to the Indenture Trustee. Accordingly, recourse to Northwestern Mutual under each such Funding Agreement and other components of the applicable Series Collateral will be enforceable only by the Indenture Trustee as a secured party on behalf of Holders of such Series of Notes and each other person on whose behalf the Indenture Trustee is or will be holding a security interest in the applicable Series Collateral. The Funding Agreements will be held in an account for the Indenture Trustee in the State of Delaware by Wilmington Trust, National Association (in such capacity, the "**Collateral Safekeeper**"), in accordance with a Safekeeping Agreement, dated as of December 17,

2020 (the "**Safekeeping Agreement**") among the Issuer, the Collateral Safekeeper and the Indenture Trustee.

Series Collateral	The obligations of the Issuer under each Series of Notes will be secured by a first priority perfected security interest in favor of the Indenture Trustee in the "**Series Collateral**," which will consist of (i) each Funding Agreement related to the applicable Series, (ii) all proceeds in respect of each Funding Agreement related to the applicable Series, (iii) all books and records of the Issuer pertaining to the foregoing and (iv) all benefits, rights, privileges and options of the Issuer pertaining to the foregoing.
Arranger	J.P. Morgan Securities LLC (the "**Arranger**").
Purchasing Agents	J.P. Morgan Securities LLC, J.P. Morgan Securities plc, BofA Securities, Inc., Merrill Lynch International, Citigroup Global Markets Inc., Citigroup Global Markets Limited, Credit Suisse Securities (USA) LLC, Credit Suisse Securities (Europe), Deutsche Bank Securities Inc., Deutsche Bank AG, London Branch, Goldman Sachs & Co. LLC, Goldman Sachs International, Morgan Stanley & Co. LLC, Morgan Stanley & Co. International plc, PNC Capital Markets LLC and U.S. Bancorp Investments, Inc. (each, a "**Purchasing Agent**").
Administrative Trustee	Pursuant to the Trust Agreement (as defined herein), Wilmington Trust, National Association, will be the sole administrative trustee of the Issuer generally and with respect to each Series of the Issuer (in such capacity, the "**Administrative Trustee**"). The Administrative Trustee will not be obligated in any way to make payments under or in respect of the Notes. The Administrative Trustee has not participated in the preparation of this Offering Memorandum and is not affiliated with Northwestern Mutual, the Trust Beneficial Owner (as defined herein), the Series Beneficial Owner (as defined herein), the Indenture Trustee or any of their respective affiliates.
Deposit	An amount of U.S. $1,000 contributed by the Trust Beneficial Owner to the Issuer (the "**Deposit**").
Trust Beneficial Owner and Series Beneficial Owner	GSS SPV Services I, Inc. (the "**Trust Beneficial Owner**") is the sole owner of a beneficial interest in the Deposit, which is a general asset of the Issuer, and will be the sole beneficial owner of each Series of the Issuer (each, a "**Series Beneficial Owner**"). Neither the Trust Beneficial Owner nor the Series Beneficial Owner is affiliated with Northwestern Mutual, the Administrative Trustee, the Indenture Trustee, the Calculation Agent or any of their respective affiliates.
No Guarantee	The Issuer is not a subsidiary or affiliate of Northwestern Mutual, or any of its subsidiaries or affiliates. The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, Northwestern Mutual or any of its subsidiaries or affiliates.
Funding Agreements	The Funding Agreements are unsecured obligations of Northwestern Mutual and, in the event of Northwestern Mutual's insolvency, will be subject to the provisions of Chapter 645 of the Wisconsin Insurance Law, which establishes the priority of claims from the estate of an

insolvent Wisconsin insurance company. Godfrey & Kahn, S.C., special Wisconsin counsel for Northwestern Mutual, has opined that, subject to the limitations, qualifications and assumptions set forth in its opinion letter, in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Northwestern Mutual, under Wisconsin law as in effect on the date of this Offering Memorandum, the claims with respect to scheduled payments under each Funding Agreement should be accorded a priority in liquidation equal to that of policyowners of Northwestern Mutual (*i.e.*, should rank *pari passu* with the claims of policyowners) and superior to the claims of general creditors of Northwestern Mutual.

Each Series of Notes will be secured by all of the Funding Agreements issued by Northwestern Mutual in respect of the one or more Tranches of Notes comprising such Series of Notes.

Authorized Amount.......................... The maximum aggregate principal amount of Notes permitted to be outstanding at any one time under the Program (the "**Authorized Amount**") is $10,000,000,000 (or the equivalent in one or more foreign currencies). For this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the Terms Agreement using the spot rate of exchange for the purchase of such currency against payment of U.S. dollars being quoted by the Paying Agent on such date. The Authorized Amount may be increased from time to time, subject to compliance with the relevant provisions of the Purchase Agreement, dated December 17, 2020 (the "**Purchase Agreement**"), among the Issuer, Northwestern Mutual and the Purchasing Agents.

Notes .... The Notes may be issued in multiple series. Each Series of Notes may be comprised of one or more Tranches issued on different issue dates; provided, that such additional Tranche of Notes must be issued in a "qualified reopening" or otherwise be treated as part of the same issue of the previously issued Tranche of Notes for U.S. federal income tax purposes. The Issuer may only issue a Series of Notes, or a Tranche of Notes related to such Series, if Northwestern Mutual has issued or will simultaneously issue one or more Funding Agreements or supplemental Funding Agreements to the Issuer, which will constitute an asset of the applicable Series of the Issuer and will become a part of the applicable Series Collateral. The Notes of a Series will all be subject to identical terms, except that the issue date, the issue price, the amount and date of the first payment of interest may be different in respect of different Tranches (provided that for U.S. federal income tax purposes, all Notes of a Series will be treated as having the same issue date, issue price and, with respect to Holders, adjusted issue price), *provided* that, in any event, the date of the first payment of interest on a Series of Notes will be on or before the first anniversary of the effective date of the relevant Funding Agreement. The Notes of each Tranche of a Series will all be subject to identical terms in all respects.

Indenture and Series Indentures...... Each Series of Notes will be issued under, subject to and entitled to the benefits of the Indenture, dated as of December 17, 2020 (as amended or modified from time to time, the "**Indenture**"), among the Issuer and Citibank, N.A. in its capacity as Indenture Trustee (the "**Indenture Trustee**"), DTC Paying Agent (the "**DTC Paying Agent**"), Registrar (the "**Registrar**") and Calculation Agent (the "**Calculation Agent**"), and Citibank, N.A., London Branch in its capacity as Non-DTC Paying Agent (the "**Non-DTC Paying Agent**" and, together with the DTC Paying Agent, each a "**Paying Agent**" and, together, the "**Paying Agents**") and a separate Series Indenture (as defined herein) by and between the Issuer and the Indenture Trustee. Each Series Indenture will incorporate the Indenture, which shall provide the terms that govern each separate Series Indenture thereunder, unless any such Series Indenture specifies otherwise. Any Tranche of Notes issued under a Series Indenture will constitute a single Series with any other Tranche(s) of Notes designated by the Issuer as being part of such Series.

Indenture Trustee............................ Citibank, N.A.

DTC Paying Agent .... Citibank, N.A., with respect to Notes for which payments are settled through DTC.

Non-DTC Paying Agent .... Citibank, N.A., London Branch, with respect to Notes for which payments are settled through any Clearing Corporation other than DTC ("**Foreign Currency Notes**").

Registrar.. Citibank, N.A.

Irish Listing Agent............................ Arthur Cox Listing Services Limited

Calculation Agent .... Citibank, N.A. or as specified from time to time in the applicable Pricing Supplement. The Issuer reserves the right to terminate the appointment of a Calculation Agent at any time by giving no less than 30 days' prior written notice and appoint a successor.

Additional Agents .... As specified from time to time in the applicable Pricing Supplement. The Registrar, the Paying Agents, the Irish Listing Agent and the Calculation Agent together with any such additional agents as specified in the applicable Pricing Supplement are referred to as the "**Agents**."

Ratings .... Financial strength ratings of Northwestern Mutual as of December 17, 2020:

(i)	AM Best:	A++
(ii)	Fitch:	AAA
(iii)	Moody's:	Aaa
(iv)	S&P:	AA+

The foregoing ratings reflect each rating agency's opinion of Northwestern Mutual's financial strength, capacity to honor its financial commitments, operating performance and ability to meet its obligations to policyowners, as applicable, and are not evaluations directed toward the protection of investors. Therefore, such ratings should not be relied upon when making any investment decision and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Currency	Each Series of Notes may be denominated in any currency or currencies as specified from time to time in the applicable Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated. All Tranches of Notes within the same Series will be denominated in and payments in respect thereof will be made in and/or linked to the same currency or currencies.
Maturities	Any maturity of 90 days or longer, as indicated in the applicable Pricing Supplement, or such other minimum or maximum maturity that may be allowed or required from time to time by the relevant central bank or equivalent body (however designated) or any laws or regulations applicable to the Issuer or the currency in which the relevant Notes are denominated. *See* "Description of the Notes—General—Maturities."
Issue Price	Notes may be issued at an issue price which is equal to, less than or more than their principal amount and shall be specified in the applicable Pricing Supplement.
Form of Notes and Clearance	The Notes may be offered and sold in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. Depending on where the relevant Notes are offered and in what currency the Notes are issued, the Notes will clear through one or more of The Depository Trust Company ("**DTC**"), Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or such other clearing system as may be specified in the applicable Pricing Supplement. Notes sold pursuant to an offering made in the United States will only be issued in accordance with Rule 144A under the Securities Act and will clear through DTC. Unless otherwise provided in the applicable Pricing Supplement, such Notes will initially be represented by one or more DTC Global Notes (as defined herein) deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes represented by DTC Global Notes will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such Notes will therefore settle in same-day funds. Except as described under "Description of the Notes—Global Clearance and Settlement," Notes sold outside of the United States in accordance with Regulation S will initially be represented by one or more Temporary Global Notes (as defined herein). Beneficial interests in a Temporary Global Note will be exchanged for one or more Permanent Global Notes (as defined herein) following the expiration of a period that commences upon the completion of the distribution of the Notes of the applicable Tranche and the date of the closing of the offering, whichever is later, as determined and certified by the applicable Purchasing Agent, and continues for 40 consecutive days (the "**Distribution Compliance Period**"). Except as described below, Notes sold pursuant to an offering made outside the United States only will initially be represented by one or

more Temporary Global Notes, as described above, and upon exchange therefor will be represented by one or more Permanent Global Notes deposited (i) in the case of U.S. dollar denominated Notes with a common depositary for, and registered in the name of a nominee of, DTC and (ii) in the case of non-U.S. dollar denominated Notes with a common depositary for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as the case may be.

Subject to the Notes sold outside of the United States in accordance with Regulation S initially being represented by one or more Temporary Global Notes and the subsequent exchange of beneficial interests in each such Temporary Global Note for beneficial interests in one or more Permanent Global Notes, as described above, such Notes may be represented (i) solely by one or more DTC Global Notes deposited with a custodian for, and registered in the name of a nominee of, DTC or, (ii) alternatively, (a) by one or more DTC Global Notes so deposited and registered in respect of Notes sold in the United States and (b) by one or more separate Global Notes (as defined in the Indenture) deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States.

Beneficial interests in a Global Note will be exchangeable for Definitive Notes (as defined herein) only if such exchange is permitted by applicable law (including, without limitation, Regulation S) and (i) any clearing corporation with which any Global Note is deposited and which is or whose nominee is the Holder of such Global Note shall have notified the Issuer that it or its nominee is unwilling or unable to continue as the depositary and Holder of such Global Note and a successor clearing corporation or nominee, as applicable, is not appointed within 90 days; (ii) an Event of Default (as defined in “Description of the Notes—Event of Default”) shall have occurred and the maturity of the Notes of such Series shall have been accelerated in accordance with the terms of the Indenture, the applicable Series Indenture and the Notes of such Series; or (iii) the Issuer shall have decided in its sole discretion that the Notes of such Series should no longer be evidenced solely by one or more Global Notes. The Definitive Notes issued in exchange for beneficial interests in any Global Note shall be of like tenor and of an equal aggregate principal amount, in authorized denominations. Such Definitive Notes shall be registered in the name or names of such person or persons as the relevant clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Notes. Except as provided above, owners of beneficial interests in a Global Note will not be entitled to receive physical delivery of Definitive Notes and will not be considered the registered Holders of such Notes for any purpose.

References to Euroclear and/or Clearstream, Luxembourg in this Offering Memorandum shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing systems as may be specified in any applicable Pricing Supplement.

Pricing Options .... The Issuer may issue Notes that bear interest as fixed-rate Notes (“**Fixed Rate Notes**”) or floating-rate Notes (“**Floating Rate Notes**”) or any combination thereof. Such Notes will bear interest payable as set forth in the applicable Pricing Supplement. The Issuer may also issue Discount Notes or Amortizing Notes (each as defined herein) or any other form of Notes, in each case, as specified in the applicable Pricing Supplement.

Payments .... The Issuer will be obligated to make payments of principal of, any premium and interest on any Notes in the currency in which such Notes are denominated. Unless the context otherwise permits or requires, in this Offering Memorandum: (i) “principal”, with respect to Discount Notes, means such amounts as shall be due and payable as specified in the terms of the applicable Discount Notes; and (ii) “interest” with respect to a Discount Note which by its terms bears interest only after maturity, means interest payable after maturity. Subject to the provisions of the applicable Pricing Supplement, payments of principal of, any premium and interest on any other Global Notes will be made in the currency in which such Notes are denominated or as otherwise specified in the applicable Pricing Supplement.

Redemption .... If (a) Northwestern Mutual is obligated to withhold or deduct any Taxes (as defined below) with respect to any payment made under a Funding Agreement or any related contract between Northwestern Mutual and the Issuer, or (b) in the opinion of independent counsel selected by Northwestern Mutual, as a result of any change in or amendment to United States tax laws (or any regulations or rulings thereunder) or any change in position of the U.S. Internal Revenue Service (“**IRS**”) regarding the application or interpretation thereof (including, but not limited to, Northwestern Mutual’s receipt of a written adjustment from the IRS in connection with an audit) there is a material probability that (i) Northwestern Mutual will become obligated to withhold or deduct any Taxes with respect to any payment made under a Funding Agreement or any related contract between Northwestern Mutual and the Issuer or (ii) the Issuer is, or will be within 90 days of the date thereof, subject to more than a *de minimis* amount of Taxes, then Northwestern Mutual may terminate, with respect to (a) and (b)(i), the applicable Funding Agreement and, with respect to (b)(ii), any Funding Agreement, and the Issuer will redeem the Notes of the related Series at a redemption price of 100% of the principal amount of such Series of Notes plus any accrued and unpaid interest thereon to, but excluding, the date of redemption. *See* “Description of the Notes—Redemption and Repurchase of Notes—Tax Redemption.”

Denominations of Notes .... Subject to the provisions of the applicable Pricing Supplement or as otherwise provided below, the Notes of a Series will be issued, with respect to U.S. dollar-denominated Notes, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Any Notes admitted to the Official List and trading on the GEM or on any regulated market in the EEA or the United Kingdom will be issued in minimum denominations of €100,000 (or the equivalent thereof in another currency at the time of issue); and integral multiples of €1,000 (or the equivalent thereof in another currency at the time of issue) in excess thereof. Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom or the activity of issuing such Notes is carried on from an establishment maintained by the Issuer in the United Kingdom and which have a maturity of less than one year must (a)(i) have a minimum denomination of £100,000 (or its equivalent in other currencies), and (ii) be issued only to persons (x) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or (y) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (b) be issued in other circumstances that do not constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") by the Issuer.

Redenomination .... If so specified in the applicable Pricing Supplement, the Issuer may redenominate Notes issued in the currency of a country that subsequently participates in the third stage of the European economic and monetary union, or otherwise participates in the European economic and monetary union in a manner with similar effect to such third stage, into Euro. The provisions relating to any such redenomination will be contained in the applicable Pricing Supplement.

Status of the Notes........................... The Notes of each Series will be direct, unconditional, secured and unsubordinated non-recourse (against Northwestern Mutual or the other Non-Recourse Parties, as defined in "Description of the Notes—Non-Recourse Enforcement") obligations incurred by the Issuer with respect to the relevant Series of the Issuer and will rank equally among themselves without any preference. The Notes of each Series will be secured primarily by one or more Funding Agreements issued by Northwestern Mutual to the Issuer. The Notes of each Series will not be obligations of Northwestern Mutual or any of its subsidiaries or affiliates or any other person. The Notes of each Series will not be insurance contracts, insurance policies or funding agreements, and will not benefit from any insurance guaranty fund coverage or any similar protection.

Listing .... This Offering Memorandum has been approved by Euronext Dublin as a Listing Particulars. Application will be made to Euronext Dublin for the Notes issued during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. However, Notes may be listed on another securities exchange or not listed on a regulated market or securities exchange. Each applicable Pricing Supplement will indicate whether or not the Notes of that Series will be listed, and, if the Notes will be listed, on which securities exchange.

This Offering Memorandum constitutes a "Listing Particulars" for the purpose of listing on the Official List and trading on the GEM.

If any European and/or national legislation is adopted and is implemented or takes effect in Ireland in a manner that would require either Northwestern Mutual or the Issuer to publish or produce its financial statements according to accounting principles that are materially different from WI SAP or that would otherwise impose requirements on either of Northwestern Mutual or the Issuer that such entity in good faith determines are impracticable or unduly burdensome, Northwestern Mutual or the Issuer may elect to de-list any Notes. Each of Northwestern Mutual and the Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system outside the EU, as the Issuer, Northwestern Mutual and the relevant Purchasing Agent(s) may decide. If such an alternative admission is not available to Northwestern Mutual or the Issuer, or is, in either such entity's opinion, unduly burdensome, an alternative admission may not be obtained. Prior notice of any delisting and/or alternative admission will be given by the Issuer or Northwestern Mutual to the relevant Purchasing Agent(s). Notice of any de-listing and/or alternative admission will be given as described in "General Information—Notices" herein.

U.S. Federal Income Taxation	Prospective purchasers of the Notes should carefully consider the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes set forth under "Material U.S. Federal Income Tax Considerations" herein and additional tax disclosure that may be included in the applicable Pricing Supplement.
Use of Proceeds...............................	The Issuer will use the proceeds from the sale of each Series of Notes issued under the Program, net of discounts and commissions or similar applicable compensation, to purchase one or more Funding Agreements from Northwestern Mutual.
Purchase and Transfer Restrictions.	The Notes have not been, and will not be, registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except as described under "Purchase and Transfer Restrictions." The Notes will be offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and (b) in "offshore transactions" to persons other than "U.S. persons" (each as defined in Regulation S under the Securities Act). In addition, because the primary assets of the Issuer consist of Funding Agreements issued by Northwestern Mutual, there is a risk that the transfer of the Notes could subject the parties to the transfer to regulation under the insurance laws of the jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales would be materially and adversely affected. *See* "Risk Factors—Risk Factors Related to the Notes—If the Notes were deemed to be contracts of insurance or participations in the Funding Agreements, the Holders of the Notes could be subject to certain regulatory requirements and the marketability and market value of the Notes could be reduced." Certain additional restrictions will apply to sales made in Australia, Canada, Dubai, the EEA, Hong Kong, Japan, Switzerland, Taiwan, the United Arab Emirates and the United Kingdom, and other restrictions may apply in connection with a particular issuance of Notes. *See* "Plan of Distribution."

ERISA and Other Benefit Plan Considerations	Prospective purchasers of the Notes should carefully consider the restrictions on purchases, ownership and disposition of the Notes set forth under “Purchase and Transfer Restrictions” and “ERISA and Other Benefit Plan Considerations.”
Absence of Market for the Notes	The Notes have no established trading market and there is no assurance that a secondary market will develop for the Notes. Although application may be made for the Notes to be admitted to the Official List and trading on the GEM, Notes may be listed on another securities exchange or not listed on a regulated market or securities exchange. No Purchasing Agent will be under any obligation to make a market in the Notes and, to the extent that such market making is commenced by any Purchasing Agent, it may be discontinued at any time. The Notes are subject to substantial restrictions on transfer as set forth under “Purchase and Transfer Restrictions.” Given the restrictions on and risks related to transfer, there is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of the Notes with adequate liquidity or that such liquidity will be sustained. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until the Stated Maturity Date of such Notes.
Governing Law	The Notes, the Indenture and each relevant Series Indenture will be governed by, and construed in accordance with, the laws of the State of New York, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the ownership of, and security interest in, the relevant Funding Agreement(s) of the relevant Series of the Issuer or remedies under the Indenture and the relevant Series Indenture in respect thereof may be governed by the laws of a jurisdiction other than the State of New York. The Trust Agreement and each Series Trust Agreement (as defined in the Trust Agreement) will be governed by, and construed in accordance with, the laws of the State of Delaware. Each Funding Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware.
Risk Factors	Before investing, prospective investors should consider carefully all of the information set forth in this Offering Memorandum and, in particular, prospective investors should evaluate the risks described under “Risk Factors.”

RISK FACTORS

Prospective investors should consider carefully, in addition to the other information contained in this Offering Memorandum, any amendment or supplement hereto and any applicable Pricing Supplement, the following factors before purchasing the Notes.

Risk Factors Related to the Notes

Holders will not have any direct contractual rights against Northwestern Mutual under any Funding Agreements and the claims of Holders against the Issuer are limited to the amount of the applicable Series Collateral.

The obligations of the Issuer under the Notes of a Series, the Indenture and the applicable Series Indenture are payable only from the Series Collateral for such Series of Notes. *See* "Description of the Notes—General—Security; Limited Recourse." If any Event of Default shall occur with respect to any Series of Notes, the right of the Holders of the Notes of such Series and the Indenture Trustee on behalf of such Holders and other persons for whose benefit the Indenture Trustee is or will be holding a security interest in such Series Collateral, will be limited to a proceeding against such Series Collateral. None of the Holders of the Notes of such Series nor the Indenture Trustee on behalf of such Holders and other persons for whose benefit the Indenture Trustee is or will be holding a security interest in such Series Collateral, will have the right to proceed against the Series Collateral for any other Series of Notes or against Northwestern Mutual or the other Non-Recourse Parties (as defined in "Description of the Notes—Non-Recourse Enforcement") to enforce the Notes or in the case of any deficiency judgment remaining after foreclosure of any property including the Series Collateral. All claims of Holders of Notes of a Series in excess of amounts received by the relevant Series of the Issuer under each related Funding Agreement and other Series Collateral will be extinguished. In addition, Holders of a Series of Notes waive any defenses, claims or assertions of conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by Wilmington Trust, National Association, of express duties set forth in the Trust Agreement, any Series Trust Agreement or the Safekeeping Agreement in its capacities as Administrative Trustee and Collateral Safekeeper.

Following an Event of Default under the relevant Series of Notes, payments of certain expenses will precede payments under the relevant Series of Notes.

Any funds collected by the Indenture Trustee following an Event of Default, and any funds that may then be held or thereafter received by the Indenture Trustee and each Agent as security with respect to the Notes of any Series, will be applied first to the payment of certain costs and expenses of the Administrative Trustee and the Indenture Trustee, and any of their predecessors and their respective agents and attorneys for all Series of Notes outstanding (the foregoing payments, the "**First Priority Payments**"). The funds will next be applied to the payment of certain costs and expenses of the Collateral Safekeeper and each Agent, and any of their predecessors and their respective agents and attorneys for all Series of Notes outstanding (the foregoing payments, the "**Second Priority Payments**"). Following that, the funds will be applied to the payment of the amounts then due and unpaid on the Notes of such Series, ratably, without preference or priority of any kind, according to the aggregate principal amounts due and payable on such Notes. The amounts remaining after the payment of the First Priority Payments and the Second Priority Payments may be insufficient to satisfy in full the payment obligations the Issuer has to the Holders of Notes of a particular Series following the occurrence of an Event of Default.

There is no previous market for the Notes to be issued, and future liquidity of the Notes may be limited.

This Offering Memorandum has been approved by Euronext Dublin as a Listing Particulars. Application will be made to Euronext Dublin for any Series of Notes issued during the twelve months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. Moreover, no previous market exists for the Notes of any particular Series and no assurances can be given that any market will develop with respect to the Notes of any particular Series. The Purchasing Agents and the Arranger are under no obligation to make a market in the Notes and to the extent that such market making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of the Notes with liquidity of investment or that it will continue for any period of time. The Notes have not been and will not be registered under the Securities Act or any state or foreign securities law and transfers of Notes are subject to substantial transfer restrictions. A holder of Notes of any Series may not be able to liquidate its investment readily and even if such Notes are liquidated it may be at a loss. Additionally, the Notes may not be readily accepted as collateral for loans. It is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to offer, sell or transfer the Notes in a secondary market transaction or otherwise would be substantially impaired and, to the extent any such sale or transfer could be effected, the proceeds realized from such sale or transfer could be materially and adversely affected. Investors should proceed on the assumption that they may have to hold the Notes until their Stated Maturity Date. *See* "Purchase and Transfer Restrictions."

If the Notes were deemed to be contracts of insurance or participations in the Funding Agreements, the Holders of the Notes could be subject to certain regulatory requirements and the marketability and market value of the Notes could be reduced.

The laws and regulations of the 50 states of the United States of America (the "**United States**") and the District of Columbia (the "**Covered Jurisdictions**") contain broad definitions of the activities that may constitute the business of insurance or the distribution of insurance products. Because the primary asset of the relevant Series of the Issuer will be one or more Funding Agreements issued by Northwestern Mutual, it is possible that insurance regulators in one or more jurisdictions could take the position that (i) the issuance of the Notes by the relevant Series of the Issuer constitutes the indirect issuance of a funding agreement or other insurance product and (ii) the distribution, transfer, sale, resale or assignment of the Notes constitutes the production or sale of a funding agreement or other insurance product. If such a position were to be taken in any Covered Jurisdiction, the underlying activity and the persons conducting such activity (including the relevant Series of the Issuer, Northwestern Mutual, a Purchasing Agent, an investor or such other person) could become subject to regulation under the insurance laws of one or more of the Covered Jurisdictions, which could, among other effects, require such persons to be subject to regulatory licensure or other qualification and levels of compliance that cannot practically be achieved. Failure to comply with such requirements could subject such persons to regulatory penalties. In addition, any such failure to comply with, or the threat of, any such regulation could reduce liquidity with respect to the Notes, prevent an investor from transferring the Notes and reduce the marketability and market value of the Notes. Therefore, any such regulation or threat of such regulation by any one or more Covered Jurisdictions could result in an investor either being unable to liquidate its investment in the Notes or, upon any such liquidation, receiving a value significantly less than the initial investment in the Notes.

Northwestern Mutual currently believes that (1) the Notes should not be subject to regulation as participations in the Funding Agreement themselves or otherwise constitute insurance contracts under the insurance laws of the Covered Jurisdictions and (2) the Notes should not subject the Issuer, any investor or any person who acquires the Notes directly or indirectly from such investor and/or persons engaged in the sale, solicitation or negotiation or purchasing the Notes in the Covered Jurisdictions to regulation as doing an insurance business or engaging in the sale, solicitation or negotiation of insurance, as contemplated by the insurance laws in the Covered Jurisdictions by virtue of their activities in connection with the purchase, resale and/or assignment of the Notes. There are, however, variations in the insurance laws of the Covered Jurisdictions, subtle nuances in their application, and a general absence of any consistent pattern of interpretation or enforcement. Insurance regulatory authorities have broad discretionary powers in administering the insurance laws of their respective jurisdictions, including the authority to modify or withdraw a regulatory interpretation, impose new rules and take a position contrary to Northwestern Mutual's. In addition, insurance laws of states are known to change from time to time, which could result in a change in Northwestern Mutual's current opinion of the treatment of the Notes in a particular Covered Jurisdiction. Likewise, state courts are not bound by any regulatory interpretations and could take a position contrary to Northwestern Mutual's. Consequently, there can be no assurance that the purchase, resale, transfer or assignment of the Notes will not subject the parties to such transaction to regulation or enforcement proceedings under the insurance laws of one or more Covered Jurisdictions.

If Notes are redeemed, an investor may not be able to reinvest the redemption proceeds in a security offering of comparable return.

The Issuer is required to redeem the Notes of a Series as described herein if Northwestern Mutual exercises its right to terminate the Funding Agreement(s) related to such Series upon the occurrence of certain tax events. *See* “Description of the Notes—Tax Redemption” and “Description of Certain Terms and Conditions of Funding Agreements—Tax Redemption.” If the Funding Agreement(s) related to a Series of Notes is subject to termination by Northwestern Mutual at its option, the Issuer will redeem the Notes of such Series if Northwestern Mutual so chooses to terminate the related Funding Agreement(s). In case of any redemption of Notes, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes being redeemed. Northwestern Mutual’s termination right under the relevant Funding Agreement(s) also might adversely impact an investor’s ability to sell the Notes.

Any Notes denominated in a foreign currency are subject to exchange rate and exchange control risks.

The information set forth below is directed to prospective purchasers who are U.S. residents. The Issuer disclaims any responsibility to advise prospective purchasers who are residents of countries other than the United States of any matters arising under foreign law that may affect the purchase of, or holding of, or receipt of payments on, the Notes. Such persons should consult their own legal and financial advisors concerning these matters.

An investment in a Note that is denominated or payable in, or the payment of which is linked to the value of, currencies other than U.S. dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and the relevant foreign currencies and the possibility of the imposition or modification of exchange controls by either the United States or foreign governments. These risks generally depend on economic and political events over which the Issuer and Northwestern Mutual have no control.

In recent years, rates of exchange between U.S. dollars and some foreign currencies have been highly volatile, and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note. Depreciation against the U.S. dollar of the currency in which a Note is payable would result in a decrease in the effective yield of the Note below its coupon rate and could result in an overall loss. In addition, depending on the specific terms of a currency-linked Note, changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in a loss of all or a substantial portion of the value of such Note.

Foreign exchange rates can either float or be fixed by sovereign governments. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. dollar and to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country’s central bank or the imposition of regulatory controls or taxes to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders. The Issuer will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. dollar or any applicable foreign currency. The holder of such Notes will bear those risks.

If the principal of, any premium or interest on, any Note are payable in a Specified Currency (as defined herein) other than U.S. dollars, which are not available due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to Holders of the Notes by making such payment in U.S. dollars on the basis of the most recently available bid quotation determined on the applicable determination date related to such payment from a leading foreign exchange bank in London or New York City selected by Northwestern Mutual for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all Holders of Notes denominated other than in U.S. dollars scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars where the required payment is other than in U.S. dollars will not constitute an “Event of Default” under the Notes.

Furthermore, the Issuer may (if so specified in the applicable Pricing Supplement) without the consent of the Holder of any Note, redenominate all, but not less than all, of the Notes of any Series on or after the date on which the Member State of the EU in whose national currency such Notes are denominated has become a participant member in the third stage of the European economic and monetary union, as more fully set out in the applicable Pricing Supplement.

Each prospective purchaser of Notes should consult its own financial, legal and tax advisors as to any specific risks entailed by an investment by such purchaser in Notes that are denominated in, or the payment of which is related to the value of, foreign currency, as such Notes are not an appropriate investment for purchasers who are unsophisticated with respect to foreign currency transactions.

An Event of Default under a Series of Notes may not constitute an "Event of Default" under the applicable Funding Agreement(s).

In certain circumstances, an Event of Default under a Series of Notes may not constitute an event of default under the applicable Funding Agreement(s). In such a case, it is possible that the obligations of the Issuer under any Series of Notes may be accelerated while the obligations of Northwestern Mutual under the applicable Funding Agreement(s) may not be similarly accelerated. If this occurs, the Indenture Trustee may have no or limited ability to proceed against the applicable Series Collateral and Holders of Notes may not be paid in full or in a timely manner upon such acceleration. *See* "Description of the Notes—Events of Default" and "Description of Certain Terms and Conditions of the Funding Agreements—Events of Default."

The Issuer has limited resources and therefore its ability to make timely payments with respect to a Series of Notes depends entirely on Northwestern Mutual making payments under the related Funding Agreements.

The Issuer is a special purpose statutory trust created on November 12, 2020 under the laws of the State of Delaware and organized in series as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. The exclusive purposes of the Issuer are to (i) enter into certain agreements in connection with the Program; (ii) issue and sell the Notes, (iii) use the net proceeds from the sale of the Notes to purchase one or more Funding Agreements, (iv) pledge, collaterally assign and grant a security interest in the applicable Series Collateral for any Series of Notes to the Indenture Trustee, (v) pay amounts due in respect of the Notes; and (vi) engage in only those other activities necessary or incidental thereto. The net worth of the Issuer on the date hereof is approximately $1,000 and is not expected to increase materially. The Issuer's principal assets are Funding Agreements issued by Northwestern Mutual.

In connection with the issuance of each Series of Notes, the Issuer will create a separate Series of the Issuer. The applicable Series of Notes and the related liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to such Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The Notes of each Series will be secured by, among other things, one or more Funding Agreements. No Notes of a Series will have any right to receive payments under a Funding Agreement related to any other Series. Accordingly, the Issuer will only be able to make timely payments with respect to a Series of Notes if Northwestern Mutual has made all required payments under the Funding Agreement securing such Series of Notes.

In the event that any amount due with respect to a Funding Agreement is subject to withholding or deduction for or on account of any present or future Taxes (as defined herein), Northwestern Mutual is not required to make any payment to the Issuer with respect to such Taxes, the Issuer will be deemed for all purposes to have received cash in an amount equal to such withholding or deduction, and the Issuer shall not be required to actually pay, or cause to be paid, to any Holder all of the amounts which would have been received by such Holder in the absence of such Taxes. Northwestern Mutual may terminate the applicable Funding Agreement(s) in the event of any such withholding or deduction, and such termination would require the Issuer to redeem the Notes of the applicable Series. See "Description of the Notes—Tax Redemption" and "Description of Certain Terms and Conditions of Funding Agreements—Tax Redemption." But Northwestern Mutual is not obligated to do so, and any such withholding or deduction will not give rise to an Event of Default or any independent right or obligation to redeem the Notes of such

Series. Accordingly, amounts paid to Holders with respect to the Notes may be reduced on an ongoing basis in the event of any such withholding or deduction.

The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, Northwestern Mutual or any of its subsidiaries or affiliates. None of these entities nor any agent, trustee or beneficial owner of the Issuer or of any Series of the Issuer is under any obligation to provide funds or capital to the Issuer generally or with respect to any Series of the Issuer, except with respect to certain indemnity obligations of Northwestern Mutual. In addition, the Notes may not benefit from any insurance guaranty fund coverage or any similar protection. For more information on Northwestern Mutual's indemnity obligations, *see* "Description of the Issuer—Expenses of the Issuer."

The Funding Agreements are unsecured obligations of Northwestern Mutual. If the Funding Agreements were not treated as insurance contracts, they would be accorded the same priority in a liquidation or dissolution of Northwestern Mutual as its other general unsecured obligations.

The Funding Agreements are unsecured obligations of Northwestern Mutual and, in the event of Northwestern Mutual's insolvency, will be subject to the provisions of Chapter 645 of the Wisconsin Insurance Law, which establishes the priority of claims from the estate of an insolvent Wisconsin insurance company. Godfrey & Kahn, S.C., special Wisconsin counsel for Northwestern Mutual, has opined that, subject to the limitations, qualifications and assumptions set forth in its opinion letter, in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Northwestern Mutual, under Wisconsin law as in effect on the date of this Offering Memorandum, the claims with respect to scheduled payments under each Funding Agreement should rank *pari passu* with the claims of policyowners of Northwestern Mutual and superior to the claims of general creditors of Northwestern Mutual. The opinion of Godfrey & Kahn, S.C. is based upon certain facts, assumptions and qualifications (as set forth therein), is only an opinion and does not constitute a guarantee, and is not binding upon any court, including, without limitation, a court presiding over a liquidation proceeding of Northwestern Mutual under the Wisconsin Insurance Law. Additionally, in the event of Northwestern Mutual's insolvency, there is no assurance that claims under the Funding Agreement(s) would be eligible for coverage by the Wisconsin Insurance Security Fund or by any other insurance guarantee fund or similar protection.

Holders of Notes below certain minimum denominations may not be able to receive Definitive Notes and in such situations may not be entitled to the rights in respect of such Notes.

Any Notes admitted to the Official List and trading on the GEM or on any regulated market in the EEA or the United Kingdom or offered in any Member State of the EEA or the United Kingdom will be issued in minimum denominations of €100,000 (or the equivalent thereof in another currency at the time of issue) and integral multiples of €1,000 (or the equivalent thereof in another currency at the time of issue) in excess thereof (the "**Specified Denominations**"). However, for so long as any Series of Notes is in global form and Euroclear and Clearstream, Luxembourg so permit, the Pricing Supplement may provide that such Series of Notes in global form shall be tradeable in minimum denominations of €100,000 and integral multiples of €1,000 thereafter (or the equivalent thereof in another currency at the time of issue), although if a Global Note is exchanged for Definitive Notes, at the option of the relevant Holder, the Notes shall be tradeable only in principal amounts of at least €100,000. In these circumstances, a Holder holding Notes having a nominal amount which cannot be represented by a Definitive Note in the Specified Denomination will not be able to receive a Definitive Note in respect of such Notes and will not be able to receive interest or principal or be entitled to vote in respect of such Notes. As a result, a Holder who holds Notes in Euroclear or Clearstream, Luxembourg in an amount less than the Specified Denominations may need to purchase or sell, on or before the relevant date on which the Regulation S Temporary Global Note or Regulation S Permanent Global Note are to be exchanged for Definitive Notes, a principal amount of Notes such that the Holders of the Notes hold the Notes in an aggregate principal amount of at least the Specified Denominations.

Ratings of the Program and any rated Series of Notes may not reflect all risks of an investment in such Series of Notes and may change in accordance with the financial strength rating of Northwestern Mutual.

In the event that the Program generally or a specific Series of Notes is rated by a credit rating agency, the ratings of the Program or such Series of Notes will primarily reflect the financial strength rating of Northwestern Mutual and any change in the priority status of funding agreements under Wisconsin law. Any rating is not a recommendation to purchase, sell or hold any particular security, including the Notes. Such ratings do not comment as to the market price or suitability of the Notes for a particular investor. In addition, there can be no assurance that a rating will be maintained for any given period of time or that a rating will not be lowered or withdrawn in its entirety. The ratings of the Program or any rated Series of Notes issued under the Program may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, such Series of Notes.

Uncertainty relating to the calculation of LIBOR and other Benchmarks (as defined herein) and their potential discontinuance may materially adversely affect the value of and return on any Series of Floating Rate Notes that refer to such Benchmarks (as defined herein).

National and international regulators and law enforcement agencies have conducted investigations into a number of rates or indices which are deemed to be "reference rates." Actions by such regulators and law enforcement agencies may result in changes to the manner in which certain reference rates are determined, their discontinuance, or the establishment of alternative reference rates. In particular, the Chief Executive of the U.K. Financial Conduct Authority (the "**FCA**"), which regulates the London Interbank Offered Rate ("**LIBOR**"), previously announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. However, more recently the LIBOR administrator published a consultation regarding its intention to cease publication of U.S. dollar ("**USD**") LIBOR as of June 30, 2023 (instead of December 31, 2021) for the most common tenors (overnight and one, three, six and twelve months) and its intention to cease publication of USD LIBOR as of December 31, 2021 for the less commonly used tenors of 1 week and 2 months as well as all tenors of non-USD LIBOR will be discontinued as of December 31, 2021. The FCA and other regulators have stated that they welcome the LIBOR administrator's consultation and the potential extension of the cessation of the USD LIBOR most common tenors. An extension to June 30, 2023 would mean that many legacy USD LIBOR contracts would have the opportunity to mature before the related USD LIBOR rates cease to be published. However, the same regulators emphasized that, despite any continued publication of USD LIBOR through June 30, 2023, no new contracts using USD LIBOR should be entered into after December 31, 2021. Although the foregoing may provide some sense of timing, at this time there can be no assurance that LIBOR, of any particular currency and/or tenor, will continue to be published until any particular date.

On June 23, 2020, the U.K. Government announced its intention to amend the U.K.'s regulatory framework for benchmarks to ensure the FCA has the appropriate powers to manage and direct any wind-down period prior to an eventual LIBOR cessation. These new regulatory powers would enable the FCA to direct a methodology change for LIBOR. Such announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

At this time, it is not possible to predict the effect that these developments, any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates may have on LIBOR, other reference rates or floating rate debt securities, including any Series of Floating Rate Notes that uses a Benchmark to calculate interest or other payments due on such Series of Floating Rate Notes. Uncertainty as to the nature of such potential discontinuance, modification, alternative reference rates or other reforms may materially adversely affect the trading market for securities linked to such reference rates, including any such Series of Floating Rate Notes that refers, or is linked to a Benchmark. Furthermore, the use of alternative reference rates or other reforms could cause the interest rate calculated for any Series of Floating Rate Notes that uses a Benchmark to be materially different than expected.

The Benchmark used by a Series of Floating Rate Notes may be modified or discontinued and such Floating Rate Notes may bear interest by reference to a rate other than the Benchmark used as the Initial Rate Basis, which could adversely affect the value of such Floating Rate Notes.

If, during the term of any Series of Floating Rate Notes using a Benchmark as the Initial Rate Basis, Northwestern Mutual determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to such Benchmark, Northwestern Mutual, in its sole discretion will select a Benchmark Replacement, including the Benchmark Replacement Adjustment, the sum of which will constitute the base rate in accordance with the benchmark transition provisions set forth under "Description of the Notes – Pricing Options – Floating Rate Notes–Benchmark Replacement" below or in the applicable Pricing Supplement. In addition to changes to the base rate, upon the occurrence of a Benchmark Transition Event, Northwestern Mutual, in its sole discretion, may also make technical, administrative or operational changes described in the benchmark transition provisions or in the applicable Pricing Supplement which may be made to the interest rate determination if Northwestern Mutual, as agent of the Issuer, determines in its sole discretion that such changes are required. *See* "Description of the Notes—Pricing Options—Floating Rate Notes—Benchmark Replacement."

In the case of a Benchmark Transition Event, the benchmark transition provisions expressly authorize Northwestern Mutual to make Benchmark Replacement Conforming Changes from time to time with respect to, among other things, the determination of Interest Reset Periods and the timing and frequency of determining rates and making payments of interest. The application of a Benchmark Replacement and Benchmark Replacement Adjustment, and any implementation of Benchmark Replacement Conforming Changes, could result in adverse consequences to the amount of interest payable on any Series of Floating Rate Notes, which could adversely affect the return on, value of and market for such Series of Floating Rate Notes. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the then-current Benchmark that it is replacing, or that any Benchmark Replacement will produce the economic equivalent of the then-current Benchmark that it is replacing. *See* "Description of the Notes–Pricing Options–Floating Rate Notes-Benchmark Replacement." Following a Benchmark Transition Event, the interests considered in making the determinations described above may be adverse to the interests of a Holder of any Series of Floating Rate Notes using a Benchmark as the initial base rate. The selection of a Benchmark Replacement and Benchmark Replacement Adjustment, and any decisions made by Northwestern Mutual in connection with implementing a Benchmark Replacement with respect to any Series of Floating Rate Notes using a Benchmark as the initial base rate, could result in adverse consequences to the applicable interest rate on such Series of Floating Rate Notes, which could adversely affect the return on, value of and market for such securities. Further, there is no assurance that the characteristics of any Benchmark Replacement and/or Benchmark Replacement Adjustment will be similar to the Benchmark that was cancelled or discontinued or that any Benchmark Replacement and related Benchmark Replacement Adjustment will produce the economic equivalent of the Benchmark that was cancelled or discontinued.

If a Series of Floating Rate Notes is linked to the Secured Overnight Financing Rate ("SOFR"), SOFR may be more volatile than other benchmark or market rates, and result in greater interest rate fluctuations on the applicable Notes.

Since the initial publication of the SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as U.S. dollar LIBOR. Although changes in Compounded SOFR (as defined herein) generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of any Series of Floating Rate Notes linked to SOFR may still fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The Federal Reserve Bank of New York has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the Federal Reserve Bank of New York will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in a Series of Floating Rate Notes linked to SOFR.

If the Interest Rate Basis for a Series of Floating Rate Notes is based on Compounded SOFR and the SOFR Index, this basis for interest rate calculations is somewhat new to the marketplace and very little market precedent exists, which could affect the value of such Floating Rate Notes.

Compounded SOFR is calculated using the SOFR Index (as defined herein) published by the Federal Reserve Bank of New York according to the specific formula described herein and the applicable Pricing Supplement, not the SOFR rate published on or in respect of a particular date during such Interest Period or an arithmetic average of SOFR rates during such period. For this and other reasons, the interest rate on the Notes during any Interest Period will not necessarily be the same as the interest rate on other SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Furthermore, if the SOFR rate in respect of a particular date during an Interest Period is negative, its contribution to the SOFR Index will be less than one, resulting in a reduction to Compounded SOFR used to calculate the interest payable on such Series of Floating Rate Notes on the Interest Payment Date for such Interest Period.

Very limited market precedent exists for securities that use Compounded SOFR as the interest rate and the method for calculating an interest rate based upon SOFR in those precedents varies. In addition, the Federal Reserve Bank of New York only began publishing the SOFR Index on March 2, 2020. Accordingly, the use of the SOFR Index or the specific formula for the Compounded SOFR rate may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that would likely adversely affect the market value of the Series of Floating Rate Notes.

Compounded SOFR for a Series of Floating Rate Notes with respect to a particular Interest Period will only be capable of being determined near the end of the relevant Interest Period, therefore it may be difficult for investors to reliably estimate the amount of interest payable.

The Compounded SOFR rate applicable to a particular Interest Period and, therefore, the amount of interest payable with respect to such Interest Period will be determined on the Interest Determination Date for such Interest Period. Because each such date is near the end of such Interest Period, investors will not know the amount of interest payable with respect to a particular Interest Period until shortly prior to the related Interest Payment Date and it may be difficult for investors to reliably estimate the amount of interest that will be payable on each such Interest Payment Date. In addition, some investors may be unwilling or unable to trade such Floating Rate Notes without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of such Series of Floating Rate Notes.

Northwestern Mutual may make determinations with respect to any Series of Floating Rate Notes, which may adversely affect the value of the Notes.

Northwestern Mutual may make certain determinations with respect to a Series of Floating Rate Notes as further described in “Description of the Notes.” In addition, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, Northwestern Mutual will make certain determinations with respect to such Series of Floating Rate Notes in Northwestern Mutual’s sole discretion as further described in “Description of the Notes.” Any of these determinations may adversely affect the value of such Series of Floating Rate Notes, the return on the Floating Rate Notes and the price at which investors can sell the Floating Rate Notes. Moreover, certain determinations may require the exercise of discretion and the making of subjective judgments, such as with respect to Compounded SOFR or the occurrence or non-occurrence of a Benchmark Transition Event and any Benchmark Replacement Conforming Changes. These potentially subjective determinations may adversely affect the value of such Series of Floating Rate Notes, the return on the Floating Rate Notes and the price at which investors can sell the Floating Rate Notes.

Risk Factors Related to Northwestern Mutual

The course of the novel coronavirus (COVID-19) pandemic, and responses to it, have been and may continue to be uncertain and difficult to predict, and could materially and adversely affect Northwestern Mutual’s business, results of operations, and financial condition.

Major public health issues, including the novel coronavirus COVID-19 pandemic (the “**COVID-19 Pandemic**”), have caused and may continue to cause a large number of illnesses and deaths. Government authorities and other persons exercising governmental, political, or related authority or influence and other organizations may not effectively respond to the spread and severity of the COVID-19 Pandemic, and their actions and the resulting impacts are unpredictable. The ultimate spread, duration, and severity of the COVID-19 Pandemic, and of government authorities' actions to address it, are uncertain, and may persist. Adverse conditions may worsen over time. Actions to respond to the COVID-19 Pandemic have reduced and altered economic activity and financial markets. New information about the severity and duration of the COVID-19 Pandemic or other public health issues, and government authorities, business, and societal reactions to that information, may increase the severity or duration of the COVID-19 Pandemic and its effects. The approval of vaccines being developed in connection with the COVID-19 Pandemic, their effectiveness and availability and the distribution and administering of such vaccines remains uncertain and lower-than-expected effectiveness, inefficient or ineffective distribution and reluctance to take the vaccine may similarly increase the severity or duration of the COVID-19 Pandemic and its effects.

The COVID-19 Pandemic, and its effect on financial markets, could continue to adversely impact Northwestern Mutual's investment portfolio. Market volatility may slow or prevent Northwestern Mutual from reacting to market events as effectively as it otherwise could. When Northwestern Mutual sells its investment holdings, it may not receive the prices it seeks, and may sell at a price lower than its carrying value, due to market volatility or other disruptions. Borrowers may delay or fail to pay principal and interest when due, tenants and residents may delay or fail to pay rent according to the terms of their lease and government authorities may delay or place a moratorium on foreclosures, evictions or otherwise impair enforcement actions, affecting the value of Northwestern Mutual's real estate investments, mortgage-backed securities, and other investments, and the cash flows they produce.

A continued slowdown in U.S. or global economic conditions brought on by the COVID-19 Pandemic could adversely affect the values and cash flows of assets in Northwestern Mutual's investment portfolio, especially if prolonged. Certain asset classes in Northwestern Mutual's investment portfolio related to commercial real estate or companies in industries that could be most severely impacted by the economic disruption, including, but not limited to, oil and gas, gaming and lodging, retail and airlines, or tied to certain commodities, could suffer significant declines in valuation. Government authorities' actions, including activity by the U.S. Federal Reserve and other central banks, in response to the COVID-19 Pandemic could cause a sustained low or negative interest rate environment and mean that benefits and expenses are higher than expected, which could adversely affect Northwestern Mutual's business and financial results. *See* "—Changes in interest rates may adversely affect Northwestern Mutual's business, financial condition and results of operations."

The COVID-19 Pandemic could increase claims under many of Northwestern Mutual's policies. The impact of the COVID-19 Pandemic on claims in each quarter may be greater than in prior quarters. In addition, an increased number of policyowners may have lower income or assets, and may have difficulty paying premiums and fees. Government authorities may require (or suggest) "no lapse" in policy coverage for uncertain or prolonged periods of time, regardless of whether Northwestern Mutual receives premiums or is able to assess fees against policyowner account balances. Legal and regulatory responses to the COVID-19 Pandemic and related public health issues may also include the extension of insurance coverage beyond Northwestern Mutual's policy or contract language, and/or changes to insurance policy conditions such as premium grace periods, suspension of cancellations, and extensions of proof of loss deadlines. These changes may cause additional expenses to adjust or override automated notification systems. Government authorities may also purport to change policy coverage, including retroactively, exposing Northwestern Mutual to risks and costs it was unable to foresee or underwrite. Northwestern Mutual may also voluntarily (or in response to requirements, guidance, or pressure) adopt customer accommodations, such as waiving exclusions, forgoing rate increases or implementing lower rate increases than Northwestern Mutual would in the ordinary course of its business, relaxation of claim documentation requirements, premium credit or accommodations for customers experiencing economic or other distress as a result of the COVID-19 Pandemic. Policyowners seeking sources of liquidity due to COVID-19 Pandemic-related economic uncertainty and increased unemployment may withdraw, surrender or take policy loans at greater rates than Northwestern Mutual expected.

As a result of the COVID-19 Pandemic, Northwestern Mutual's cost of reinsurance on future reinsurance agreements could increase, or it may find reinsurance less available.

Policyowners may change their behavior in unexpected ways. For example, they may surrender policies, take withdrawals and policy loans, change their premium payment practices, exercise product options, or take other actions as a result of the COVID-19 Pandemic and government authorities' efforts to respond to it. In addition, provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") have lowered or eliminated certain taxes related to premature distributions from certain qualified plans. These CARES Act provisions could cause distributions from qualified plans at greater rates than Northwestern Mutual expected.

Northwestern Mutual has incurred, and may continue to incur, increased administrative and systems expenses as a result of the COVID-19 Pandemic and Government authorities' efforts to respond to it. These conditions may affect Northwestern Mutual's employees, agents, brokers and distribution partners, as well as the workforces of Northwestern Mutual's vendors, service providers and counterparties. Northwestern Mutual may have difficulties conducting its business, including in selling its products, such as those traditionally sold in person. Northwestern Mutual may face increased workplace safety costs and risks, lose access to critical employees, and face increased employment-related claims and employee-relations challenges, each of which may increase when Northwestern Mutual's employees begin to return to its workplaces. Any of the third parties to whom Northwestern Mutual outsources certain critical business activities may fail to perform as a result of the COVID-19 Pandemic or claim that it cannot perform due to a force majeure.

Northwestern Mutual's risk management, contingency, and business continuity plans may not adequately protect its operations. Continued and prolonged remote work arrangements and other unusual business conditions and circumstances as a result of the COVID-19 Pandemic could strain Northwestern Mutual's business continuity plans, introduce operational risk, increase its cybersecurity risks, and impair its ability to manage its business. Such disruptions to Northwestern Mutual's business operations can interfere with its issuance or processing of transactions, may interfere with its ability to receive, pickup and process mail and messages, impact its ability to calculate values, or cause other operational or system issues. In addition, the frequency and sophistication of attempts at unauthorized access to Northwestern Mutual's technology systems and fraud may increase, and COVID-19 Pandemic conditions may impair its cybersecurity efforts and risk management. Northwestern Mutual's efforts to prevent money-laundering or other fraud, whether due to limited abilities to "know its customers," strains on its programs to avoid and deter foreign corrupt practices, or otherwise, may increase its compliance costs and risk of violations. Furthermore, these disruptions may persist even if Northwestern Mutual employees or the employees of intermediaries or other affiliate or third-party service providers are able to work remotely.

The COVID-19 Pandemic could affect Northwestern Mutual's internal controls over financial reporting. Northwestern Mutual has developed, and may continue to develop, new and less-seasoned processes, procedures, and controls to respond to changes in its business environment, including an increase in employees and contractors working remotely from home. If any employees who are key to Northwestern Mutual's controls become ill from the COVID-19 Pandemic and are unable to work, this may affect Northwestern Mutual's ability to operate its internal controls.

Any uncertainty as a result of any of these events, including, but not limited to, investment portfolio impact, mortality or morbidity rate changes, an increase in expenses, or policyowner behavior changes, may require Northwestern Mutual to change its estimates, assumptions, models or reserves. Government authorities may not accurately report population and impact data, such as death rates, infections, morbidity, hospitalization, or illness that Northwestern Mutual uses in its estimates, assumptions, models or reserves.

Any of the direct or indirect effects of the COVID-19 Pandemic may cause litigation or regulatory, investor, media, or public inquiries. Northwestern Mutual's costs to manage and effectively respond to these matters, and to address them in settlement or other ways, may increase.

Any of the events described above have adversely affected, may continue to adversely affect, or may yet adversely affect the economy, financial markets, Northwestern Mutual's business, its results of operations, or its financial condition. These events could also cause, contribute to, or exacerbate the other risks and uncertainties described herein.

Deterioration of economic conditions, geopolitical tensions or weakening in global capital markets may materially affect Northwestern Mutual's businesses, results of operations, financial condition and liquidity.

Northwestern Mutual's businesses are affected by global economic, political and market conditions. Weaknesses in economic conditions and the capital markets and market volatility have in the past led, and may in the future lead, to a poor operating environment, erosion of consumer and investor confidence, reduced business volumes, deteriorating liquidity and declines in asset valuations. Adverse economic conditions may result from global economic and political developments, including plateauing business activity and inflationary pressures in developed economies, uncertainty surrounding the sustainability of global economic growth, political protests in Hong Kong and elsewhere, the effects of the United Kingdom's withdrawal from membership of the European Union on business investment, hiring, migration and labor supply and intensifying trade protectionism. These and other market, economic, and political factors could have a material adverse effect on Northwestern Mutual's businesses, results of operations, financial condition and liquidity in many ways, including (i) lower levels of consumer and commercial business activities that could decrease revenues and profitability and decrease value in long-term assets, (ii) increases in credit spreads and defaults that could reduce investment asset valuations, increase credit losses across numerous asset classes, and increase statutory capital requirements and (iii) increased market volatility and uncertainty that could decrease liquidity. Other ways in which Northwestern Mutual could be negatively affected by economic conditions include, but are not limited to, increases in policy surrenders, cancellations and loans; increases in liability for future policy benefits due to loss recognition on certain long-duration insurance and reinsurance contracts; and increases in expenses associated with third-party reinsurance, or decreased ability to obtain reinsurance at acceptable terms.

Northwestern Mutual's investment portfolio and aspects of Northwestern Mutual's business are subject to the full range of market risk, including credit, liquidity, equity market, interest rate, lease renewal and foreign currency exchange rate risk.

Northwestern Mutual's investment portfolio consists primarily of publicly-traded and privately-placed investment grade bonds, both domestic and international, from a broad variety of issuers (including structured securities such as asset-backed securities ("**ABS**"), residential mortgage-backed securities ("**RMBS**"), commercial mortgage-backed securities ("**CMBS**") and commercial mortgage loans). The portfolio also contains real estate equity, public and private equity, derivatives, below investment grade bonds and other assets. Both public and private equity include preferred and common stock. Private equity is primarily made up of investments in private equity fund limited partnerships, direct co-investment limited partnerships and limited liability companies. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations—Northwestern Mutual's General Account Investment Portfolio." The main risks facing the portfolio are credit risk, liquidity risk, equity market risk, interest rate risk, and foreign currency exchange rate risk.

Credit Risk. Credit risk is the risk that issuers of investments owned by Northwestern Mutual may default or that other parties may not be able to pay amounts due to Northwestern Mutual. In general, Northwestern Mutual neither hedges nor holds collateral (other than on commercial mortgage loans and with respect to derivatives transactions, as described below) with respect to the credit risk in its investment portfolio, but rather primarily relies on its investment strategies. In limited circumstances, Northwestern Mutual purchases credit protection using credit derivatives to hedge credit risk. In addition, in a few circumstances Northwestern Mutual uses derivatives to replicate exposure to specific issuers or an index of issuers. Under Wisconsin insurance law, Northwestern Mutual may replicate the investment characteristics of an otherwise permitted investment by combining cash instruments with a derivative instrument. Northwestern Mutual seeks to manage credit risk by employing a risk management process that combines active fundamental credit analysis, quantitative risk management, concentration limits and portfolio diversification across various asset types, industry sectors and issuers.

Pursuant to capital requirements based on risk charges for life insurance companies, Northwestern Mutual holds capital in support of securities held in its investment portfolio. Such capital requirements are driven primarily by the designations assigned by the NAIC's Securities Valuation Office ("**SVO**") for each security, which are, in turn, based in large part upon individual ratings from rating agencies. Should the ratings of a security be downgraded such that such security's NAIC designation is lowered, Northwestern Mutual's capital requirements in respect of such security would increase. In the aggregate, any such downward ratings migration could adversely affect Northwestern Mutual's business, financial condition or results of operations.

As of September 30, 2020, 14% of Northwestern Mutual's bond portfolio by statement value consisted of bonds rated below investment grade by the SVO. Such below investment grade bonds had a statement value of $17 billion at such date. Below investment grade bonds have a higher risk of default as to payment of interest and repayment of principal than do investment grade bonds, due to either the financial condition of the issuer, the business or industry in which the issuer operates, the terms of the bonds or otherwise.

Counterparty risk, which refers primarily to the risk that counterparties in over-the-counter ("**OTC**") derivatives transactions may not be able to make required payments, is another form of credit risk in the portfolio. Related to that risk is the risk that Northwestern Mutual will not be able to collect the monies it is owed upon the bankruptcy of the counterparty. Northwestern Mutual seeks to manage its counterparty risk through a risk management process that sets and monitors aggregate exposure limits. Northwestern Mutual also attempts to reduce its derivative counterparty risk (including bankruptcy risk) by exchanging collateral between itself and certain of its counterparties and by trading through master netting agreements that allow Northwestern Mutual to close-out and net obligations under outstanding OTC derivatives' transactions with a particular counterparty in the event of the bankruptcy of such counterparty notwithstanding any automatic stay that may otherwise apply in connection with such bankruptcy. As of September 30, 2020, the fair value of all of Northwestern Mutual's OTC derivatives positions had a gross asset value of $1.3 billion, offset by gross liabilities of $89 million. The total notional value of such derivatives at September 30, 2020 was $19.6 billion. As of September 30, 2020, Northwestern Mutual had posted $5 million as collateral to certain of its counterparties and had received $1.2 billion as collateral from certain of its counterparties.

Although Northwestern Mutual attempts to carefully and actively manage these risks, there can be no assurance that they will be managed successfully.

Liquidity Risk. Liquidity risk is the risk that Northwestern Mutual's funding requirements, which may include policyowner loans, surrenders and withdrawals, are greater than the amount of available cash and assets that can readily be converted into cash. Although certain types of investments such as Treasury bonds and short-term investments can be converted to cash easily, others cannot be as readily liquidated. In addition, certain investments may be liquidated with higher than usual transaction costs in some market environments. Further, short-term investments may bear lower interest rates than longer-term, more illiquid investments, and Northwestern Mutual's returns may be lower if it is required to hold a large portion of such investments.

Northwestern Mutual holds certain investments that have limited liquidity, such as privately-placed fixed income securities, commercial mortgage loans, non-agency RMBS and ABS, real estate equity, including real estate joint ventures, privately-placed preferred and common stocks and limited partnership interests (such as in direct private equity co-investments and private equity funds). These asset classes (including securities offered pursuant to an exemption from registration under Rule 144A) represented 64% of the fair value of Northwestern Mutual's total cash and invested assets as of September 30, 2020.

Northwestern Mutual attempts to manage liquidity risk by holding assets with what it views as sufficient liquidity to meet its funding requirements, including meeting any such demand for policyowner loans, surrenders and withdrawals. However, there can be no assurances that Northwestern Mutual will maintain sufficient liquidity to pay these amounts.

Equity Market Risk. Equity market risk is the risk that preferred and common stocks, and other equity securities, decline in value. Equity securities typically have more price volatility and risk of permanent loss than fixed income securities and, as a result, regulators assign higher capital charges for public and private equity investments. As of September 30, 2020 and at December 31, 2019, Northwestern Mutual's common and preferred stock portfolio, excluding common stock investments in affiliates, represented 2% of the statement value of Northwestern Mutual's total invested assets. Additionally, from time to time, Northwestern Mutual may hold significant investments in exchange-traded funds ("**ETFs**"), which may be subject to additional fluctuations in market values unrelated to fluctuations in the value of the underlying securities. At September 30, 2020, Northwestern Mutual held $2.2 billion (statement value) of ETFs, of which $538 million are fixed-income ETFs. Declines in the value of equity securities within the portfolio held for Northwestern Mutual's postretirement benefit plans could cause Northwestern Mutual to make unexpected cash contributions to the plans. *See* "—Exposure to partnership and limited liability company investments could adversely affect Northwestern Mutual's investment portfolio."

Interest Rate Risk. Interest rate risk is the risk of loss due to changes in interest rates affecting investments held by Northwestern Mutual. In addition, policyowner loans, surrenders and withdrawals may be higher than expected when interest rates are high, or interest rates may drop so low (or turn negative) as to make it difficult to support Northwestern Mutual's minimum interest rate guarantees. While actions may be taken to mitigate the potential effects of such policyowner options, it is impossible to eliminate all risk. Similarly, some assets may have prepayment rights or call options which might be exercised when interest rates are low and borrowers can benefit from refinancing at lower interest rates. *See* "—Changes in interest rates may adversely affect Northwestern Mutual's business, financial condition and results of operations."

Foreign Currency Exchange Rate Risk. Foreign currency exchange rate risk is the risk that contracts or investments held by Northwestern Mutual and denominated in foreign currencies will decline in value due to exchange rate volatility, resulting in a decrease in net investment income or the value of underlying principal and equity amounts. Further, from time to time, various emerging market countries have experienced severe economic and financial disruptions, including significant devaluations of their currencies. Northwestern Mutual's exposure to foreign currency exchange rate risk may be affected by any investments it makes in assets where the value of such assets is directly or indirectly derived from emerging markets. Finally, any legal or governmental action related to the exchange rate or currency conversions could also adversely affect earnings from investments.

Increased capital requirements could be applied against securities or other investments that Northwestern Mutual holds in its investment portfolio, which could adversely impact Northwestern Mutual's Financial Condition.

Pursuant to capital requirements based on risk charges for life insurance companies, Northwestern Mutual holds capital in support of securities and other investments held in its investment portfolio. The NAIC or one or more state insurance regulators could take action at any time to increase the capital requirements in respect of certain classes of securities or other investments. In the aggregate, any such increased capital requirements could adversely affect Northwestern Mutual's "Surplus" (line 37 of the "Liabilities, Surplus and Other Funds" page of Northwestern Mutual's annual and interim financial statements filed with state insurance regulatory authorities, referred to herein as "**Surplus**").

Changes in interest rates may adversely affect Northwestern Mutual's business, financial condition and results of operations.

Interest rates in the United States have remained near-record lows. Prolonged periods of low or negative interest rates have the potential to negatively affect Northwestern Mutual's business, financial condition and results of operations in the following principal ways. In periods of low or negative interest rates, Northwestern Mutual generally must invest the proceeds from premiums in lower yielding assets, as well as the proceeds from the maturity, redemption or sale of fixed income securities from its portfolio, at a lower rate of interest than the rate it had been receiving on those securities. A low or negative interest rate environment may also be likely to cause prepayments to increase (as borrowers can refinance at lower interest rates), which can exacerbate the issue of having to invest such proceeds at low rates of interest. In addition, in periods of low or negative interest rates, it may be difficult to identify and acquire suitable investments for proceeds from new product sales or proceeds from the maturity, prepayment or sale of fixed income securities from Northwestern Mutual's portfolio, which could further decrease the yield it earns on its portfolio causing a decline in sales of some products and challenging Northwestern Mutual's ability to meet pricing objectives or guarantees on existing business. Low interest rates could also result in reduced funded positions for Northwestern Mutual's postretirement benefit plans that cause Northwestern Mutual to make unexpected cash contributions to the plans.

Periods of high or increasing interest rates have the potential to negatively affect Northwestern Mutual's business, financial condition and results of operations in the following principal ways. In periods of increasing interest rates, surrenders and withdrawals may increase as policyowners seek investments with higher perceived returns. Policyowner demand for policyowner loans may also increase, both from policyowners seeking to borrow funds at a lower interest rate and from policyowners seeking a source of financing for higher yielding investments, which could adversely affect Northwestern Mutual's results of operations and financial condition. In addition, potential policyowners may seek higher yielding investments through vehicles other than Northwestern Mutual's primary products resulting in a reduction in premium income. Products particularly sensitive to higher interest rates include fixed annuities and certain well-funded life insurance products owned by banks and other corporations. As of September 30, 2020, Northwestern Mutual had outstanding $5 billion of annuities and deposit liabilities that were subject to surrender at book value without a surrender charge, representing approximately 2% of general account policy and contract reserves. As of December 31, 2019, Northwestern Mutual had outstanding $12 billion of single premium life insurance cash values owned by banks and $10 billion of life insurance cash values owned by other corporations, representing approximately 10% of total general account policy and contract reserves. Periods of high or increasing interest rates could result in cash outflows requiring Northwestern Mutual to sell invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which could cause Northwestern Mutual to suffer realized investment losses.

The determination of the amount of valuation adjustments and impairments taken on Northwestern Mutual's investments is highly subjective and could materially impact its business, financial condition or results of operations.

The determination of the amount of valuation adjustments and impairments varies by investment type and is based on Northwestern Mutual's periodic case-by-case evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations periodically and reflects changes in valuation adjustments and impairments in operations as such evaluations are revised. Such evaluations and assessments can change significantly from period to period, especially in times of high market volatility. Market volatility can make it more difficult to value Northwestern Mutual's securities if trading in such securities becomes less frequent. In addition, a forced sale by holders of large amounts of a security, whether due to insolvency, liquidity or other issues with respect to such holders, could result in declines in the price of a security. There can be no assurance that management has accurately assessed the level of impairments taken and valuation adjustments reflected in the Financial Statements in a manner which accurately reflects the losses that will actually be incurred. Furthermore, additional impairments may need to be taken or valuation adjustments provided for in the future. Historical trends may not be indicative of future impairments or valuation adjustments. The amount of impairments and valuation adjustments can affect Northwestern Mutual's results of operations and financial condition.

The statement value of Northwestern Mutual's fixed income and equity securities are adjusted for impairments in value deemed to be other-than-temporary in the period in which the determination is made. Securities, real estate and other investments that are determined to have an other-than-temporary impairment are written down to fair value. Mortgage loans determined to have an other-than-temporary decline in value are written down to net realizable value based on the appraised value of the collateral property. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value.

For fixed income securities, emphasis is placed on evaluating the issuer's ability to service all contractual interest and principal payments and Northwestern Mutual's ability and intent to hold the security until the earlier of a recovery in value or maturity. Northwestern Mutual's intent and ability to hold a security takes into consideration broad portfolio management objectives, such as asset/liability duration management, issuer and industry segment exposures and the overall total return of the portfolio. For equity securities, greater weight and consideration is given to the duration and extent of a decline in market value and the likelihood such market value decline will recover. An investment in real estate is evaluated for an impairment adjustment when the fair value of the property is lower than its depreciated cost.

In addition, Northwestern Mutual holds investments that are linked to LIBOR, which may not continue to be available on the current basis (or at all) after 2021. Uncertainty as to the effect of the potential elimination of, or changes to, LIBOR may adversely affect the trading market for securities linked to LIBOR, including those held in Northwestern Mutual's investment portfolio.

Northwestern Mutual's management considers a wide range of factors about each security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Northwestern Mutual is not able to determine the amount of any additional net realized capital losses (including valuation adjustments and impairments) that arose between September 30, 2020 and the date of this Offering Memorandum, and such amount will be determined based upon facts and circumstances existing at the applicable dates of determination, including, without limitation, general market conditions. However, if there were additional net realized capital losses, it could adversely affect Northwestern Mutual's business, financial condition and results of operations.

Exposure to partnership and limited liability company investments could adversely affect Northwestern Mutual's investment portfolio.

As of September 30, 2020, Northwestern Mutual owned $7.3 billion (statement value) of investments in privately-placed limited partnerships (including private equity and real estate limited partnerships), joint venture investments and limited liability companies (which does not include Northwestern Mutual subsidiaries). Because of the underlying nature of these investments, they may produce investment income that fluctuates from period to period and are more variable than may be the case with more conventional asset classes, such as publicly-traded bonds and equities. In addition, many of these assets have limitations on redemptions and trading, which may cause them to be less liquid than more conventional asset classes. In the twelve months ended December 31, 2019, and the nine months ended September 30, 2020, Northwestern Mutual contributed $1,793 million and $1,204 million to such investment vehicles to fulfill prior capital commitments, respectively. As of September 30, 2020, Northwestern Mutual had future funding commitments relating to partnerships, joint ventures and limited liability companies of $4.8 billion.

Exposure to commercial and residential mortgage-backed securities could result in a decline in value in Northwestern Mutual's investment portfolio.

Northwestern Mutual invests in mortgage-backed securities, which are subject to many of the same general risks inherent in making direct mortgage loans. CMBS and RMBS investments are subject to the risk that the underlying mortgage loans default in greater frequency than anticipated when such loans were originally underwritten. In addition, CMBS and RMBS may be subject to prepayment or extension risk (*i.e.*, the risk that borrowers will repay the loans earlier or later than anticipated). If the underlying mortgage assets experience faster than anticipated prepayments of principal, Northwestern Mutual could fail to recover some or all of its initial investment in these securities, since the original price paid by Northwestern Mutual was based in part on assumptions regarding the receipt of interest payments. Finally, the market value of CMBS and RMBS is highly sensitive to interest rates, liquidity of the secondary market, the ratings on the securities and economic conditions impacting financial institutions and credit markets generally.

As of September 30, 2020, Northwestern Mutual held $22.3 billion (statement value) in CMBS and RMBS investments. Ninety-nine percent of these investments were rated investment grade and 77% consisted of government agency pass-through investments.

Northwestern Mutual directly owns a significant number of commercial real estate properties and other interests in real estate such as commercial mortgages, and declines in the performance or valuation of such investments could impact Northwestern Mutual's business, financial condition and results of operations.

Northwestern Mutual invests in commercial real estate directly, through wholly-owned subsidiaries and through real estate limited partnerships. As of September 30, 2020, Northwestern Mutual held $7.1 billion of such investments. The performance of Northwestern Mutual's commercial real estate properties may be impacted by adverse domestic or global economic conditions, particularly in the event of a deep recession which results in business closings, significant employment losses across many sectors of the economy and reduced levels of consumer spending. Such events may adversely impact the financial condition of tenants, which could cause income from Northwestern Mutual's properties to decline. Finally, Northwestern Mutual may experience periods in which its property investments are geographically concentrated, either regionally or in certain markets with similar demographics, or concentrated by property type or tenant base. Events which disproportionately impact one or more of these areas of concentration may also impair income earned from Northwestern Mutual's property investments, which could reduce Northwestern Mutual's results of operation and financial condition.

Northwestern Mutual carries its directly held real estate properties (other than those held in subsidiaries) at depreciated cost, less encumbrances, but Northwestern Mutual may recognize an impairment when facts or circumstances indicate that the carrying value of the property may not be recoverable. However, there may be periods in which the true realizable value of a property is lower than Northwestern Mutual's carrying value as indicated in its Financial Statements and this disparity may be more apparent when the commercial real estate markets experience an overall decline in property values in a relatively short period of time. In these periods, it may be difficult for management to assess whether it is appropriate to recognize an impairment in a timely fashion, and upon the ultimate disposition of such a property, Northwestern Mutual may recognize a larger than expected realized loss, which could impact its results of operation and financial condition.

Northwestern Mutual also holds interests in real estate through its commercial mortgage portfolio. As of September 30, 2020, Northwestern Mutual held $40.5 billion (statement value) of commercial mortgage loans. The fair value of Northwestern Mutual's commercial mortgage loan portfolio as of September 30, 2020, was $43.9 billion, and no portion of the mortgage loan portfolio was delinquent more than 90 days or in the process of foreclosure as of September 30, 2020. The performance of Northwestern Mutual's commercial mortgage loan investments, however, may fluctuate in the future. An increase in the default rate of Northwestern Mutual's commercial mortgage loan investments or a borrower's inability to refinance or pay off its loan at maturity could have an adverse effect on Northwestern Mutual's business, financial condition and results of operations. In addition, 40% of the aggregate carrying value of Northwestern Mutual's commercial mortgage loans is scheduled to mature in the next five years. If these loans are not refinanced under favorable terms or paid in full at maturity, Northwestern Mutual's commercial mortgage loan investments could be adversely affected. As of September 30, 2020, Northwestern Mutual had future funding commitments relating to commercial mortgage loans of $2.4 billion.

The impairment of other financial institutions could have a material adverse effect on Northwestern Mutual's business, financial condition and results of operations.

Northwestern Mutual has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, hedge funds, reinsurers and other institutions. Many of these transactions, including derivative transactions and reinsurance contracts, expose Northwestern Mutual to credit risk in the event of default of a counterparty. In addition, the underlying collateral supporting Northwestern Mutual's structured securities, including mortgage-backed securities, may deteriorate or default, causing these structured securities to incur losses.

Northwestern Mutual's securities lending and repurchase programs subject it to potential liquidity, counterparty and other risks.

From time to time Northwestern Mutual participates in securities lending programs for its general account whereby general account investment securities are loaned by it to third parties, primarily major brokerage firms. The borrowers of these securities are required to provide Northwestern Mutual with full collateralization in the form of cash or other high-quality securities which are held by Northwestern Mutual or a trustee, although market moves can create transient undercollateralization. The collateral is invested primarily in highly rated corporate bonds, commercial paper or asset-backed fixed income securities with short maturities. No securities were on loan under the securities lending programs at September 30, 2020 or December 31, 2019 and therefore Northwestern Mutual was not liable for any related cash collateral at such dates. Securities loaned under such transactions may be sold or repledged by the transferee.

Northwestern Mutual also participates in a repurchase program with U.S. domiciled unaffiliated third parties. The agreements under this program require Northwestern Mutual to sell securities and simultaneously agree to repurchase the same (or substantially the same) securities prior to the securities reaching their maturity, and have overnight contractual maturities. The unaffiliated third parties are required to provide Northwestern Mutual with full collateralization in the form of cash or other high-quality securities, which are held by Northwestern Mutual or a trustee, although market moves can create transient undercollateralization. The collateral is invested primarily in highly rated corporate bonds, commercial paper or asset-backed fixed income securities with short maturities. Securities with a fair value of $1.4 billion were sold under the program at September 30, 2020. Northwestern Mutual was liable for cash collateral under its control of $1.3 billion at September 30, 2020.

As of September 30, 2020, $1.4 billion (fair value) of the securities sold under the repurchase program could be returned to Northwestern Mutual on the next business day. In general, securities on loan under the securities lending programs can also be returned to Northwestern Mutual by the borrowers on the next business day. The repurchase of sold securities or return of loaned securities would require Northwestern Mutual to return the cash collateral associated with such sold or loaned securities, as the case may be. In addition, in some cases, the maturity of the securities held as invested collateral (i*.e*., securities that Northwestern Mutual has purchased with cash received from the third parties) may exceed the term of the related securities sold or loaned, and the market value of the securities held as invested collateral may fall below the amount of cash received as collateral and invested. If Northwestern Mutual is required to return significant amounts of cash collateral on short notice and it is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than it otherwise would have been able to realize under normal market conditions, or both. In addition, under stressful capital market and economic conditions, liquidity broadly deteriorates, which may further restrict Northwestern Mutual's ability to sell securities.

A downgrade or potential downgrade in Northwestern Mutual's financial strength ratings could harm its business.

Financial strength ratings are an important factor in the competitive position of life insurance companies. Northwestern Mutual currently has leading industry financial strength ratings from each of S&P, Moody's, Fitch and AM Best. Rating agencies regularly review the financial performance and condition of insurers, including Northwestern Mutual. These ratings indicate a rating agency's view of Northwestern Mutual's ability to meet its obligations to its insureds. These ratings are of interest to policyowners but are not ratings of the Notes offered hereby and do not reflect an evaluation of the safety and security of the Notes or the ability of Northwestern Mutual to make scheduled payments of interest and principal on the Notes.

The rating agencies assign ratings based upon consideration of several qualitative and quantitative factors, including the rated company's operating performance and investment results, risk profile and capital resources. The rating agencies may also consider factors that may be outside of the rated company's control, including changes to general economic conditions. A downgrade in the ratings of Northwestern Mutual, or the potential for such a downgrade, could have an adverse effect on Northwestern Mutual's business, financial condition and operating results.

Any rating is not a recommendation to purchase, sell or hold any particular security, including the Notes. Such ratings do not comment as to market price or suitability for a particular investor. In addition, there can be no assurance that a rating will be maintained for any given period of time or that a rating will not be lowered or withdrawn in its entirety.

The amount of statutory capital that Northwestern Mutual has and the amount of statutory capital it must hold can vary significantly from time to time and is sensitive to a number of factors outside of its control, including equity market and credit market conditions.

Insurance regulators and the NAIC prescribe accounting standards and statutory capital and reserve requirements for Northwestern Mutual and NLTC. In accordance with model NAIC regulations, state insurance regulators, including Wisconsin, have established regulations that provide minimum capitalization requirements based on RBC formulas for insurance companies that are a function of asset, insurance business, interest rate and operational and management risks.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by Northwestern Mutual (which itself is sensitive to equity market and credit market conditions), the amount of additional capital it must hold to support its business growth, changes in equity market levels, the value of certain fixed-income and equity securities in its investment portfolio, the value of certain derivative instruments for which hedge accounting is not applied, changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC and state insurance regulatory RBC formulas. Most of these factors are outside of Northwestern Mutual's control. Increases in the amount of required policy benefit reserves reduce the statutory capital used in calculating Northwestern Mutual's RBC ratios.

Northwestern Mutual's statutory capital and RBC ratios have a significant influence on its financial strength ratings, which, in turn, are important to its ability to compete effectively for new sales. To the extent that Northwestern Mutual's statutory capital resources are deemed to be insufficient to maintain a particular rating by one or more rating agencies, it may seek to improve its capital position, including through operational changes and potentially seeking outside capital. If Northwestern Mutual is unable to improve its capital position in such a scenario, a rating agency may downgrade Northwestern Mutual's rating. In that situation, Northwestern Mutual cannot predict the impact such a downgrade may have on its business.

New accounting rules, changes to existing accounting rules, the failure of Northwestern Mutual to obtain permission to use certain permitted accounting practices it feels are appropriate for its business or the granting of permitted accounting practices to competitors could have an adverse effect on Northwestern Mutual's business, financial condition and results of operations.

Northwestern Mutual is required to comply with SAP. SAP and various components of SAP (such as actuarial reserving methodologies) are subject to review by the NAIC and its task forces and committees, as well as state insurance departments, in an effort to address emerging issues and otherwise improve or alter financial reporting. Various proposals are currently, or have been previously, pending before committees and task forces of the NAIC, some of which, if enacted, would negatively affect Northwestern Mutual's reported financial position or operations. In the past few years, the NAIC adopted a new model law and a valuation manual related to life insurance reserves that include less prescriptive formulas in favor of principle-based reserving ("**PBR**") methodologies. The PBR model law and valuation manual are adopted through various states' legislative and regulatory processes. Wisconsin, Northwestern Mutual's domiciliary regulator, adopted a form of the PBR legislation that was effective as of January 2017 and had a three-year phase-in period from its effective date. Northwestern Mutual is applying PBR to all new individual life business issued January 1, 2020 and later. PBR will not affect reserves for policies in-force prior to January 1, 2017. Northwestern Mutual cannot predict whether or in what form additional reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect its reported financial position or operations.

In addition, the NAIC *Accounting Practices and Procedures Manual* provides that state insurance departments may permit insurance companies domiciled therein to depart from SAP by granting them permitted accounting practices. Northwestern Mutual cannot predict what permitted and prescribed practices the Commissioner may allow or mandate in the future, nor can Northwestern Mutual predict whether or when the insurance departments of the states of domicile of its competitors may permit them to utilize advantageous accounting practices that depart from SAP. Northwestern Mutual did not request or use any such permitted practices for the Financial Statements. Moreover, although states defer to interpretations of the insurance department of the state of domicile with respect to regulations and guidelines, neither the action of the domiciliary state nor action of the NAIC is binding on any other state. Accordingly, such other state could choose to follow a different interpretation. Northwestern Mutual can give no assurance that future changes to SAP or components of SAP or the granting of permitted accounting practices to its competitors will not have a negative impact on its business, financial condition and results of operations, which could prevent Northwestern Mutual from making scheduled payments of interest and principal on the Notes.

Changes in tax laws and the interpretation thereof could adversely affect Northwestern Mutual's business.

Congress from time to time considers legislation that could change the manner of taxing the products Northwestern Mutual sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Northwestern Mutual.

The attractiveness to customers of many of Northwestern Mutual's products is due, in part, to current tax treatment. This is particularly true with respect to Northwestern Mutual's permanent life insurance products, which comprised 69% of Northwestern Mutual's premiums for the year ended December 31, 2019, and the nine months ended September 30, 2020. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of life insurance products and annuities. Death benefits under life insurance contracts may be received free of federal income tax. Congress from time to time considers legislation that could have the effect of reducing or eliminating the relative benefit of the deferral of taxation for Northwestern Mutual's insurance and annuity products. To the extent that legislation is enacted in the future to reduce the tax-deferred status of insurance or annuity products, limit the exclusion of death benefits from income, or reduce the taxation of competing products, all life insurance companies could be adversely affected. Because of the concentration of Northwestern Mutual's product sales and revenues in the permanent life insurance area, Northwestern Mutual could be more significantly affected than other life insurance companies should such legislation be enacted.

The Tax Cuts and Jobs Act ("**Tax Reform**"), enacted in late 2017, significantly modified the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), including tax rules applicable to corporations (including life insurance companies) and foreign business activity. Tax Reform is generally effective for tax years beginning after December 31, 2017, and includes a reduction of the corporate federal income tax rate to 21 percent from a maximum of 35 percent. Tax Reform also expanded the income base to which this lower rate applies by reducing or eliminating deductions or other tax benefits that determine the income base. Any future increase to the federal income tax rate without also reducing the income base would adversely affect all life insurance companies. The NAIC has adopted several changes to the formula used to calculate RBC for life insurance companies to account for the effects of Tax Reform, specifically focusing on changes to the RBC ratio denominator in order to reflect the corporate tax rate decrease from 35 percent to 21 percent. These changes, which became effective for life insurance company RBC calculations as of December 31, 2018, have increased required capital, which in turn has decreased the statutory RBC ratios of U.S. life insurance companies, such as Northwestern Mutual and NLTC.

In addition, Northwestern Mutual's products may be materially impacted by pension and employee benefit plan regulation, such as changes to ERISA, including changes in fiduciary standards applicable to ERISA plans (as defined below) and individual retirement accounts, changes in tax laws that would eliminate employer based retirement plans or reduce or eliminate the tax-deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products; or changes in the availability of employer based retirement plans or individual retirement accounts. Such regulatory changes could also significantly change the competitive landscape for Northwestern Mutual's insurance and annuity products.

Congress has from time to time also considered material changes to the federal estate tax. Tax Reform increased the exemption amount under the federal estate tax starting after December 31, 2017. In 2026, the exemption reverts back to the pre-Tax Reform amount, adjusted for inflation after 2011. These changes to the federal estate tax, and any potential future legislation that would repeal or further materially decrease the estate tax or materially reduce the number of estates subject to the estate tax, may adversely affect the sales of certain of Northwestern Mutual's products.

These changes and other future changes to federal, state or other tax laws may affect the amount and timing of taxes that Northwestern Mutual pays in connection with its operations, as well as the attractiveness of certain of its products to its customers. Northwestern Mutual cannot predict whether, or in what form, legislation implementing any other potential changes or other legislation that could affect the taxes that Northwestern Mutual pays or the tax treatment of its products, will ultimately be enacted or what the impact of any such legislation would be on its business or results from operations.

Northwestern Mutual is subject to extensive regulation, which may affect its operations.

Northwestern Mutual is subject to extensive state regulatory oversight in Wisconsin, the state in which it is domiciled, and the other jurisdictions in which it does business, which includes all 50 states and Washington, D.C. State insurance authorities have broad administrative powers over Northwestern Mutual with respect to all aspects of Northwestern Mutual's insurance business. These regulations are intended to protect policyowners, rather than investors. In addition, regulatory oversight and various proposals at the federal level could in the future adversely affect Northwestern Mutual's ability to sustain adequate returns in certain lines of business. Northwestern Mutual's business also could be adversely affected by changes in state law relating to licensing, regulation of premium rates, asset and reserve valuation requirements, restrictions on dividends and distributions, limitations on investments, accounting standards and RBC requirements, an increasing number of privacy and cyber-security requirements, underwriting regulations and restrictions, including restrictions on genetic testing, and, at the federal level, by laws and regulations that may affect certain aspects of the insurance and financial services industries, including proposals for financial services regulatory reform or preemptive federal regulation in certain cases. For example, in 2018, California enacted a sweeping new privacy law known as the California Consumer Privacy Act, which became effective on January 1, 2020, and has already been amended and expanded to heighten compliance obligations for covered businesses. More than 20 states have proposed laws that would impose restrictions on businesses' use of personal information in those states. Some of these proposals are similar to the California law, while others would impose different requirements. Likewise, federal legislators have expressed a desire to enact a federal consumer privacy law and have drafted proposed bills. It is unclear the extent to which such federal law may or may not preempt state laws that impose obligations or requirements that go beyond the requirements of federal law. The evolving requirements arising from this increasing number of regulations is significant. Currently, the trend is towards increased consumer rights and protections, along with heightened supervisory scrutiny. A portion of Northwestern Mutual's insurance business is subject to regulation with respect to policy rates and minimum guarantees. Assessments are also levied against Northwestern Mutual as a result of participation in various types of state guaranty associations, state insurance pools for the uninsured or other arrangements. The amount of such assessments is highly unpredictable and could increase significantly if there is an increase in the number or size of insurance companies which become insolvent or subject to rehabilitation. Northwestern Mutual may also be the subject of a number of ongoing financial or market conduct examinations, audits or inquiries and is subject to state regulation regarding potential acquisitions or changes of control. *See* "Regulation."

Northwestern Mutual and its insurance subsidiary's businesses are subject to regulation in each state in which they conduct business, and in many instances state insurance laws and regulations are based on models drafted and adopted by the NAIC. State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies and their products. Any proposed or future legislation or NAIC initiatives, if adopted, may be more restrictive on Northwestern Mutual's ability to conduct business than current regulatory requirements or may result in higher costs or increased statutory capital and reserve requirements. Statutes, regulations and interpretations may be applied with retroactive impact, particularly in areas such as accounting and reserve requirements. Also, regulatory actions with prospective impact can potentially have a significant impact on currently sold products. The NAIC works on model laws and regulations that, if adopted by states, would reform state regulation in various areas, including group capital, guarantee association assessments and risk management.

State insurance regulators license insurers in their states, and an insurer cannot operate an insurance business in a state in which it is not licensed. Northwestern Mutual's ability to retain its insurance licenses depends on its ability to meet requirements established by each state, such as RBC standards, surplus requirements and adequacy of its investment portfolio. Some factors affecting Northwestern Mutual's ability to satisfy state licensing requirements, particularly factors such as changes in equity market levels, the value of certain derivative instruments that do not receive hedge accounting, the value and credit ratings of certain fixed-income and equity securities in Northwestern Mutual's investment portfolio, interest rate changes and changes to the RBC formulas and the interpretation of the NAIC's instructions with respect to RBC calculation methodologies, are out of Northwestern Mutual's control.

Federal initiatives often have an impact on Northwestern Mutual's life insurance business. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") significantly changed financial regulation in the United States and required various federal agencies to adopt a broad range of rules and regulations in order to implement it. Among other things, Dodd-Frank established a process for the designation of nonbank financial companies as systemically important by the Financial Stability Oversight Council ("**FSOC**"). Companies that are designated by FSOC as "systemically important financial institutions" ("**SIFIs**") are subject to heightened prudential standards and supervision by the Federal Reserve Board. Since FSOC made its first SIFI designations in 2013, Northwestern Mutual has not been designated by FSOC as an SIFI. There are currently no such nonbank financial companies designated by FSOC as "systemically significant." Other aspects of Dodd-Frank that affect or could affect Northwestern Mutual include conditions on the trading of derivatives and the maintenance of information with respect to such instruments, and the possible adoption of new regulations that could affect the sale and distribution of variable annuity and variable universal life insurance products. On February 3, 2017, President Trump issued an executive order directing the Secretary of the U.S. Department of the Treasury (the "**Treasury Department**") to review the extent to which current financial regulatory policy, which would include Dodd-Frank, promotes the Trump Administration's financial regulatory policy aims. In addition, on April 21, 2017, President Trump issued an executive memorandum that directed the Secretary of the Treasury Department to conduct a review of, and report to the President regarding, FSOC processes for designating SIFIs and imposed a temporary moratorium on non-emergency SIFI determinations and designations pending completion of such review and receipt of such report. The Treasury Department's November 17, 2017 report, in response to the President's executive memorandum, recommends significant changes to the FSOC processes for making SIFI determinations and designations. The Economic Growth, Regulatory Relief, and Consumer Protection Act, which became effective May 24, 2018, made limited changes to Title I of Dodd-Frank but did not make many of the changes recommended in the Treasury Department report. In December 2019, the FSOC released final interpretive guidance that prioritizes an activities-based approach for identifying and addressing potential risks to financial stability instead of individual designations and provides that the FSOC will pursue entity-specific determinations only if a potential risk or threat cannot be addressed through an activities-based approach.

Dodd-Frank includes a framework of regulation of the OTC derivatives markets which requires clearing of certain types of transactions historically traded OTC and which imposes additional costs, including reporting and margin requirements. The requirements for swaps regulated by the Commodity Futures Trading Commission (the "**CFTC**") have been largely implemented but a compliance date for the requirements for security-based swaps, adopted by the SEC, lagged and the various SEC rules applicable to securities-based swaps will not be effective until various dates during the fourth quarter of 2021. Northwestern Mutual may incur additional costs when trading security-based swaps, such as credit-default swaps, after the compliance date for the new SEC regulations governing trading of security-based swaps.

Dodd-Frank established the Federal Insurance Office ("**FIO**"), which has the authority to develop federal policy on prudential international insurance matters, including by participating in the negotiation of international insurance agreements with foreign regulators for the United States. The FIO also is authorized to collect information about the insurance industry and identify gaps in regulation that could contribute to a systemic crisis in the industry or the broader financial system. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office performs various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to FSOC regarding insurers to be designated as systemically important and therefore subject to heightened prudential standards and oversight by the Federal Reserve Board. In addition, the FIO's approval will be required to subject a financial company whose largest U.S. subsidiary is an insurer to the special orderly liquidation process outside the federal bankruptcy code, administered by the Federal Deposit Insurance Corporation pursuant to Dodd-Frank. U.S. insurance subsidiaries of any such financial company, however, would be subject to rehabilitation and liquidation proceedings under state insurance law.

Given the large number of provisions that must be implemented through regulatory action, Northwestern Mutual cannot predict what impact Dodd-Frank could continue to have on its business, results of operations and financial condition. In addition, changes in general political, economic or market conditions could affect the scope, timing and final implementation of Dodd-Frank. Northwestern Mutual cannot predict the impact that any such legislation, if enacted, or other potential regulatory changes in the implementation of Dodd-Frank, may have on its business.

Furthermore, Congress has considered, and may consider in the future, legislative proposals that could impact the estimated fair value of mortgage loans, such as legislation that would permit bankruptcy courts to rewrite the terms of a mortgage contract, including reducing the principal balance of mortgage loans owed by bankrupt borrowers, or legislation that requires loan modifications. These activities could result in the loss of principal on certain of Northwestern Mutual's non-agency RMBS holdings and a ratings downgrade in such holdings which, in turn, would cause an increase in unrealized losses on such securities and increase the risk-based capital that Northwestern Mutual must hold to support its investments.

In addition, Dodd-Frank required the SEC to study the effectiveness of existing standards of care applicable to personalized investment advice and recommendations provided to retail customers and whether there were gaps that should be addressed through rulemaking or legislation. The SEC completed its study in January 2011 recommending that the SEC establish a uniform fiduciary standard of care for broker-dealers and investment advisers.

On June 5, 2019, the SEC adopted rules and interpretations addressing the standards of conduct applicable to broker-dealers and investment advisers and their associated persons, including Regulation Best Interest. The new rules are primarily focused on offerings of products and services to individual investors and their investment vehicles, which the rules classify as "retail." As a result of the new rules, beginning June 30, 2020, broker-dealers recommending securities, such as Northwestern Mutual's variable products, to natural persons are required to comply with a "best interest" standard of conduct and to provide disclosures about their standard of conduct and conflicts of interest on new Form CRS, which must be filed with the SEC and delivered to retail clients, and in product marketing and offering materials. Investment advisers to retail clients are also required to file Form CRS with the SEC and to deliver copies of the form to their retail clients. The SEC rules do not include a private right of action. Since we have only recently implemented these new rules and the SEC has only started to examine firms compliance with the new requirements, we cannot at this time predict the effect they might have on Northwestern Mutual's broker-dealers and investment advisers, and on the sales and distribution systems for Northwestern Mutual's variable universal life insurance and annuity products.

In addition, state regulators and/or legislatures in Nevada, New Jersey and New York have proposed measures that would make broker-dealers, sales agents and investment advisers and their representatives subject to a fiduciary duty when providing products and services to retail customers, including pension plans and Individual Retirement Accounts ("**IRAs**"). The SEC in Regulation Best Interest intentionally deferred the question of preemption of state laws and regulations to the courts, and some of the state proposals would allow for a private right of action for investors to sue financial intermediaries, such as Northwestern Mutual. Effective March 6, 2020, Massachusetts adopted a fiduciary rule applicable to recommendations made by broker-dealers and their representatives to retail customers with an enforcement date of September 1, 2020. While Regulation Best Interest initiatives and other steps help Northwestern Mutual Investment Services, LLC ("**NMIS**"), a broker-dealer and wholly-owned subsidiary of Northwestern Mutual, comply with this new rule, Massachusetts has just started to examine firms for compliance with the new rule and Northwestern Mutual cannot predict at this time the effect this rule may have on its broker-dealer and the distribution of its products.

As a result of these federal and state changes, it is possible that it may become more costly to provide Northwestern Mutual's products and services to customers, including pension plans and IRAs, located in the states subject to the new rule proposals it adopted.

In July 2018, the New York State Department of Financial Services (the "**NYDFS**") amended Insurance Regulation 187 to apply a "best interest" standard to the sale of both annuities and life insurance in New York. The amended regulation, which applies to Northwestern Mutual and its New York licensed producers, took effect on August 1, 2019 for annuity products and on February 1, 2020 for life insurance products.

On February 13, 2020, the NAIC approved revisions to the Suitability in Annuity Transactions Model Regulation that apply a best interest standard of care in connection with providing advice or recommendations regarding annuities to retail customers. The NAIC's best interest standard is less than a fiduciary standard, but more than a suitability standard. To date, a few states have already adopted the new regulation and other states are taking steps to adopt the new regulation, which will become effective in 2021. It is anticipated that the majority of the states could adopt the new regulation within the next few years. Northwestern Mutual is currently taking steps to comply with this new regulation.

Northwestern Mutual faces a risk of noncompliance with and enforcement action under the Bank Secrecy Act and other anti-money laundering statutes and regulations.

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "**PATRIOT Act**") substantially broadened the scope of United States anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States, and by expanding the categories of financial institutions to which such laws and regulations apply to include some categories of insurance companies. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must use enhanced due diligence procedures in their dealings with certain types of high-risk clients and implement a written client identification program. Financial institutions must take certain steps to assist government agencies in detecting and preventing money laundering and report certain types of suspicious transactions without notifying the affected clients. Regulatory authorities routinely examine financial institutions to ensure that they have policies and procedures reasonably designed to comply with the requirements and for compliance with the policies and procedures and these substantive obligations. Failure of a financial institution to maintain and implement adequate programs, including policies and procedures, to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for the institution, including causing applicable bank regulatory authorities not to approve merger or acquisition transactions when regulatory approval is required or to prohibit such transactions even if approval is not required. Regulatory authorities have imposed cease and desist orders and civil money penalties against institutions found to be violating these obligations. Northwestern Mutual and its subsidiaries are subject to anti-money laundering statutes and regulations, and their compliance obligations under these rules result in increased costs and allocation of internal resources.

Northwestern Mutual is engaged in a highly competitive business.

The life insurance industry is highly competitive. There are a large number of life insurance companies in the United States, many of which offer insurance products similar to those marketed by Northwestern Mutual. In addition to competition from within the industry, insurers are increasingly facing competition from technology-led companies that have entered the insurance sector, as well as non-traditional sources in the financial services industry, including mutual fund companies, banks, securities brokerage houses and other diversified financial services entities. Recent industry consolidation, including the consolidation of insurance companies domiciled in the United States and the acquisitions of insurance and other financial services companies in the United States by international companies, has resulted in larger competitors with strong financial resources, marketing and distribution capabilities and brand identities. As such, these competitors may be better positioned than Northwestern Mutual to offer a more diverse range of products, including those that feature increased pricing flexibility for their customers. Further, these competitors may also be able to make technological and infrastructure investments on a larger and more efficient scale than that of Northwestern Mutual.

Competitiveness in the insurance business is affected by various factors including, but not limited to, price, financial strength ratings, size and strength of distribution force, range of product lines, product quality and features, underwriting, identity and brand awareness, servicing ability, investment performance, expense management, technological capabilities and general reputation. Furthermore, federal legislative initiatives are affecting the financial services industry, thereby changing the environment in which Northwestern Mutual competes. There can be no assurance that Northwestern Mutual will be able to compete successfully against current and future competitors or that competitive pressures faced by Northwestern Mutual will not adversely affect its business, operating results and financial condition.

A number of online-only insurance companies have recently started selling life insurance directly to consumers. Many of these companies are not affiliated with traditional insurance companies but instead have partnered with either primary insurers or reinsurers to sell insurance. These online insurers act as either brokers or managing general agents, which allows them to avoid many of the licensing, regulatory and balance sheet barriers to entry that traditionally inhibit new companies from selling insurance.

Northwestern Mutual’s future success depends, in part, on its ability to develop and implement digital and technology solutions that anticipate and keep pace with rapid and continuing changes in digital, technology, industry, regulatory and internal control standards, as well as client preferences. Northwestern Mutual may not be successful in anticipating or responding to these developments on a timely and cost-effective basis and its ideas may not be accepted in the marketplace. Additionally, the effort to gain digital and technological expertise and develop new digital capabilities and technologies in Northwestern Mutual’s business requires it to incur significant expenses. If Northwestern Mutual cannot offer new digital capabilities and technologies as quickly as its competitors, or if Northwestern Mutual’s competitors or new market participants develop more consumer friendly and cost-effective digital capabilities and technologies, Northwestern Mutual could experience a material adverse effect on its client relationships, growth strategy, compliance programs and operating results.

Northwestern Mutual's product offerings are focused on participating permanent life insurance products and there is no guarantee that this will continue to be an attractive market.

Northwestern Mutual's permanent life insurance product comprises a substantial portion of its sales and revenues. For the twelve months ended December 31, 2019 and the nine months ended September 30, 2020, premiums from participating permanent life insurance policies represented 69% of Northwestern Mutual's total premiums. Many of Northwestern Mutual's competitors have substantially more diversified product offerings and sources of revenue. In addition, Northwestern Mutual currently does not offer certain products, such as guaranteed investment contracts, fixed indexed annuities, indexed universal life insurance, annuities with guaranteed living benefits, guaranteed withdrawal benefits or pension buyout exposure. Consumer demand for these products has historically been significant and Northwestern Mutual's lack of offering these products may negatively impact its business, financial condition and results of operations.

Deviations from assumptions regarding future mortality, morbidity and interest rates used in calculating reserve amounts and pricing Northwestern Mutual's products could have a material adverse impact on its business, financial condition or results of operations.

Northwestern Mutual, like other insurance companies, establishes and carries reserves to pay future policyowner benefits and claims. The process of calculating reserve amounts for an insurance company involves the use of estimates and assumptions including those related to mortality (the relative incidence of death in a given time or place), morbidity (the incidence and continuation rate of a disease or medical condition) persistency and interest rates (the rates expected to be paid or received on financial instruments, including insurance or investment contracts). Since no insurer can precisely determine the amount or timing of actual future benefits and claims, actual results could differ significantly from those assumed. Deviations from one or more of the estimates and assumptions used by Northwestern Mutual could have a material adverse effect on its business, financial condition or results of operations.

Northwestern Mutual sets prices for many of its insurance and annuity products based upon expected claims and payment patterns, using assumptions for mortality, morbidity, persistency (how long a contract stays in-force) and interest rates. In addition to the potential effect of natural or man-made disasters, significant changes in mortality could emerge gradually over time, due to changes in the natural environment, including climate change, the health habits of the insured population, effectiveness of treatment for disease or disability or other factors. In addition, Northwestern Mutual could fail to accurately anticipate changes in other pricing assumptions, including changes in interest and inflation rates. Significant negative deviations in actual experience from Northwestern Mutual's pricing assumptions could have a material adverse effect on the profitability of its products. Northwestern Mutual's income is influenced by the claims paid under its insurance contracts and will vary from period to period depending upon the amount of claims incurred. There is only limited predictability of claims experience within any given month or year. Northwestern Mutual's future experience may not match its pricing assumptions or its past results. As a result, Northwestern Mutual's business, financial condition and results of operations could be materially adversely affected.

Northwestern Mutual's reserves for future policy benefits and claims related to Northwestern Mutual's current and future business as well as businesses Northwestern Mutual may acquire in the future may prove to be inadequate.

Northwestern Mutual's reserves for future policy benefits and claims may prove to be inadequate. Northwestern Mutual establishes and carries, as a liability, reserves based on estimates of how much it will need to meet policyowner obligations, including the payment of future benefits and claims. For Northwestern Mutual's insurance and annuity products, reserves are calculated based on methodologies required or permitted by the Commissioner and are at least as large as the minimum reserves calculated using mortality, morbidity and interest standards prescribed by the Commissioner. For 2020 and later issues of life insurance products, PBR allows reserves to be calculated using company experience subject to a floor based on similar prescribed methods and assumptions as is used for in-force business. Northwestern Mutual cannot predict with precision the ultimate amounts that will be paid, or the timing of payment of, actual benefits and claims or whether the assets supporting the policy liabilities will grow to the level assumed prior to payment of benefits or claims. If actual experience is different from assumptions and estimates, the reserves could prove to be inadequate in relation to the estimated future benefits and claims. As a result, Northwestern Mutual could incur a charge to results of operations in the quarter in which reserves are increased. For certain products, market performance impacts the level of statutory reserves and statutory capital Northwestern Mutual is required to hold, and may have an adverse effect on returns on capital associated with these products.

Reinsurance may not be available, affordable, or adequate to protect Northwestern Mutual against losses.

The use of reinsurance continues to be a risk management strategy for the individual life, group life, individual disability and group disability products offered by Northwestern Mutual. While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond Northwestern Mutual's control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also increase. Any decrease in the amount of reinsurance will increase Northwestern Mutual's risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, adversely affect Northwestern Mutual's results of operations and financial condition. Accordingly, Northwestern Mutual may be forced to incur additional cost for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect its ability to write future business or result in the assumption of more risk with respect to those policies Northwestern Mutual issues.

Northwestern Mutual's reserves for policy benefits ceded to reinsurers represented 1% of direct reserves as of September 30, 2020, and net premiums ceded to the reinsurers were 6% of direct premiums during 2019 and for the nine months ended September 30, 2020. Although Northwestern Mutual currently has reinsurance contracts with fifteen different reinsurers, 96% of its reinsured premiums during the year ended December 31, 2019 were ceded to seven companies. Reinsurer selection criteria include financial strength and related third-party ratings, competitiveness of pricing and terms, available reinsurance capacity and the experience and expertise of their management teams. Northwestern Mutual actively monitors the financial condition and business activities of its reinsurers, meeting at least every 24 months with members of the senior management teams of its seven key reinsurers to discuss strategic objectives, risk management, financial trends and business performance. Northwestern Mutual has historically used reinsurance to attempt to enhance the competitiveness of its term life premiums, to make available competitive life insurance protection to clients with health or other underwriting issues and to mitigate Northwestern Mutual's exposure to large potential death claims. Reinsurance programs operate on either an automatic basis, where policies that meet specified criteria are automatically ceded, or on a facultative basis, where the reinsurer evaluates each potential risk individually. Northwestern Mutual reevaluates its maximum per life retention limit on a regular basis and currently retains a maximum of $30 million of insurance exposure per individual life. For joint life cases, the retention limit is the greater of the two single life retention limits.

Reinsurance contracts do not relieve an insurer from its direct obligations to policyowners. In the event that a reinsurer is unable or for any reason fails to honor its obligations under its reinsurance contract, Northwestern Mutual would remain obligated to make any benefit payments under the applicable policy. There can be no assurances that this reinsurance will be adequate to protect Northwestern Mutual from losses that may adversely affect its results of operations and financial condition.

Litigation and regulatory investigations may result in significant financial losses and harm to Northwestern Mutual's reputation.

Life insurance companies and their affiliated financial services business have historically been subject to substantial litigation and regulatory investigations and other actions in the ordinary course of operating their business, including the risk of individual and class action lawsuits relating to suitability, sales or underwriting practices, privacy or cyber-security practices, claims payments and procedures, payment of dividends, in-force premium increases on LTC, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. Most of the actions seek substantial or unspecified compensatory and punitive damages, and the probability and amount of liability, if any, may remain unknown for substantial periods of time. Such businesses are also subject to various regulatory inquiries from time to time, such as information requests and books and record examinations, from state and federal regulators and other authorities, which depending upon their findings, could lead to regulatory enforcement actions.

A substantial liability for a lawsuit judgment or a significant regulatory action against Northwestern Mutual could have a material and adverse effect on its business, results of operations and financial condition. Moreover, even if Northwestern Mutual ultimately prevailed in any litigation, regulatory action or investigation, Northwestern Mutual could suffer significant harm to its reputation, which could have a material adverse effect on its business, financial condition and results of operations, including its ability to attract new customers, retain current customers and recruit and retain employees and financial representatives.

As a mutual insurance company, Northwestern Mutual has limited access to capital.

Northwestern Mutual is a mutual insurance company with no capital stock and no shareholders. Consequently, it is unable to access directly the public equity markets as a means to raise capital. While Northwestern Mutual does not access the equity markets, in the event Northwestern Mutual needs access to additional capital to pay its operating expenses, make payments on its indebtedness, pay policyowners under insurance or annuity products, pay capital expenditures, fund acquisitions or make capital contributions to subsidiaries, its ability to obtain such capital may be limited and the cost of any such capital may be significant. Northwestern Mutual's access to additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to the life insurance industry, Northwestern Mutual's credit ratings and credit capacity, as well as the possibility that lenders could develop a negative perception of Northwestern Mutual's long- or short-term financial prospects. Similarly, Northwestern Mutual's access to funds could be impaired if regulatory authorities or rating agencies took negative actions against Northwestern Mutual, such as a ratings downgrade. Further, any reduction in the payment of dividends to policyowners as a way to preserve capital may be viewed as competitively disadvantageous. If any combination of these factors were to occur, Northwestern Mutual might not successfully be able to obtain additional financing, if needed. As such, Northwestern Mutual could be forced to delay raising capital, or perhaps issue different types of securities than it would otherwise, less effectively deploy such capital, issue shorter term securities than it would prefer, or bear an unattractive cost of capital, which could significantly reduce its financial flexibility and adversely impact its business, financial condition and results of operations.

Northwestern Mutual's membership in the Federal Home Loan Bank of Chicago ("FHLBC") subjects it to potential liquidity and other risks.

Northwestern Mutual is a member of the FHLBC, which allows Northwestern Mutual to borrow against certain of its investments, such as commercial mortgage loans, eligible under the FHLBC regulations to be posted as collateral. If such sources of borrowing by Northwestern Mutual were to no longer be available to it, for example, because the FHLBC changes its definition of eligible collateral or the value of the collateral pledged for these borrowings declines for any reason and Northwestern Mutual needs to post additional collateral in the form of cash or other eligible securities, the liquidity of Northwestern Mutual could be materially adversely affected. Additionally, if Northwestern Mutual's creditworthiness falls below the minimum required by the FHLBC or if legislative or other political actions cause changes to the FHLBC mandate or to the eligibility of life insurance companies to be members of the FHLBC system, Northwestern Mutual may lose access to this funding and be required to find other sources to replace it.

Northwestern Mutual has no access to separate accounts funds to fund general account liabilities.

At September 30, 2020, $35 billion (statement value) of Northwestern Mutual's assets were held in separate accounts that have been allocated to specific liabilities. Separate account assets can only be used to satisfy separate account liabilities and are not available to satisfy the general obligations of Northwestern Mutual or to make payments with respect to the Notes. *See* "Financial and Accounting Matters—Separate Accounts."

If Northwestern Mutual is unable to attract and retain financial representatives to be part of its exclusive distribution system, its ability to compete and its business, financial condition and results of operations could be adversely impacted.

At September 30, 2020, Northwestern Mutual had 11,340 full-time and part-time financial representatives located in Field offices nationwide. Northwestern Mutual distributes its products solely through the Field, its exclusive distribution system. Reliance on a single distribution system is unusual in the insurance industry, as much of the insurance industry has migrated to multiple distribution systems. Northwestern Mutual believes that many, if not most, of its competitors achieve a significant share, and in some cases all, of their sales through brokers or other third-party channels. Because the Field is Northwestern Mutual's sole distribution system, it is particularly important for Northwestern Mutual to attract and retain financial representatives to sell its products. Insurance companies compete vigorously for productive agents. Northwestern Mutual competes with other life insurance companies, brokerage firms, banks and independent broker-dealers for financial representatives primarily on the basis of its financial position, support services, compensation and product features. Northwestern Mutual's competitiveness for such representatives also depends upon the long-term relationships it develops with them. Over the past few years, other firms have been increasing their attempts to recruit Northwestern Mutual's financial representatives. Some have left for other firms, while many others who have been recruited have remained with Northwestern Mutual. Northwestern Mutual, like other firms, also is facing increasing demands from its representatives with respect to various issues, including compensation and company spending on technology. Northwestern Mutual must continue to balance its need to be responsive to the demands of its representatives with the financial feasibility of and the resource availability to meet those demands. If Northwestern Mutual were unable to continue to attract and retain sufficient representatives to sell its products, its ability to compete and its business, financial condition and results of operations could be adversely impacted.

In addition, the financial representatives who sell Northwestern Mutual's products are independent contractors. From time to time Northwestern Mutual is subject to litigation involving claims that its financial representatives should be treated like employees. To date, Northwestern Mutual has been successful in defending against such claims and will vigorously defend any ongoing or future litigation that may arise with respect to such matters. Although Northwestern Mutual believes its representatives are properly classified as independent contractors, there is nevertheless a risk a court or other authority will take a different view. Furthermore, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact-sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status and misclassification of independent sales representatives are subject to change or interpretation. If the financial representatives were to be recharacterized as employees, Northwestern Mutual may incur increased costs, which could adversely impact its results of operations.

If Northwestern Mutual fails to attract key personnel, or attract and retain additional qualified personnel, its business, financial condition and results of operations could be harmed.

The success of Northwestern Mutual's businesses depends on its ability to attract and retain key personnel. Strong competition exists for qualified personnel, including actuaries, digital engineers and investment portfolio managers, with demonstrated ability. In recent years, Northwestern Mutual has expanded and changed the mix of skills of its senior management team in order to ensure that its senior management team possesses the experience and skills that are well suited for an ever changing business and digital environment. Northwestern Mutual expects that it will need to continue to do so from time to time in the future. Inability to attract key personnel, or attract and retain additional qualified personnel, could harm Northwestern Mutual's business, financial condition and results of operations.

Weak performance by Northwestern Mutual's subsidiaries could have a material adverse effect on Northwestern Mutual's business, financial condition and results of operations. The Notes are effectively subordinated to the indebtedness of Northwestern Mutual's subsidiaries.

Northwestern Mutual has made significant investments in NLTC, as well as its non-insurance subsidiaries, some of which have substantial operations, while others are used strictly for investment purposes. These investments are reported on Northwestern Mutual's Financial Statements using the equity method of accounting. As of September 30, 2020, these subsidiaries had a statement value of $14.1 billion. Although

Northwestern Mutual does not rely on dividends from its subsidiaries to meet its operating cash flow requirements, dividends and distributions paid to Northwestern Mutual from its subsidiaries are included in net investment income, while undistributed earnings of its subsidiaries are included in changes in unrealized capital gains and losses, as appropriate. When such dividends or distributions are paid to Northwestern Mutual, and net investment income is recognized, the previously unrealized gain is reversed. For the nine months ended September 30, 2020 and the year ended December 31, 2019, Northwestern Mutual recognized net investment income and unrealized gain reversals of $920 million and $369 million, respectively, related to distributions from subsidiaries. Changes in net unrealized capital gains/(losses) also included valuation adjustments for declines in fair value of investments held by subsidiaries that were considered to be other-than-temporary. *See* "—Deviations from assumptions regarding future mortality, morbidity, interest rates and medical costs used in calculating reserve amounts and pricing NLTC's long-term care ("**LTC**") product could have a material adverse impact on NLTC's and Northwestern Mutual's business, financial condition or results of operations."

Northwestern Mutual's primary non-insurance operating subsidiaries include NMIS, Northwestern Mutual Wealth Management Company ("**NMWMC**"), Northwestern Mutual Investment Management Company, LLC ("**NMIMC**") and Mason Street Advisors, LLC ("**MSA**"). Each of these subsidiaries operates its own business, which is subject to additional risks and potential losses. *See* "Business of Northwestern Mutual—Northwestern Mutual's Subsidiaries."

Under the terms of the Notes, Northwestern Mutual is not prohibited from making, and may in the future decide to make, additional capital contributions to NLTC, NMIS, NMWMC or any other subsidiary which it may establish or acquire. To the extent that these subsidiaries suffer losses, such losses could have a material adverse effect on Northwestern Mutual's business, financial condition and results of operations.

In addition, each of Northwestern Mutual's subsidiaries are separate legal entities and have no obligations to pay any amounts due on the Notes, which are solely obligations of Northwestern Mutual. In the event that any of Northwestern Mutual's subsidiaries is subject to dissolution, winding-up, liquidation, reorganization or otherwise, Northwestern Mutual's right to participate in any distribution of assets is subject to the prior claims of the creditors of that subsidiary. Therefore, the Notes will be effectively subordinated to all indebtedness and other obligations of all of Northwestern Mutual's subsidiaries.

Deviations from assumptions regarding future mortality, morbidity, interest rates and medical costs used in calculating reserve amounts and pricing NLTC's LTC product could have a material adverse impact on NLTC's and Northwestern Mutual's business, financial condition or results of operations.

LTC insurance protects policyowners from the financial consequences of an illness, injury or impairment that interferes with an insured's ability to perform certain activities of daily living. It is designed to reimburse some of the cost of receiving various levels of care for these conditions in the home, in the community, in alternative living facilities or in an LTC facility. NLTC is an insurance company subsidiary of Northwestern Mutual and is a provider of LTC insurance. NLTC's product, known as QuietCare®, is an individual tax qualified stand-alone LTC insurance product, which can be purchased with various options for inflation protection, paid-up nonforfeiture benefits and survivorship benefits for couples.

Under the Capital Support Agreement, dated April 29, 1998 (as amended, the "**Capital Support Agreement**"), between NLTC and Northwestern Mutual, Northwestern Mutual has agreed to maintain the capital and surplus of NLTC at a minimum level until December 31, 2025, subject to an aggregate limitation of $300 million on the amount of capital contributions required to be made by Northwestern Mutual, upon the payment of which Northwestern Mutual may terminate the agreement. Under the Capital Support Agreement, originally entered into in 1998, Northwestern Mutual has contributed net capital of $190 million to NLTC through September 30, 2020.

Northwestern Mutual has also guaranteed to the policyowners of NLTC the ability of NLTC to pay all policy benefits due and owing pursuant to contracts of insurance sold by NLTC during the term of the Capital Support Agreement. All risk held by NLTC is now 100% reinsured by Northwestern Mutual, in order to provide investment and financial flexibility for the LTC product line.

LTC insurance can be affected by a number of demographic, medical, economic, governmental, competitive, insured behavioral and other factors. In the early years of the LTC insurance market there was limited industry experience needed to set premiums, which led to mispricing throughout the industry. Due to this uncertainty, which continues today, NLTC sells LTC insurance on a "guaranteed renewable" basis, as does the rest of the industry. This allows for the contractual right to increase premiums to reflect adverse experience, but modifying premiums is subject to approval by state insurance regulators. The rate approval process can affect the length of time in which the modification can be implemented, if at all, and the rate modification ultimately approved may be favorable or unfavorable relative to assumptions used to establish NLTC's reserves. Contracts are also participating which allows for dividend distributions if the product experience proves more favorable than pricing assumptions. NLTC monitors its own experience and industry studies concerning morbidity, mortality and policyowner terminations to understand emerging trends. Changes in actual experience relative to its expectations may adversely affect Northwestern Mutual's profitability and reserves. Some insurers that have raised their in-force LTC insurance premium rates have faced class action lawsuits.

NLTC began paying dividends on some policies beginning in 2007. However, due to deteriorating experience with respect to many of the assumptions on which premiums were based and the prolonged low interest rate environment which negatively impacted investment returns, NLTC increased premiums on newly-issued policies and modified benefits available under those policies to reduce certain risks in 2013, and again increased premiums on newly-issued policies in 2016. NLTC has not paid policyowner dividends since 2015. In 2016, NLTC began filing with state insurance regulators requesting that it be permitted to increase premiums on certain LTC policies sold prior to early 2013. Following receipt of the necessary approvals, NLTC began implementing in-force rate increases with respect to those policies beginning August 1, 2017, and continues to do as additional approvals are received.

The impact of international tension between the United States and other nations, terrorist attacks and ongoing military and other actions, and any pandemic or other catastrophic event may adversely impact Northwestern Mutual, including its revenue and claims experience, and may adversely affect Northwestern Mutual's investment portfolio.

The continued threat of terrorism both within the United States and abroad, the ongoing military and other actions, heightened security measures in response to these threats, and international tensions between the United States and other nations may cause disruptions to commerce, reduced economic activity and continued volatility in markets throughout the world. Such factors could affect Northwestern Mutual's business, financial condition and results of operations. Although Northwestern Mutual has contingency plans in place, a major terrorist act on the United States or natural disaster may materially disrupt Northwestern Mutual's critical operations. Some of the assets in Northwestern Mutual's investment portfolio may also be adversely affected by declines in the securities markets and economic activity as a result of these factors.

In addition, a severe pandemic, such as the COVID-19 Pandemic, or catastrophic event may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity. The resulting macroeconomic conditions could materially and adversely affect Northwestern Mutual's cash flows, as well as the value and liquidity of its invested assets. Northwestern Mutual may experience operational disruptions if its employees are unable or unwilling to come to work due to a pandemic or other catastrophe. Northwestern Mutual has developed contingency plans to reduce the risk of operational disruptions. Despite these measures, Northwestern Mutual may still be exposed to significant losses in the event of a pandemic or other catastrophe. *See* "—The course of the novel coronavirus (COVID-19) pandemic, and responses to it, are uncertain and difficult to predict, and could materially and adversely affect Northwestern Mutual's business, results of operations, and financial condition."

Furthermore, a terrorist attack, severe pandemic or catastrophic event in the United States may result in a significant increase in the amount of benefits and claims that Northwestern Mutual is required to pay to its policyowners and their beneficiaries. These additional benefit payments may significantly deviate from Northwestern Mutual's pricing assumptions and, as a result, could have a material adverse effect on Northwestern Mutual's business, financial condition and results of operations.

The failure in cyber or other information security systems and processes, as well as the occurrence of events unanticipated in Northwestern Mutual's disaster recovery systems and

management continuity planning could result in a loss or disclosure of confidential information, damage to its reputation, regulatory fines, class action lawsuits and impairment of its ability to conduct business effectively.

Northwestern Mutual's business is highly dependent upon the effective operation of its computer systems and those of third-party providers. Northwestern Mutual relies on these systems throughout its business for a variety of functions, including processing claims, transactions and applications, providing information to customers and distributors, performing actuarial analyses and maintaining financial records. While Northwestern Mutual has policies, procedures, automation and backup plans designed to prevent or limit the effect of infiltration, failure or disruption, these computer systems may be vulnerable to disruptions or breaches as a result of natural disasters, man-made disasters, human error, criminal activity, pandemics, or other events beyond its control. The failure or disruption of Northwestern Mutual's computer systems, or those of its third-party service providers, for any reason could disrupt Northwestern Mutual's operations, result in the loss of customer business and adversely impact its business, financial condition and results of operations.

Northwestern Mutual also retains confidential and proprietary information on such computer systems and it relies on sophisticated technologies to maintain the security of that information. Such computer systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access, cyber-attacks or other computer-related penetrations. While, to date, Northwestern Mutual is not aware of having experienced a material data breach, administrative, physical and technical controls and other preventive actions taken to reduce the risk of cyber-incidents and protect Northwestern Mutual's data and technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks or other security breaches. In some cases, such physical and electronic break-ins, cyber-attacks or other security breaches may not be immediately detected. This may impede or interrupt Northwestern Mutual's business operations, could result in regulatory fines and enforcement, class action lawsuits or reputational harm, and could adversely affect its business, financial condition and results of operations. In addition, the availability and cost of insurance for operational and other risks relating to Northwestern Mutual's business and systems may change and any such change may affect its results of operations.

In the event of a disaster such as a natural catastrophe, epidemic, industrial accident, blackout, computer virus, terrorist attack, cyber-attack or war, unanticipated problems with Northwestern Mutual's disaster recovery systems could have a material adverse impact on Northwestern Mutual's ability to conduct business and on its results of operations and financial position, particularly if those problems affect Northwestern Mutual's computer-based data processing, transmission, storage and retrieval systems and destroy valuable data. In addition, in the event that a significant number of Northwestern Mutual's managers were unavailable following a disaster, Northwestern Mutual's ability to effectively conduct business could be severely compromised. These interruptions also may interfere with Northwestern Mutual's employees' and the Field's ability to perform their responsibilities.

The failure of Northwestern Mutual's computer systems and/or its disaster recovery plans for any reason could cause significant interruptions in its operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to its customers. Such a failure could harm Northwestern Mutual's reputation, subject it to regulatory sanctions, heightened regulatory oversight, legal claims, a loss of customers and revenues, and otherwise adversely affect Northwestern Mutual's business and financial results. Although Northwestern Mutual, in an effort to manage information and technology risk and confirm compliance with its information security standards, conducts due diligence, negotiates contractual provisions and, in many cases, conducts periodic reviews of its vendors, distributors and other third parties that provide it with operational or other information technology services, the failure of such third parties' computer systems and/or their disaster recovery plans for any reason might cause significant interruptions in Northwestern Mutual's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to its customers. Such a failure could harm Northwestern Mutual's reputation, subject it to regulatory sanctions, heightened regulatory oversight, legal claims, a loss of customers and revenues, and otherwise adversely affect its business and financial results. While Northwestern Mutual maintains cyber-liability insurance that provides both third-party liability and first party liability coverages, this insurance may not be sufficient to protect it against all losses. There can be no assurance that Northwestern Mutual's information security policies, practices and systems in place will prevent unauthorized use or disclosure of confidential information, including nonpublic personal information. Any failure to protect the confidentiality of customer information could adversely affect Northwestern Mutual's reputation, result in regulatory sanctions, heightened regulatory oversight and class action lawsuits, and have a material adverse effect on its business, financial condition and results of operations.

Northwestern Mutual may become insolvent.

There can be no assurance that Northwestern Mutual will not face financial or other difficulties which may cause it to become the subject of administrative supervision, insolvency, liquidation, rehabilitation, reorganization, conservation or other similar proceedings (collectively, "**Insolvency Proceedings**") under any state laws applicable to Northwestern Mutual. Should Northwestern Mutual become the subject of Insolvency Proceedings, the holders of the Notes may not be able to recover any payments due on the Notes. In addition, under certain circumstances, payments made by Northwestern Mutual to the holders of the Notes may be sought to be recovered in Insolvency Proceedings as preferential payments or pursuant to other similar theories. Investors should be aware, therefore, that Insolvency Proceedings with respect to Northwestern Mutual could materially and adversely affect the timing and the amounts, if any, paid under the Notes. *See* "Risks Related to the Notes—The Funding Agreements are unsecured obligations of Northwestern Mutual. If the Funding Agreements were not treated as insurance contracts, they would be accorded the same priority in a liquidation or dissolution of Northwestern Mutual as its other general unsecured obligations."

USE OF PROCEEDS

The proceeds from the sale of each Series of Notes issued under the Program, net of discounts and commissions or similar applicable compensation, will be used immediately by the Issuer to purchase one or more Funding Agreements from Northwestern Mutual.

DESCRIPTION OF THE ISSUER

This section provides an overview of the material provisions of the Amended and Restated Trust Agreement, dated as of December 17, 2020 (the "**Trust Agreement**"), between the Administrative Trustee, the Trust Beneficial Owner and the Series Beneficial Owner, and the Certificate of Trust (the "**Certificate of Trust**") filed with the Secretary of State of the State of Delaware on November 12, 2020. These documents are not restated in their entirety and prospective investors should read the actual documents.

General

The Issuer is a special purpose statutory trust created on November 12, 2020 and formed under the laws of the State of Delaware pursuant to the Trust Agreement and the filing of the Certificate of Trust for the purpose of, among other things, issuing the Notes. The exclusive purposes of the Issuer are, and the Issuer shall have the power and authority, to: (i) enter into certain agreements in connection with the Program; (ii) issue and sell the Notes; (iii) use the net proceeds from the sale of the Notes to purchase one or more Funding Agreements; (iv) pledge, collaterally assign and grant a security interest in the applicable Series Collateral for any Series of Notes to the Indenture Trustee; (v) pay amounts due in respect of the Notes; and (vi) engage in only those other activities necessary or incidental thereto.

The principal executive office of the Issuer is located at Northwestern Mutual Global Funding, c/o: Wilmington Trust, National Association, Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890, Attn: Corporate Trust Administration; its telephone number is (302) 636-6000; and its facsimile number is (302) 636-4140. The organization identification number of the Issuer is 4109910. The Issuer's LEI Code is 635400LZXFVELZDVP257.

The Issuer is Organized in Series

The Trust Agreement provides that the Issuer will be organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act.

In connection with the issuance of each Series of Notes, the Issuer will: (i) create a separate Series of the Issuer pursuant to a Series Trust Agreement (as defined in the Trust Agreement); (ii) issue and sell the Notes of such Series of Notes with respect to the applicable Series of the Issuer; (iii) purchase each related Funding Agreement from Northwestern Mutual and procure the other components of the Series Collateral with respect to the applicable Series of the Issuer; and (iv) pledge, collaterally assign and grant to the Indenture Trustee, for the benefit of the holders of such Notes, a first priority perfected security interest in and to the Series Collateral. *See* "Description of the Notes—General—Security; Limited Recourse."

Accordingly, the applicable Series of Notes and the debts, liabilities, obligations and expenses related thereto will constitute debt, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the applicable Series of the Issuer. The Series Collateral for the applicable Series of Notes will constitute the assets of, and be associated with, such Series of the Issuer.

Although the applicable Series of the Issuer will not be a separate legal entity, the Trust Act provides that, if the Issuer complies with all applicable statutory requirements, the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular Series of the Issuer will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. In addition, under the Trust Act, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Issuer generally or any other Series of the Issuer will be enforceable against the assets of such Series of the Issuer. Notice of this limitation on liabilities of each Series of the Issuer is set forth in the Certificate of Trust.

Administrative Trustee

Wilmington Trust, National Association, will be the sole administrative trustee of the Issuer generally and with respect to each Series of the Issuer, and has agreed, under the terms of the Trust Agreement to provide certain administrative services to the Issuer generally and with respect to each Series of the Issuer until such time the relevant Series Trust is terminated. A Series Trust shall be terminated following the payment to each of the Holders of the relevant series of Notes, and the Series Beneficial Owner of all amounts required to be paid to them pursuant to such series of Notes, the relevant Series Indenture, the Trust Agreement, the relevant Series Trust Agreement and other program documentation. Under the Trust Agreement, the Administrative Trustee may resign at any time upon 60 days' notice to the Trust Beneficial Owner and the Indenture Trustee and may also be removed by the Trust Beneficial Owner for cause in case of the Administrative Trustee being adjudged bankrupt or subject to analogous proceedings. The resignation or removal of the Administrative Trustee shall become effective upon appointment by the Trust Beneficial Owner of a successor Administrative Trustee and the acceptance of such appointment by the successor Administrative Trustee. The Administrative Trustee has not participated in the preparation of this Offering Memorandum and will not be obligated in any way to make any payments under or in respect of the Notes. The Administrative Trustee is not affiliated with Northwestern Mutual, the Trust Beneficial Owner, the Series Beneficial Owner, the Indenture Trustee or any of their respective affiliates.

Trust Beneficial Owner and Series Beneficial Owner

The Trust Beneficial Owner will be the sole owner of a beneficial interest in the Trust generally and the Deposit of the Issuer. After the payment in full to the Holders of a Series of Notes of all amounts required to be paid to them and the satisfaction of all other expenses and liabilities of the relevant Series of the Issuer, GSS SPV Services I, Inc., as the Series Beneficial Owner, will be entitled to receive any remaining Series Property (as defined in the Trust Agreement) of the relevant Series of the Issuer. As such, the Series Beneficial Owner will be the sole "beneficial owner" of each Series of the Issuer (as defined and used in Sections 3801(b) and 3806(b)(2) of the Trust Act). Neither the investment by the Trust Beneficial Owner nor any investment by the Series Beneficial Owner will be secured by the Series Collateral relating to any Series of Notes.

No Affiliation

None of Northwestern Mutual or any of its officers, directors, subsidiaries or affiliates owns any beneficial interest in the Issuer nor has any of these persons or entities entered into any agreement with the Issuer other than: (i) a license agreement pursuant to which, among other things, Northwestern Mutual has granted to the Issuer a non-exclusive license to use the name "Northwestern Mutual Global Funding" as provided therein in connection with the Program; (ii) the Support Agreement (as defined herein); (iii) the Purchase Agreement; and (iv) the Funding Agreements and certain other documents contemplated by the Program in connection with the issue and sale of the Funding Agreements and the Notes of each Series.

None of Northwestern Mutual or any of its officers, directors, subsidiaries or affiliates is affiliated with the Trust Beneficial Owner, the Series Beneficial Owner, the Administrative Trustee or the Indenture Trustee.

Records and Financial Statements

As required by the Trust Act:

- separate and distinct records (directly or indirectly, including through a nominee or otherwise) will be maintained for each Series of the Issuer; and

- the assets associated with each such Series of the Issuer will be held in such separate and distinct records and maintained separately from the assets of the Issuer generally and from the assets of each other Series of the Issuer.

Delaware law does not require that the Issuer, either generally or with respect to any Series of the Issuer, prepare financial statements. Although the Issuer commenced operations on November 12, 2020, the Issuer has not prepared financial statements as of the date of this Offering Memorandum, and it is not anticipated that any such financial statements will be prepared with respect to the Issuer generally or with respect to any Series of the Issuer.

Expenses of the Issuer

The Issuer has entered into a Support and Expenses Agreement, dated as of December 17, 2020 (the "**Support Agreement**"), with Northwestern Mutual, pursuant to which Northwestern Mutual has agreed to indemnify the Issuer with respect to any and all of the costs, losses, damages, claims, actions, suits, expenses (including reasonable fees and expenses of counsel), disbursements, taxes, penalties and liabilities of any kind or nature of the Issuer, other than the following: (i) any obligation of the Issuer to make any payment to any Holder in accordance with the terms of the Notes; (ii) any obligation or expense of the Issuer to the extent that such obligation or expense has actually been paid utilizing funds available to the Issuer from payments under the applicable Funding Agreements; (iii) any cost, loss, damage, claim, action, suit, expense, disbursement, tax, penalty and liability of any kind or nature whatsoever resulting from or relating to any insurance regulatory or other governmental authority asserting that: (a) the Notes are, or are deemed to be, (1) participations in the Funding Agreements or (2) contracts of insurance; or (b) the offer, purchase, sale and/or transfer of the Notes (1) constitute the conduct of the business of insurance or reinsurance in any jurisdiction or (2) require the Issuer, any Purchasing Agent, or any Holder to be licensed as an insurer, insurance agent or broker in any jurisdiction; (iv) any withholding taxes imposed on or with respect to payments made under any Funding Agreement, the Indenture, any Series Indenture or any Note; and (v) any cost, loss, damage, claim, action, suit, expense, disbursement, tax, penalty and liability of any kind or nature whatsoever resulting from or relating to the acts or failures to act of any Service Provider (as defined in the Support Agreement) to the extent that such Service Provider would not be entitled to indemnification or payment from the Issuer in connection with any such act or failure to act pursuant to the terms of any agreement between the Issuer and such Service Provider in effect on the date of the Support Agreement.

Safekeeping Agreement

The Issuer has entered into the Safekeeping Agreement with the Collateral Safekeeper and the Indenture Trustee, pursuant to which the Issuer has appointed the Collateral Safekeeper as safekeeper for the Indenture Trustee with respect to each Funding Agreement that is pledged and collaterally assigned to the Indenture Trustee pursuant to the Indenture and each relevant Series Indenture, and that comes into the physical custody or possession of the Collateral Safekeeper under the Safekeeping Agreement. The Funding Agreements will be held in an account for the Indenture Trustee in the State of Delaware by the Collateral Safekeeper.

Governing Law

The Trust Agreement is, and each Series Trust Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware.

CAPITALIZATION OF THE ISSUER

The following table presents the Issuer's capitalization as of December 17, 2020, prepared in conformity with U.S. GAAP.

	As of December 17, 2020
Debt:	
Short-Term Debt	$0
Long-Term Debt	0
Total Debt	0
Equity:	
Paid in Capital	1,000
Retained Earnings	0
Accumulated Other Comprehensive Income	0
Total Equity	1,000
Total Capitalization	$1,000

BUSINESS OF NORTHWESTERN MUTUAL

Introduction

Founded in 1857, Northwestern Mutual is a mutual insurance company domiciled in the State of Wisconsin. Today, Northwestern Mutual is a leading provider of financial security to Americans, offering both insurance and investment products. Northwestern Mutual was the leading provider of individual life insurance in the United States, based on total direct ordinary life premiums collected for calendar year 2019 and 2018, according to data compiled by S&P Global Market Intelligence. Northwestern Mutual has held this position every year since 2000. Northwestern Mutual offers its clients the opportunity to achieve financial security by offering a broad range of life insurance, disability insurance, annuities, LTC insurance, investment products and advisory products and services. As a mutual insurance company, Northwestern Mutual has no shareholders but rather is operated for the benefit of its policyowners. At September 30, 2020, Northwestern Mutual had $2 trillion of life insurance in-force and net admitted assets of $300 billion.

Northwestern Mutual distributes its products exclusively through a dedicated but independent group of 11,340 full-time and part-time financial representatives located in offices nationwide (the "**Field**") as of September 30, 2020. Northwestern Mutual believes that the Field provides it with significant competitive advantages. Northwestern Mutual's relationship-based distribution strategy is designed to position the Field as valued advisors, working with their clients to meet a lifetime of protection, asset accumulation, retirement and estate planning needs. The Field's needs-based process and tools are designed to match Northwestern Mutual's insurance and investment products to the needs of Northwestern Mutual's policyowners, leading to greater policyowner satisfaction and higher policy persistency. For the year ended December 31, 2019, Northwestern Mutual's persistency rate (*i.e.*, the percentage of Northwestern Mutual's issued policies remaining in-force without lapsing or being replaced by policies of another insurer) for life insurance protection was 96.4%.

Northwestern Mutual's principal lines of business are:

- **Life Insurance:** Northwestern Mutual offers a variety of life insurance products, including participating whole life insurance (which may include a blended term life insurance feature), variable universal life, universal life, term life and group life policies to a broad range of clients, including individuals for both personal and estate planning needs, small businesses, banks and corporations. Whole life, variable life and universal life are collectively referred to as permanent life insurance. Northwestern does not offer indexed universal life insurance.

- **Disability Insurance:** Northwestern Mutual offers a variety of disability insurance products to the personal, business and group markets. Northwestern Mutual's products include individual, interim term, disability overhead expense, key person, buyout and short- and long-term group coverages.

- **Annuities:** Northwestern Mutual provides a range of qualified and non-qualified fixed, income and variable annuity products to individuals and groups. Northwestern Mutual does not offer annuities with guaranteed living benefits, guaranteed withdrawal benefits, guaranteed investment contracts or pension buyout exposure, nor does it offer fixed indexed or variable indexed annuities.

- **Long-Term Care Insurance:** NLTC, an insurance company subsidiary of Northwestern Mutual, offers stand-alone LTC insurance to protect policyowners from the financial consequences of an illness, injury or impairment that interferes with an insured's ability to perform certain activities of daily living. Coverage is designed to reimburse some of the cost of receiving various levels of care for these conditions in the home, in the community, in alternative living facilities or in an LTC facility. Additionally, Northwestern Mutual offers LTC coverage in the form of a rider, which is available on some of its permanent life insurance policies. Stand-alone LTC insurance is offered solely through NLTC.

Northwestern Mutual also offers its clients a wide range of investment products, including individual securities, mutual funds and other investment products. In addition, Northwestern Mutual offers trust, financial planning, investment management and advisory services. Each of the investment products and investment services are offered through Northwestern Mutual's various wholly-owned subsidiaries.

Northwestern Mutual believes that it has a number of key strengths that will enable it to continue to grow its businesses in a consistent, prudent manner. These strengths include:

- **Leadership position in the U.S. life insurance market:** Northwestern Mutual has been the leading provider of individual life insurance in the United States, based on total direct ordinary life premiums every year from 2000 to 2019, according to data compiled by S&P Global Market Intelligence.

- **Attractive product profile:** Northwestern Mutual believes that its focus on participating permanent life insurance creates a stable, long-term liability profile that is different from many other major life insurance companies. Northwestern Mutual's core product, participating permanent life insurance, represented 85% of Northwestern Mutual's total policy benefit reserves as of September 30, 2020. Northwestern Mutual has the ability to annually adjust the amount of dividends payable on its participating permanent life insurance and disability insurance policies and adjust the interest crediting rates and charges relating to its non-guaranteed products, which provides Northwestern Mutual with substantial financial flexibility.

- **Exclusive career agency distribution network:** Northwestern Mutual distributes its products solely through the Field. Northwestern Mutual believes the size and nature of this exclusive career agency force, which it believes is one of the largest exclusive agency forces in the industry, is a significant competitive advantage and enables it to identify and tailor solutions that meet the financial security needs of its policyowners and clients. For Field career advisors that have been with Northwestern Mutual for over five years, average total revenue in each of 2019 and 2018 was $0.4 million, which is an increase from $0.3 million in 2017.

- **Strong balance sheet:** Northwestern Mutual believes that it has exceptional financial strength and capitalization. As of September 30, 2020, Northwestern Mutual reported $30.7 billion of combined Surplus and AVR (each as defined herein), $300 billion of total assets and $2 trillion of life insurance in-force. In addition, as of September 30, 2020, Northwestern Mutual held approximately $103 billion of liquid assets (defined as cash and short-term investments, U.S. government securities, agency-backed residential mortgage-backed securities, public investment grade corporate bonds and public common stock). At September 30, 2020, Northwestern Mutual had a 14.1% ratio of Surplus and AVR to general account insurance reserves. Northwestern Mutual's ratings for insurance financial strength are:

    - AA+ (Very Strong) by S&P;

    - Aaa (Exceptional) by Moody's;

    - AAA (Exceptionally Strong) by Fitch; and

    - A++ (Superior) by A.M. Best.

  These ratings represent unsurpassed industry financial strength ratings by each such rating agency. On August 3, 2020, Fitch affirmed Northwestern Mutual's long-term insurance financial strength rating of AAA with a stable outlook, on June 19, 2020, S&P affirmed Northwestern Mutual's financial strength rating of AA+ with a stable outlook, and on April 29, 2020, AM Best affirmed Northwestern Mutual's financial strength rating of A++ with a stable outlook. Moody's has maintained Northwestern Mutual's rating of AAA with a stable outlook during 2020. These ratings indicate each rating agency's view of Northwestern Mutual's ability to meet its obligations to its insureds. These ratings are of interest to policyowners and are not ratings of the Notes offered hereby and do not reflect an evaluation of the safety and security of the Notes or the ability of Northwestern Mutual to make scheduled payments of interest and principal on the Notes. Ratings are subject to change and there can be no assurance of the ratings that will be afforded to Northwestern Mutual in the future. See "Risk Factors—Risk Factors Related to Northwestern Mutual."

- **Long-term investment strategy emphasizing a diversified investment portfolio:** Northwestern Mutual maintains what it believes to be a diversified investment portfolio and seeks to generate attractive returns while preserving its financial strength. At September 30, 2020, 89% of Northwestern Mutual's $164.9 billion bond portfolio was rated investment grade. The persistent cash flow and low product risk allows Northwestern Mutual to have a relatively more diversified long term return focused portfolio.

- **Commitment to mutual ownership:** As a mutual company with a 163-year history, Northwestern Mutual operates with a long-term perspective, rather than focusing on short-term earnings targets or the needs of public shareholders. Northwestern Mutual believes that its mutual structure allows it to focus exclusively on the interests of its policyowners.

- **Operational excellence:** Northwestern Mutual strives to achieve operational excellence and deliver consistent operating results. Northwestern Mutual believes that its lapse rate and life insurance-related expenses as a percentage of life insurance premium have been consistently lower than its peers, based on data compiled by S&P Global Market Intelligence.

- **Distinctive Client Experience:** Northwestern Mutual's unrivaled holistic approach brings together exceptional insurance and investment solutions through a trusted advisor with integrated technology, providing clients with a distinctive and seamless experience. The integrated, end-to-end experience Northwestern Mutual is creating provides clients with the expertise, insights and products to build financial security. Digital capability enhances the experience and Northwestern Mutual's digital and human approach will achieve the greatest value while deepening relationships.

Northwestern Mutual executes its strategy, in part, through its wholly-owned operating subsidiaries, including NLTC, which offers LTC insurance through the Field. Non-insurance operating subsidiaries include NMIS and NMWMC. Through these subsidiaries, the Field's registered representatives offer brokerage and advisory products and services of Northwestern Mutual, as well as those of other companies, including mutual funds and other investment products. As of September 30, 2020, Northwestern Mutual, through its wealth management and investment services businesses, held or managed $174 billion of investments owned by its clients. In addition, other primary operating subsidiaries include NMIMC and MSA.

Principal Lines of Business

The following table shows premium revenues and reserves for policy benefits by product line for Northwestern Mutual as of and for the years ended December 31, 2019 and 2018 and as of and for the nine months ended September 30, 2020.

	Nine months ended September 30,		Years ended December 31,			
	2020	**% of Total**	**2019**	**% of Total**	**2018**	**% of Total**
			($ in millions)			
Premium and other income						
Life	$ 11,114	76%	$ 14,956	76%	$ 13,974	75%
Annuity	1,661	11%	2,456	12%	2,511	13%
Disability	1,028	7%	1,341	7%	1,300	7%
Long-term care	598	4%	765	4%	713	4%
Other	245	2%	188	1%	193	1%
Total	**$ 14,646**	**100%**	**$ 19,706**	**100%**	**$ 18,691**	**100%**
Policy benefit reserves						
Life	$ 191,545	88%	$ 185,991	88%	$ 179,987	89%
Annuity	11,496	5%	10,887	5%	9,979	5%
Disability	5,048	2%	5,044	2%	5,015	2%
Long-term care	6,152	3%	5,598	3%	4,528	2%
Deposit funds	4,176	2%	3,580	2%	3,307	2%
Total	**$ 218,417**	**100%**	**$ 211,100**	**100%**	**$ 202,816**	**100%**

Life Insurance

Northwestern Mutual offers a full range of participating portfolio life insurance products. In addition to paying proceeds upon death of the insured, these products typically accumulate cash value on a tax-deferred basis while the insured is alive. Whole life insurance (which may include a blended term life insurance feature) provides permanent protection in exchange for a level premium payment. Universal life (UL) products provide a substantial degree of premium and death benefit flexibility, and generally target the corporate, high-net-worth and estate markets. None of Northwestern Mutual's UL products contain meaningful secondary guarantees.

In addition to portfolio products, Northwestern Mutual also offers variable universal life insurance policies, which offer flexible premium payments, a choice of death benefit options and a variety of investment options at the discretion of the owner. The policyowner bears the investment performance risk associated with variable universal life products. Northwestern Mutual provides various guaranteed death benefit options, including a lifetime option, provided premiums are paid at the whole life premium level.

Northwestern Mutual also offers individual and group term life insurance, which provides financial protection for a limited period of time. All term policies include or have included a conversion feature, which allows a policyowner to convert to the same amount of permanent or universal life insurance (including variable), without providing further evidence of insurability.

Disability Insurance

Northwestern Mutual offers a full range of individual and group disability products. Northwestern Mutual's products include individual, interim term, disability overhead expense, key-person, buyout and short- and long-term group coverages.

Annuities

Offering both qualified and non-qualified products to individuals and groups, Northwestern Mutual provides a variety of annuity products. Variable annuities allow the owner to direct investment of the annuity funds among various investment alternatives, including fixed return options. Fixed annuities earn a fixed interest rate guaranteed for one to five years, depending on the contract type. Income annuities provide periodic income payments for a fixed period or for the lifetime of the annuitant. They either are purchased directly or result from the settlement of a life insurance policy or a deferred annuity. Northwestern Mutual does not offer annuities with guaranteed living benefits, guaranteed withdrawal benefits, guaranteed investment contracts, pension buyout exposure, fixed indexed or variable indexed annuities, but offers a return of premium death benefit guarantee and an optional rider for enhanced death benefits for which an age-based additional premium must be paid. As of September 30, 2020, policyowners have elected this enhanced death benefit rider for only 2% of the $21 billion of Northwestern Mutual's variable annuity account value.

Long-Term Care

LTC protects policyowners from the financial consequences of an illness, injury, or impairment that interferes with an insured's ability to perform certain activities of daily living. QuietCare® is the marketing name of the NLTC's stand-alone LTC product. QuietCare®, is an individual tax qualified LTC insurance product, which can be purchased with various options for inflation protection, paid-up nonforfeiture benefits and survivorship benefits for couples. Under the Capital Support Agreement, Northwestern Mutual has agreed to maintain the capital and surplus of NLTC at a minimum level based upon a formula applied to NLTC's earned premium and policy benefit reserves, or 150% of NLTC's action level RBC, whichever is lower. The Capital Support Agreement contains an aggregate limitation of $300 million on the amount of capital contributions required to be made by Northwestern Mutual, upon the payment of which Northwestern Mutual may terminate the agreement. The Capital Support Agreement expires on December 31, 2025. Northwestern Mutual also guarantees to the policyowners of NLTC the ability of NLTC to pay all policy benefits due and owing pursuant to contracts of insurance sold by NLTC during the term of the Capital Support Agreement. The guarantee of policy benefits would continue notwithstanding the termination of the Capital Support Agreement. As of September 30, 2020, Northwestern Mutual had contributed $190 million to NLTC pursuant to the Capital Support Agreement. As of September 30, 2020, NLTC had direct reserves of $6.2 billion (which equals 3% of Northwestern Mutual's total policy benefit reserves), $1 million of reserves net of reinsurance and total capital and surplus plus AVR of $179 million. Northwestern Mutual reported a payable to NLTC of $56 million and $50 million at December 31, 2019 and 2018, respectively, which is reported in other liabilities in the statements of financial position at each of those dates. Intercompany balances are settled in cash, generally within thirty days of the respective reporting date. As part of an affiliated reinsurance agreement Northwestern Mutual assumes 100% of the net risk associated with NLTC's LTC business. Additionally, Northwestern Mutual offers LTC coverage in the form of a rider, which is available on some of its permanent life insurance policies. Stand-alone LTC insurance is offered solely through NLTC, an insurance company subsidiary of Northwestern Mutual.

In 2016, NLTC began filing with state insurance regulators requesting that it be permitted to increase premiums on certain LTC policies sold prior to early 2013. Following receipt of the necessary approvals, NLTC began implementing in-force rate increases with respect to those policies beginning August 1, 2017, and continues to do so as additional approvals are received.

Other Products

Northwestern Mutual also offers its clients a wide range of investment products, including individual securities, mutual funds and other investment products. In addition, Northwestern Mutual offers trust, financial planning, investment management and advisory services. Each of the investment products and services are offered through Northwestern Mutual's wholly-owned subsidiaries.

Spread Lending

As part of a spread lending strategy, Northwestern Mutual is a member of the FHLBC. Through its membership, Northwestern Mutual has entered into funding agreements with the FHLBC, which are reported as deposit funds in reserves for policy benefits on the balance sheet. As of September 30, 2020, approximately $350 million was outstanding with the FHLBC.

Northwestern Mutual's Subsidiaries

Northwestern Mutual's primary operating subsidiaries include the following:

- *Northwestern Long Term Care Insurance Company.* NLTC is the provider of QuietCare®, the stand-alone LTC insurance product offered through the Field. *See* "—Business of Northwestern Mutual—Long-Term Care."

- *Northwestern Mutual Investment Services, LLC.* NMIS is a broker-dealer and investment advisor registered with the SEC and a member of the Financial Industry Regulatory Authority ("**FINRA**"), the Municipal Securities Rulemaking Board and the Securities Investor Protection Corporation. NMIS offers investment products and services, including individual securities and Northwestern Mutual's variable contracts registered under the federal securities laws. Northwestern Mutual's financial representatives are required over time to become registered representatives of NMIS so as to have access to the products offered by NMIS.

- *Northwestern Mutual Wealth Management Company.* NMWMC is a limited purpose federal savings bank that provides fee-based financial planning and investment advisory programs. NMWMC offers needs-based solutions designed to create, protect and preserve the assets of current and prospective clients. NMWMC's fee-based financial planning and investment advisory services provide financial representatives with the ability to offer financial solutions to clients and thereby extend and enhance the financial representatives' relationships with their customers. NMWMC is not a broker-dealer or insurance company and does not manufacture insurance products or offer brokerage services.

- *Mason Street Advisors, LLC.* MSA is an SEC-registered investment adviser which serves as the adviser to Northwestern Mutual Series Fund, Inc., an open-end registered management investment company consisting of separate investment portfolios which underlie the investment options for Northwestern Mutual's variable life and variable annuity products. MSA also provides advisory and other services to NMIMC.

- *Northwestern Mutual Investment Management Company, LLC.* NMIMC is an SEC-registered investment adviser which provides advisory services to Northwestern Mutual, its affiliates and unaffiliated limited partners who have invested in various funds that NMIMC has created. *See* "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments."

None of Northwestern Mutual's affiliates or subsidiaries is the issuer or a guarantor of the Notes, nor are any such affiliates or subsidiaries obligated in any way with respect to the Notes, which are solely the obligation of Northwestern Mutual.

Product Pricing

Northwestern Mutual prices insurance products with a view to producing appropriate returns on invested capital, consistent with its financial strength objectives. Factors considered in setting premiums for insurance products include, without limitation, assumptions as to future investment returns, expenses, persistency, mortality and morbidity (the incidence and duration of sickness or injury). Northwestern Mutual believes its ability to annually adjust the amount of dividends on its participating products and adjust the interest crediting rates and charges relating to its non-guaranteed products mitigates the effects of deviations from these assumptions.

Underwriting

Insurance policies issued by Northwestern Mutual are subject to an underwriting process which is designed to evaluate relative risks, consistent with the issuance of new business and competitive product performance. Underwriting risk represents the exposure to loss resulting from actual policy experience adversely emerging in comparison to product pricing assumptions such as mortality and morbidity risk. Northwestern Mutual recently launched an accelerated underwriting process for certain types of policies that meet pre-determined risk tolerance thresholds. This program leverages algorithms and historical underwriting data, and third-party data to help evaluate relative risks. Northwestern Mutual's underwriting risk may be mitigated by using reinsurance in certain circumstances.

Distribution

Northwestern Mutual distributes its products exclusively through the Field, a dedicated but independent group of 11,340 full-time and part-time financial representatives located in offices nationwide as of September 30, 2020. Northwestern Mutual believes that the Field provides it with significant competitive advantages. For example, Northwestern Mutual believes that the Field is generally more productive than industry averages.

The Field's relationship-based distribution strategy is designed to position Northwestern Mutual's financial representatives as valued advisors, working with their clients to meet a lifetime of protection, asset accumulation, retirement and estate planning needs. In executing this strategy, Northwestern Mutual and the managing partners who lead the Field offices focus on several key business metrics, including recruitment and retention of financial representatives.

The Field's needs-based process and tools are designed to match Northwestern Mutual's insurance and investment products to the needs of Northwestern Mutual's policyowners and clients, leading to greater policyowner satisfaction and higher policy persistency. However, a Northwestern Mutual financial representative is generally not prohibited from selling other companies' life insurance and annuity products so long as the financial representative meets his or her obligation to primarily sell Northwestern Mutual life insurance and annuity products. For the year ended December 31, 2019, Northwestern Mutual's persistency rate for life insurance protection in-force was 96.4%.

Most Field offices are led by a managing partner. The primary responsibility of the managing partner is to develop and grow the Field office in terms of the number of financial representatives and their sales. Field office operations include recruiting, training, representative development, financial management, supervision and ensuring access to Northwestern Mutual's full range of products. Most managing partners contract and share management responsibility with managing directors, who coordinate and balance management of district office operations (recruiting, training and developing new representatives) with personal sales production. Managing partners and directors are further supported by frontline leaders who hold field director or college unit director contracts. These individuals, in addition to their personal production, provide mentoring, training and coaching to new financial representatives and college financial representatives. The Field had 76 managing partners, 213 managing directors and approximately 1,094 frontline leaders as of September 30, 2020.

Technology

Northwestern Mutual is investing in technology and digital capabilities that clients desire. Northwestern Mutual is creating an integrated client experience that brings together a trusted advisor, comprehensive planning and digital capabilities. Northwestern Mutual believes that these investments will drive superior long-term client engagement and create a user-friendly experience for clients to interact with different areas of the company and the Field. Northwestern Mutual is creating a digital platform that is connected across the client, the financial representative and the home office. This digital capability is an effort to deepen Northwestern Mutual's client relationships and preserve its traditional strengths while transforming how it delivers financial security to its clients.

Principal Markets

Through the Field, Northwestern Mutual markets its products and services to a broad range of clients. Life insurance products are sold principally to the individual, small business, bank, corporate and estate planning markets. Disability insurance products are marketed primarily to the personal, business and group markets. Annuities are offered in both the individual and group markets. LTC is marketed primarily to the individual market.

Financial Strength Ratings

Northwestern Mutual's insurance financial strength ratings are AA+ (Very Strong) from S&P, Aaa (Exceptional) from Moody's, AAA (Exceptionally Strong) from Fitch and A++ (Superior) from AM Best. On August 3, 2020, Fitch affirmed Northwestern Mutual's long-term insurance financial strength rating of AAA with a stable outlook, on June 19, 2020, S&P affirmed Northwestern Mutual's financial strength rating of AA+ with a stable outlook, and on April 29, 2020, AM Best affirmed Northwestern Mutual's financial strength rating of A++ with a stable outlook. Moody's has maintained Northwestern Mutual's rating of AAA with a stable outlook during 2020. Northwestern Mutual views this as a significant advantage over many of its competitors in the life insurance industry. Rating agencies regularly review the financial performance and condition of insurers, including Northwestern Mutual. The rating agencies assign ratings based upon consideration of several qualitative and quantitative factors, including the rated company's operating performance and investment results, risk profile and capital resources. The rating agencies may also consider factors that may be outside of the rated company's control, including changes to general economic conditions. Ratings are subject to change and there can be no assurance of the ratings that will be afforded to Northwestern Mutual in the future. *See* "Risk Factors—Risks Factors Related to Northwestern Mutual—A downgrade or potential downgrade in Northwestern Mutual's financial strength ratings could harm its business."

Any rating is not a recommendation to purchase, sell or hold any particular security, including the Notes. Such ratings do not comment as to market price or suitability for a particular investor.

Employees

As of September 30, 2020, Northwestern Mutual employed approximately 6,200 full time and 140 part time employees. Approximately 3% of Northwestern Mutual's employees are members of the Office and Professional Employees International Union, Local 9 AFL-CIO-CLC, of which approximately 16% of Northwestern Mutual's employees are eligible for membership. Management believes that its employee relations are good.

Properties

Northwestern Mutual owns all of the space it occupies in its two home office complexes in Milwaukee, Wisconsin and in the Milwaukee suburb of Franklin, Wisconsin, and leases the space for its home office in New York, New York. Northwestern Mutual is the lessee under five leases covering NMIMC's real estate regional offices in locations throughout the United States.

Northwestern Mutual believes that its owned and leased properties are suitable and adequate for its current business operations.

Legal Proceedings

Northwestern Mutual and its subsidiaries are involved in litigation arising from their sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities and other miscellaneous operations and matters, including actions involving retail sales practices. Most of the actions seek substantial or unspecified compensatory and punitive damages. Northwestern Mutual and its subsidiaries are also from time to time involved in various governmental, regulatory, administrative and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, Northwestern Mutual believes that the ultimate liability that could result from litigation and other proceedings would not have a material adverse effect on Northwestern Mutual's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on Northwestern Mutual's operating results for a given period.

SELECTED HISTORICAL STATUTORY AND OTHER FINANCIAL INFORMATION OF NORTHWESTERN MUTUAL

The selected historical financial information of Northwestern Mutual included in this Offering Memorandum is presented in accordance with SAP, which differs in certain significant respects from U.S. GAAP and IFRS. The effects on the Financial Statements attributable to the differences between SAP and IFRS are material. *See* "Summary of Principal Differences between Wisconsin Statutory Accounting Principles and IFRS."

The following selected historical statutory and other financial information as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017, has been derived from the Statutory Basis Financial Statements included elsewhere in this Offering Memorandum. The following selected historical statutory and other financial information for Northwestern Mutual as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019 has been derived from the Interim Financial Information included elsewhere in this Offering Memorandum. The Interim Financial Information has not been audited. Management of Northwestern Mutual is of the opinion that such Interim Financial Information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the information contained therein. The interim results set forth below as of September 30, 2020 and for the nine months ended September 30, 2020 are not necessarily indicative of Northwestern Mutual's financial condition or results of operations to be expected as of and for the year ending December 31, 2020.

This information should be read in conjunction with, and is qualified in its entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations of Northwestern Mutual" and the Financial Statements, including the notes thereto, and other information included elsewhere in this Offering Memorandum.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from the estimates. The results for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

	Nine months ended September 30,			Years ended December 31,			% Change	
	2020	2019	% Change	2019	2018	2017	2019	2018
	($ in millions)			($ in millions)				
Statement of Operations Data:								
Revenue:								
Premiums	$ 14,121	$ 14,120	0%	$ 19,010	$ 18,036	$ 17,897	5%	1%
Net investment income	7,971	7,598	5%	10,149	9,791	9,541	4%	3%
Other income	525	504	4%	696	655	649	6%	1%
Total revenue	22,617	22,222	2%	29,855	28,482	28,087	5%	1%
Benefits and expenses:								
Benefit payments to policyowners and beneficiaries	8,790	8,642	2%	11,515	11,436	10,332	1%	11%
Net additions to policy benefit reserves, including net transfers to/from separate accounts	6,148	6,214	-1%	8,668	7,582	8,471	14%	-10%
Commissions and operating expenses	2,417	2,377	2%	3,306	3,230	3,120	2%	4%
Total benefits and expenses	17,355	17,233	1%	23,489	22,248	21,923	6%	1%
Gain from operations before dividends and taxes	5,262	4,989	5%	6,366	6,234	6,164	2%	1%
Policyowner dividends	4,663	4,388	6%	5,999	5,634	5,338	6%	6%
Gain from operations before taxes	599	601	0%	367	600	826	-39%	-27%
Income tax expense/(benefit)	(207)	50	-514%	(199)	(159)	(98)	n/m	n/m
Net gain from operations	806	551	46%	566	759	924	-25%	-18%
Net realized capital gains/(losses)	(231)	843	-127%	702	24	93	n/m	n/m
Net income	**$ 575**	**$ 1,394**	-59%	**$ 1,268**	**$ 783**	**$ 1,017**	**62%**	**-23%**

	September 30,	December 31,		% Change	
	2020	2019	2018	2020	2019
		($ in millions)			
Balance Sheet:					
Assets:					
General account assets	$ 265,026	$ 255,486	$ 242,450	4%	5%
Separate account assets	34,746	34,832	29,717	0%	17%
Total assets	**$ 299,772**	**$ 290,318**	**$ 272,167**	**3%**	**7%**
Liabilities:					
Reserves for policy benefits	$ 218,417	$ 211,100	$ 202,816	3%	4%
Policyowner dividends payable	6,235	5,995	5,635	4%	6%
Interest maintenance reserve	2,023	979	580	107%	69%
Asset valuation reserve	6,114	6,203	4,597	-1%	35%
Other liabilities	7,609	6,993	6,688	9%	5%
Separate account liabilities	34,746	34,832	29,717	0%	17%
Total liabilities	**275,144**	**266,102**	**250,033**	**3%**	**6%**
Surplus	24,628	24,216	22,134	2%	9%
Total liabilities and surplus	**$ 299,772**	**$ 290,318**	**$ 272,167**	**3%**	**7%**
Surplus and AVR	**$ 30,742**	**$ 30,419**	**$ 26,731**	**1%**	**14%**
Other data:					
Individual life insurance in-force	$ 1,959,024	$ 1,906,349	$ 1,829,173	3%	4%
Full and part-time financial representatives	11,340	9,380	9,566	21%	-2%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF NORTHWESTERN MUTUAL

The discussion below is prepared in conformity with SAP. See "Summary of Principal Differences between Wisconsin Statutory Accounting Principles and IFRS."

Introduction

This Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition of Northwestern Mutual at September 30, 2020 and December 31, 2019 and 2018 and its results of operations for the nine months ended September 30, 2020 and 2019 and the years ended December 31, 2019, 2018 and 2017. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Financial Statements (including the notes thereto), and "Selected Historical Statutory and Other Financial Information of Northwestern Mutual," each of which is included elsewhere in this Offering Memorandum and which are important for a full understanding of Northwestern Mutual's financial results, condition and outlook.

Northwestern Mutual does not publicly update or revise any forward-looking statements as a result of new information or to reflect events or circumstances after the date of such statements.

Basis of Presentation

Northwestern Mutual's financial statements are prepared in accordance with SAP, and a detailed discussion of the significant accounting policies used by Northwestern Mutual is included in the notes to the Statutory Basis Financial Statements, which are included elsewhere in this Offering Memorandum. The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In developing financial statement estimates and assumptions, management makes subjective and complex judgments that are inherently uncertain and subject to material adjustment as more facts become known and circumstances change. Future events including, but not limited to, changes in the levels of mortality, morbidity, interest rates, persistency, asset valuations and defaults, could cause actual results to differ from the estimates used in the financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate. The most significant estimates include those used in determining the statement values of investments, the liabilities for future policy benefits and deposit-type contracts, adjustments for other-than-temporary impairments ("**OTTI**"), income taxes and employee benefit plans. Northwestern Mutual has reclassified certain prior year balances to conform to the current year presentation.

For a complete discussion of accounting policies and practices, *see* the Notes to the Statutory Basis Financial Statements.

General

Founded in 1857, Northwestern Mutual is a mutual insurance company domiciled in the State of Wisconsin. Today, Northwestern Mutual is a leading provider of financial security to Americans, offering both insurance and investment products. Northwestern Mutual was the leading provider of individual life insurance in the United States, based on total direct ordinary life premiums collected for calendar years 2019 and 2018, according to data compiled by S&P Global Market Intelligence. Northwestern Mutual has held this position every year since 2000. Northwestern Mutual offers its clients the opportunity to achieve financial security by offering a broad range of life insurance, disability insurance, annuities, LTC insurance, investment products and advisory products and services. As a mutual insurance company, Northwestern Mutual has no shareholders but rather is operated for the benefit of its policyowners. At September 30, 2020, Northwestern Mutual had $2 trillion of life insurance in-force and net admitted assets of $300 billion.

All of Northwestern Mutual's nearly 6 million life insurance policies in-force at September 30, 2020 were participating and eligible to receive annual dividends at the discretion of the Board of Trustees of Northwestern Mutual (the "**Board of Trustees**"). Northwestern Mutual believes that its mutual structure and substantial block of participating permanent life insurance provide significant financial and risk management advantages to Northwestern Mutual and its policyowners. These advantages include the ability to manage what Northwestern Mutual believes is a well-diversified general account investment portfolio for optimal long-term total return and the financial flexibility afforded by its operating margins and annual participating dividend. Northwestern Mutual's primary financial goal is to pay a level of dividends that delivers the highest product value to policyowners without compromising its superior financial strength.

Strategy

Northwestern Mutual's vision and strategy is to deliver financial security to its clients through a comprehensive, life-stage-appropriate planning process, enabling technology and an integrated (insurance and investments) product suite, wrapped in a distinctive client experience.

Northwestern Mutual's mission is to foster life-long relationships with clients founded on sound guidance and expert solutions delivered by a trusted advisor, backed by Northwestern Mutual's exceptional financial strength and the promise to be there to meet the financial security needs of its policyowners. As a mutual company with no shareholders, Northwestern Mutual is operated for the benefit of its policyowners and seeks to deliver long-term value to clients over time. In 2018, Northwestern Mutual sharpened its focus on innovation to advance Northwestern Mutual's mission. Northwestern Mutual's innovation strategy is a forward-focused, long-term strategy that analyzes the competitive landscape, disruptive threats and changing customer behaviors to prioritize Northwestern Mutual's innovation efforts and strategic capabilities. These efforts are shaped by insights from research, data and analysis and include incubation, business development partnerships and venture investments.

Northwestern Mutual believes that its distribution system of 11,340 full and part-time financial representatives as of September 30, 2020, referred to as the Field, provides it with significant competitive advantages. Northwestern Mutual's relationship-based distribution strategy is designed to position the Field as valued advisors, working with their clients to meet a lifetime of protection, asset accumulation, retirement and estate planning needs. The Field's needs-based planning approach and tools are designed to match Northwestern Mutual's insurance and investment products to the needs of Northwestern Mutual's policyowners and clients, leading to greater policyowner satisfaction and higher policy persistency. For the year ended December 31, 2019, Northwestern Mutual's persistency rate (*i.e.*, the percentage of Northwestern Mutual's already written policies remaining in-force without lapsing or being replaced by policies of another insurer) for life insurance protection in-force was 96.4%.

Northwestern Mutual executes its strategy, in part, through its wholly-owned operating subsidiaries, including NLTC, which offers LTC insurance through the Field. Northwestern Mutual assumes 100% of the risks associated with LTC policies of NLTC as part of an affiliated reinsurance agreement. Non-insurance operating subsidiaries include NMIS and NMWMC. Through these subsidiaries, the Field's registered representatives and advisors offer brokerage and advisory products and services of Northwestern Mutual, as well as those of other companies, including mutual funds and other investment products. In addition, other primary operating subsidiaries include NMIMC and MSA.

None of Northwestern Mutual's affiliates or subsidiaries is the issuer or a guarantor of the Notes or the Funding Agreements, nor are any such affiliates or subsidiaries obligated in any way with respect to the Notes or the Funding Agreements. The Notes are solely the obligation of the Issuer and the Funding Agreements are solely the obligation of Northwestern Mutual.

Product Focus

Northwestern Mutual had approximately 6 million individual life insurance policies in force as of September 30, 2020. These policies accounted for 88% of Northwestern Mutual's total policy benefit reserves as of September 30, 2020. Participating whole life products are considered by Moody's to be the lowest risk products offered by the industry. Northwestern Mutual seeks to price these products with sufficient margins to withstand adverse investment or claims experience. Northwestern Mutual also has a smaller book of individual disability insurance, LTC and annuities (certain of which are participating), which account for 10% of general account insurance reserves at September 30, 2020. The majority of annuity assets under management are variable annuities with return of premium death benefits. Northwestern Mutual does not offer annuities with guaranteed living benefits, guaranteed withdrawal benefits, guaranteed investment contracts, pension buyout exposure, fixed indexed or variable indexed annuities.

Assumption of Recaptured LTC Business

Northwestern Mutual and NLTC entered into an affiliated reinsurance agreement with an effective date of October 1, 2014. Under the terms of this agreement, as amended, Northwestern Mutual assumed 100% of the risks associated with NLTC's LTC insurance business in force. The affiliated reinsurance agreement also provided for 100% automatic reinsurance on new LTC business issued by NLTC subsequent to the effective date of the agreement.

Recent Developments

On December 9, 2020, NMIMC became a registered investment advisor, following approval by the SEC of its application for registration, which was submitted on November 10, 2020. NMIMC manages a substantial majority of Northwestern Mutual's assets, including public and private fixed income securities, mortgage loans, real estate equity, private equity, limited partnerships and other investments. NMIMC also manages the assets of the Northwestern Mutual Foundation, Northwestern Mutual's charitable arm.

On May 8, 2020, Northwestern Mutual became a member of the FHLBC. Through its membership, Northwestern Mutual has the ability to draw funds from the FHLBC (each, a "**FHLBC Funding**"). Northwestern Mutual is required to pledge collateral to the FHLBC in the form of eligible securities and commercial mortgage loans for all FHLBC Fundings. Northwestern Mutual may use the proceeds from FHLBC Fundings for general corporate purposes, including the implementation of an investment spread strategy. Upon an event of default by Northwestern Mutual, the FHLBC's recovery on the collateral is limited to the outstanding amount of Northwestern Mutual's FHLBC Fundings. Northwestern Mutual's FHLBC Funding capacity is subject to an internal limit of $8 billion.

The COVID-19 Pandemic, and its effect on financial markets, has adversely affected the performance of Northwestern Mutual's investment portfolio as a result of, among other things, the continued slowdown to the U.S. and global economy, declining interest rates, market volatility, defaults on securities, and the actions of government authorities to try to stop the spread of and address the COVID-19 Pandemic. Policyowners may change their behavior in unexpected ways as a result of the COVID-19 Pandemic and it may increase claims under many of Northwestern Mutual's policies and its resulting costs. The impact on claims in each quarter may be greater than in prior quarters.

In response to the COVID-19 Pandemic, on March 16, 2020, Northwestern Mutual implemented its existing business continuity plans and instituted a work from home policy for all non-essential employees. Over 95% of employees and over 90% of Field offices quickly transitioned to work from home. Over 95% of employees and over 75% of Field offices continue to work from home, with Northwestern Mutual providing equipment to employees to facilitate a long-term work from home environment. In addition, Northwestern Mutual offered several immediate Field support programs to help mitigate the financial impact of the COVID-19 Pandemic on the Field, including stipends and interest-free cash advances to Field offices. Northwestern Mutual also accelerated timelines for implementation of digital enhancements to the customer experience and offered premium relief programs to policyowners. Northwestern Mutual will continue to monitor the effects of the COVID-19 Pandemic and make adjustments to its business and operations, including when and how its employees will return to work at Northwestern Mutual home offices in Wisconsin and New York.

During 2019, Northwestern Mutual, through a wholly-owned subsidiary, purchased a $1.0 billion corporate-owned life insurance policy to provide protection against key-person risk for certain qualified employees and to help fund certain future employee benefit expenses.

Results of Operations

The following is a discussion and analysis of the statutory results of operations of Northwestern Mutual for the nine months ended September 30, 2020 and 2019 and the years ended December 31, 2019, 2018 and 2017.

Nine months ended September 30, 2020 Compared to the Nine months ended September 30, 2019

Net Gain from Operations

Net gain from operations was $806 million for the nine months ended September 30, 2020, representing a $255 million, or 46%, increase from the $551 million for the nine months ended September 30, 2019. The operating gain before dividends and taxes was $5,262 million for the nine months ended September 30, 2020, representing a $273 million, or 5%, increase from the $4,989 million for the nine months ended September 30, 2019, primarily due to increased net investment income. Policyowner dividends was $4,663 million for the nine months ended September 30, 2020, representing a $275 million, or 6%, increase from the $4,388 million for the nine months ended September 30, 2019, due to growth in insurance in force and an increase in the approved 2020 dividend payout.

Net Income

Net income was $575 million for the nine months ended September 30, 2020, representing a $819 million, or 59%, decrease from $1,394 million for the nine months ended September 30, 2019, driven by the net realized capital losses in the current year compared to the net realized capital gains in the same period in the prior year, partially offset by an increase in net gain from operations.

Premiums and Other Income

Total premium revenue (including new and renewal premiums) and other income was $14,646 million for the nine months ended September 30, 2020, representing a $22 million, or 0.15%, increase from the $14,624 million for the nine months ended September 30, 2019. For the nine months ended September 30, 2020, life insurance premiums represented 76% of total insurance premiums and other income while annuity, disability and LTC insurance premiums and other income represented 11%, 7% and 4%, respectively. For the nine months ended September 30, 2019, life insurance premiums and other income represented 76% of total insurance premiums, and annuity disability and LTC insurance premiums and other income represented 13%, 7%, and 4%, respectively.

Life insurance premiums and other income increased 1%, or $66 million, for the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019, reflecting continued strong premium persistency and an increase in dividends used by policyowners to purchase additional life insurance protection, partially offset by lower single premium sales. The overall 12-month life insurance lapse rate, by life insurance in-force, improved to 3.2% at September 30, 2020 compared to 3.6% at September 30, 2019.

Annuity premiums and other income decreased 10%, or $184 million, for the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019, driven by a decrease in variable and income annuity sales.

For the nine months ended September 30, 2020, disability insurance premiums and other income increased 3% (or $26 million), as compared to the nine months ended September 30, 2019, reflecting higher renewal premiums during 2020.

LTC premiums and other income increased 5% or $29 million, for the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019 primarily reflecting higher renewal premiums during 2020.

Net Investment Income

Net investment income increased $373 million, or 5%, to $8 billion for the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019. Interest income from long-term bonds and mortgage loans represented 70% and 73% of gross investment income during the nine months ended September 30, 2020 and 2019, respectively.

Net investment income by investment type for the nine months ended September 30, 2020 and 2019 is summarized below.

	Nine months ended September 30,		
	2020	2019	% Change
	($ in millions)		
Bonds	$ 4,643	$ 4,794	-3%
Mortgage loans	1,275	1,235	3%
Common and preferred stocks	150	112	34%
Real estate	208	216	-4%
Other invested assets	1,283	903	42%
Cash and short-term investments	22	62	-65%
Income from managed assets	7,581	7,322	
Policy loans	885	882	0%
Gross investment income	8,466	8,204	3%
Investment expenses	(667)	(694)	-4%
Amortization of IMR	172	88	95%
Net investment income	**$ 7,971**	**$ 7,598**	**5%**

Bond income decreased 3% for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019, despite 3% growth in the value of the bond portfolio, due to declining book yield. Mortgage loan income increased 3% for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to 7% growth in the portfolio.

The 34% increase in investment income from common and preferred stocks, and the 42% increase in other investments, each compared to the nine months ended September 30, 2019, is primarily attributable to higher distributions from subsidiary investments. Distributions from Northwestern Mutual's subsidiaries totaled $920 million for the nine months ended September 30, 2020, an increase of $576 million from the nine months ended September 30, 2019. Dividends from Northwestern Mutual's subsidiaries have no impact on surplus as distributions recognized as investment income are offset by the reversal of previously unrealized net capital gains.

Benefit Payments to Policyowners

Benefit payments to policyowners were $8,790 million for the nine months ended September 30, 2020, reflecting a $148 million, or 2%, increase from the nine months ended September 30, 2019. This increase in benefit payments included a 10% increase in death claims and a 14% increase in disability benefits, offset by a 6% decrease in surrenders as compared to the prior period. In addition to normal growth, the increase in death claims includes claims related to COVID-19. The net impact of the benefit payment and the related release of reserves on claims related to COVID-19 was less than $50 million. Overall mortality remains within normal volatility.

Net Additions to Policy Benefit Reserves

Net additions to policy benefit reserves, including net transfers to separate accounts, decreased $66 million from the nine months ended September 30, 2019. The decrease is primarily driven by the increase in benefits payments to policyowners for the nine months ended September 30, 2020 compared to the prior year.

Commissions and Operating Expenses

Commissions and operating expenses were $2,417 million for the nine months ended September 30, 2020, which was an increase of $40 million, or 2%, from the same period in 2019. This increase was primarily driven by an increase in commissions from higher sales for the nine months ended September 30, 2020.

Policyowner Dividends

Policyowner dividends increased $275 million, or 6%, for the nine months ended September 30, 2020, mainly due to an increase in insurance in force and the increased 2020 approved dividend payout.

Income Tax Expense/(Benefit)

For the nine months ended September 30, 2020, Northwestern Mutual recorded a $207 million current income tax benefit, compared to a tax expense of $50 million for the nine months ended September 30, 2019, primarily due to the release of a contingent tax liability.

Net Realized Capital Gains/(Losses)

The following table summarizes Northwestern Mutual's net realized capital gains/(losses) by investment type for the nine months ended September 30, 2020 and 2019.

	Nine months ended September 30,		
	2020	**2019**	**$ Change**
	(in millions)		
Bonds	$ 1,558	$ 425	$ 1,133
Mortgage loans	(2)	(2)	-
Common and preferred stocks	(104)	466	(570)
Real estate	92	478	(386)
Other invested assets	(14)	90	(104)
Gross capital gains/(losses) from sales	1,530	1,457	73
IMR deferrals	(1,539)	(302)	(1,237)
Capital gains tax benefit/(expense)	(12)	(213)	201
Net capital gains/(losses) from sales	(21)	942	(963)
OTTI	(210)	(99)	(111)
Net realized capital gains/(losses)	**$ (231)**	**$ 843**	**$ (1,074)**

Northwestern Mutual generated gross realized capital gains (before IMR deferrals and taxes) of $1,530 million for the nine months ended September 30, 2020, including $1,558 million from sales of bonds and $92 million from sales of real estate investment property. These gains were partially offset by losses of $104 million from common stocks and $210 million of impairment adjustments for other-than-temporary declines in fair value.

Under statutory accounting, after-tax realized capital gains and losses from the sale of fixed income and derivative investments that are due to changes in market interest rates are not immediately recognized in income or surplus, but are deferred to the IMR and amortized to investment income over the remaining maturity of the investment sold or asset or liability hedged. For the nine months ended September 30, 2020, $1,539 million of net realized capital gains ($1,216 million after tax) were deferred to the IMR. After taxes and IMR deferrals, net realized capital losses of $231 million were included in net income for the nine months ended September 30, 2020, compared to net realized capital gains of $843 million for the same period in 2019.

OTTI

OTTI losses for the nine months ended September 30, 2020 and 2019 are summarized below by asset classification.

	Nine months ended September 30,		
	2020	2019	$ Change
	(in millions)		
Bonds, common and preferred stocks:			
Structured securities	$ -	$ -	$ -
Sovereign government	(34)	-	(34)
Financial services	-	-	-
Consumer discretionary	(47)	(70)	23
Industrials	(50)	-	(50)
Energy	(50)	(17)	(33)
Transportation	(12)	-	(12)
Basic materials	(1)	-	(1)
Subtotal	(194)	(87)	(107)
Real estate	-	(6)	6
Other investments:			
Real estate JVs	-	-	-
Mortgage loans	(15)	-	(15)
Securities partnerships	(1)	(6)	5
Energy and transportation	-	-	-
Subtotal	(16)	(6)	(10)
Total	**$ (210)**	**$ (99)**	**$ (111)**

OTTI investment losses of $210 million were realized during the nine months ended September 30, 2020, representing an increase of $111 million compared to the nine months ended September 30, 2019. The $194 million and $87 million in total valuation adjustments for bonds, common and preferred stocks for the nine months ended September 30, 2020 and 2019, respectively, were comprised entirely of bonds.

There were $10 million and $0.2 million of other-than-temporary valuation adjustments recognized by Northwestern Mutual's subsidiaries for the nine months ended September 30, 2020 and 2019, respectively. Such adjustments, if any, impact Northwestern Mutual as a reduction in the statement value of the applicable subsidiary, calculated using the equity method of accounting.

Year ended December 31, 2019 Compared to the Year ended December 31, 2018

Net Gain from Operations

Net gain from operations was $566 million for the year ended December 31, 2019, representing a $193 million, or 25%, decrease from $759 million for the year ended December 31, 2018. The operating gain before dividends and taxes increased $132 million, or 2%, for the year ended December 31, 2019 primarily due to increased net investment income, partially offset by an increase in asset adequacy testing ("**AAT**") reserves. Policyowner dividends increased $365 million, or 6%, for the year ended December 31, 2019, due to growth in insurance in-force and the approved increase in the 2020 dividend payout.

Net Income

Net income was $1,268 million for the year ended December 31, 2019, representing a $485 million, or 62%, increase from $783 million for the year ended December 31, 2018, driven primarily by a $678 million increase in net realized capital gains. Net realized capital gains totaled $702 million for the year ended

December 31, 2019 and included increased realized capital gains from real estate investments and other invested assets compared to 2018.

Premiums and Other Income

Total premium revenue (including new and renewal premiums) and other income increased $1,015 million, or 5%, to $19,706 million for the year ended December 31, 2019. For the year ended December 31, 2019, life insurance premiums and other income represented 76% of total insurance premiums and other income while annuity, disability and LTC insurance premiums represented 12%, 7% and 4%, respectively.

Life insurance premiums and other income increased 7%, or $982 million, for the year ended December 31, 2019, reflecting higher sales, continued strong premium persistency and an increase in dividends used by policyowners to purchase additional life insurance protection. The overall life insurance lapse rate, by life insurance in-force, improved to 3.6% at December 31, 2019 compared to 3.7% at December 31, 2018.

Annuity premiums and other income decreased 2%, or $54 million, for the year ended December 31, 2019. The decrease was primarily driven by a decline in variable annuity sales, partially offset by an increase in income annuity sales.

For the year ended December 31, 2019, disability insurance premiums and other income increased 3% (or $41 million) reflecting higher renewal premiums during 2019.

LTC premiums and other income increased 7%, or $52 million, for the year ended December 31, 2019, driven by higher renewal premiums during 2019.

Net Investment Income

Net investment income increased $358 million, or 4%, to $10,149 million for the year ended December 31, 2019. Interest income from long-term bonds and mortgage loans represent 74% and 73% of gross investment income in 2019 and 2018, respectively.

Net investment income by investment type for the years ended December 31, 2019 and 2018 is summarized below.

	Years ended December 31,		
	2019	**2018**	**% Change**
	($ in millions)		
Bonds	$ 6,400	$ 6,020	6%
Mortgage loans	1,676	1,573	7%
Common and preferred stocks	146	210	-30%
Real estate	288	275	5%
Other invested assets	1,124	1,130	-1%
Cash and short-term investments	81	54	50%
Income from managed assets	9,715	9,262	
Policy loans	1,180	1,164	1%
Gross investment income	10,895	10,426	4%
Investment expenses	(879)	(770)	14%
Amortization of IMR	133	135	-1%
Net investment income	**$ 10,149**	**$ 9,791**	**4%**

Bond investment income increased by 6% in 2019 due to 5% growth in the averaged fixed income bond portfolio and an overall shift in the asset mix. During 2019, the overall fixed income book yield increased 8 basis points to 4.09% due to the change in asset mix and higher prepayments on fixed income securities and mortgage loans.

The 30% decrease in investment income from common and preferred stocks is primarily attributable to the year over year reduction in the asset balance of these asset classes.

Benefit Payments to Policyowners

Benefit payments to policyowners were $11,515 million for the year ended December 31, 2019, reflecting a $79 million, or 1%, increase from the year ended December 31, 2018. Death benefit and surrender payments remained at relatively consistent levels year-over-year.

Net Additions to Policy Benefit Reserves

Net additions to policy benefit reserves, including net transfers to separate accounts, increased $1,086 million, or 14%, from the year ended December 31, 2018, mainly as a result of growth in life insurance in-force and higher annuity AAT reserves.

Commissions and Operating Expenses

Commissions and operating expenses increased $76 million, or 2%, for the year ended December 31, 2019. Commissions lagged the growth in premiums during 2019 primarily due to an increase in single life premiums, which pay lower commissions. Operating expenses increased due to growth in insurance in-force as well as from increased spending on strategic initiatives.

Policyowner Dividends

Policyowner dividends payable at the end of 2019 were $6.0 billion, a 6.0% increase from the prior year primarily due to the growth in participating insurance in force and the increased 2020 dividend scale. Northwestern Mutual believes that approximately 70% of the 2020 dividend payable on life insurance was based on its favorable mortality and expense experience.

Income Tax Expense/(Benefit)

For the year ended December 31, 2019, Northwestern Mutual recorded a $199 million current income tax benefit, an increase of $40 million from the $159 million current income tax benefit for the year ended December 31, 2018, primarily due to increased tax credits and the release of contingent tax liabilities.

Net Realized Capital Gains/(Losses)

The following table summarizes Northwestern Mutual's net realized capital gains/(losses) by investment type for the years ended December 31, 2019 and 2018.

	Years ended December 31, 2019	Years ended December 31, 2018	$ Change
	(in millions)		
Bonds	$ 777	$ (241)	$ 1,018
Mortgage loans	5	(2)	7
Common and preferred stocks	457	403	54
Real estate	502	12	490
Other invested assets	31	(187)	218
Gross capital gains/(losses) from sales	1,772	(15)	1,787
IMR deferrals	(674)	245	(919)
Capital gains tax benefit/(expense)	(173)	(88)	(85)
Net capital gains/(losses) from sales	925	142	783
OTTI	(223)	(118)	(105)
Net realized capital gains/(losses)	**$ 702**	**$ 24**	**$ 678**

Northwestern Mutual generated gross realized capital gains (before IMR deferrals and taxes) of $1,772 million for the year ended December 31, 2019, including capital gains of $777 million and $502 million from bond sales and real estate, respectively.

Under statutory accounting, after-tax realized capital gains and losses from the sale of fixed income and derivative investments that are due to changes in market interest rates are not immediately recognized in income or surplus, but are deferred to the IMR and amortized to investment income over the remaining maturity of the investment sold or asset or liability hedged. For the year ended December 31, 2019, $674 million of net realized capital gains ($532 million after tax) were deferred to the IMR. After taxes and IMR deferrals, net realized capital gains of $702 million were included in net income for 2019, compared to net realized capital gains of $24 million for 2018.

OTTI

OTTI losses for the years ended December 31, 2019 and 2018 are summarized below by asset classification.

	Years ended December 31, 2019	Years ended December 31, 2018	$ Change
	(in millions)		
Bonds, common and preferred stocks:			
Structured securities	$ (1)	$ (1)	$ –
Sovereign government	–	–	–
Financial services	–	(1)	1
Consumer discretionary	(84)	–	(84)
Industrials	(9)	(35)	26
Energy	(44)	(2)	(42)
Transportation	–	–	–
Basic materials	(1)	–	(1)
Subtotal	(139)	(39)	(100)
Real estate	(6)	(13)	7
Other investments:			
Real estate JVs	–	–	–
Mortgage loans	–	–	–
Securities partnerships	(78)	(44)	(34)
Energy and transportation	–	(22)	22
Subtotal	(78)	(66)	(12)
Total	**$ (223)**	**$ (118)**	**$ (105)**

OTTI investment losses of $223 million were realized during the year ended December 31, 2019, representing an increase of $105 million compared to the year ended December 31, 2018. The $139 million in total valuation adjustments for bonds and common and preferred stocks for the year ended December 31, 2019 was comprised of $52 million for bonds and $87 million for common and preferred stocks. During 2018, these valuation adjustments included $27 million for bonds and $12 million for common and preferred stocks.

In addition to the realized losses of Northwestern Mutual described above, $0.2 million and $22 million of other-than-temporary valuation adjustments were recognized by Northwestern Mutual's subsidiaries for the years ended December 31, 2019 and 2018, respectively. Such adjustments impact Northwestern Mutual as a reduction in the statement value of the applicable subsidiary, calculated using the equity method of accounting.

Year ended December 31, 2018 Compared to the Year ended December 31, 2017

Net Gain from Operations

Net gain from operations was $759 million for the year ended December 31, 2018, representing a $165 million, or 18%, decrease from $924 million for the year ended December 31, 2017. The operating gain before dividends and taxes increased $70 million, or 1%, for the year ended December 31, 2017 primarily due to increased net investment income, partially offset by higher large death claims, which can be volatile. Policyowner dividends increased $296 million, or 6%, for the year ended December 31, 2018, due to growth in insurance in-force, and the accrual for the increased 2019 dividend scale.

Net Income

Net income was $783 million for the year ended December 31, 2018, representing a $234 million, or 23%, decrease from $1,017 million for the year ended December 31, 2017. The decrease in 2018 included a

$165 million decrease in net gain from operations and a $69 million decrease in net realized capital gains. Net realized capital gains totaled $24 million for the year ended December 31, 2018 and included lower OTTI adjustments from bond and joint venture investments compared to 2017.

Premiums and Other Income

Total premium revenue, including new and renewal premiums, and other income increased $145 million, or 1%, to $18,691 million for the year ended December 31, 2018. For the year ended December 31, 2018, life insurance premiums represented 75% of total insurance premiums while annuity, disability and LTC insurance premiums represented 13%, 7% and 4%, respectively.

Life insurance premiums and other income increased 1%, or $109 million, for the year ended December 31, 2018, reflecting continued strong premium persistency and an increase in dividends used by policyowners to purchase additional life insurance protection, partially offset by lower single premium sales. The overall life insurance lapse rate, by life insurance in-force, remained consistent at 3.7% at December 31, 2018 compared to December 31, 2017.

Annuity premiums and other income increased 3%, or $68 million, for the year ended December 31, 2018. The increase was primarily driven by higher income annuity sales, partially offset by a decline in variable annuity sales.

For the year ended December 31, 2018, disability insurance premiums and other income increased 4% (or $44 million) reflecting higher renewal premiums during 2018.

LTC premiums and other income decreased 14%, or $120 million, for the year ended December 31, 2018, driven by a decrease in LTC premiums assumed as 2017 included the assumption of recaptured business from NLTC and offset by premium increases. *See* "—Assumption of Recaptured LTC Business" for further information regarding this transaction.

Net Investment Income

Net investment income increased $250 million, or 3%, to $9,791 million for the year ended December 31, 2018. Interest income from long-term bonds and mortgage loans represented 73% of gross investment income during both 2018 and 2017.

Net investment income by investment type for the years ended December 31, 2018 and 2017 is summarized below.

	Years ended December 31,		
	2018	**2017**	**% Change**
	($ in millions)		
Bonds	$ 6,020	$ 5,738	5%
Mortgage loans	1,573	1,590	-1%
Common and preferred stocks	210	118	78%
Real estate	275	276	0%
Other invested assets	1,130	1,187	-5%
Cash and short-term investments	54	29	86%
Income from managed assets	9,262	8,938	
Policy loans	1,164	1,149	1%
Gross investment income	10,426	10,087	3%
Investment expenses	(770)	(708)	9%
Amortization of IMR	135	162	-17%
Net investment income	**$ 9,791**	**$ 9,541**	**3%**

Bond investment income increased 5% in 2018 due to 4% growth in the average fixed income bond portfolio balance offset by lower reinvestment rates. During 2018, the overall fixed income yield decreased 3 basis points, to 4.01%, reflecting the impact of the continued low interest rate environment on Northwestern Mutual's investment portfolio.

The 5% decrease in investment income from other investments is primarily attributable to lower distributions from real estate joint ventures as compared to 2017, offset by higher distributions from subsidiary investments. Distributions from Northwestern Mutual's subsidiaries totaled $602 million for the year ended December 31, 2018, an increase of $113 million over the prior year's distributions. Dividends from Northwestern Mutual's subsidiaries have no impact on surplus as distributions recognized as investment income are offset by the reversal of previously unrealized net capital gains.

Benefit Payments to Policyowners

Benefit payments to policyowners were $11,436 million for the year ended December 31, 2018, reflecting a $1,104 million, or 11%, increase from the year ended December 31, 2017. This increase included a 11% increase in death claims and an 11% increase in surrenders. The increase in benefits paid to policyowners was partially offset by a 10% lower net increase in policy benefit reserves for the year ended December 31, 2018 as compared to the prior year.

Net Additions to Policy Benefit Reserves

Net additions to policy benefit reserves, including net transfers to separate accounts, decreased $889 million, or 10%, from the year ended December 31, 2017, reflecting additional reserves released from higher benefit payments to policyowners (noted above). 2017 also included the assumption of reserves for recaptured business from NLTC. *See* "—Assumption of Recaptured LTC Business" for further information regarding this transaction.

Commissions and Operating Expenses

Commissions and operating expenses increased $110 million, or 4%, for the year ended December 31, 2018. Field compensation was $1,592 million for the year ended December 31, 2018, including commissions, field management compensation and agent benefits. Field compensation increased $26 million, or 2%, for the year ended December 31, 2018, relatively consistent with the increase in premium revenue.

Operating expenses increased $84 million, or 5%, for the year ended December 31, 2018 and totaled $1,638 million. This increase reflects the significant investment in Northwestern Mutual's key strategic initiatives during 2018.

Policyowner Dividends

During 2018, the Board of Trustees approved a dividend payout of $5,634 million for participating policyowners paid in 2019. This payout included an increase of approximately $296 million from the dividend payout approved during 2017 and paid during 2018.

Income Tax Expense/(Benefit)

For the year ended December 31, 2018, Northwestern Mutual recorded a $159 million current income tax benefit, an increase of $61 million from the year ended December 31, 2017, primarily due to the release of contingent tax liabilities in 2018.

Net Realized Capital Gains/(Losses)

The following table summarizes Northwestern Mutual's net realized capital gains/(losses) by investment type for the years ended December 31, 2018 and 2017.

	Years ended December 31, 2018	Years ended December 31, 2017	$ Change
	(in millions)		
Bonds	$ (241)	$ 376	$ (617)
Mortgage loans	(2)	(3)	1
Common and preferred stocks	403	333	70
Real estate	12	101	(89)
Other invested assets	(187)	(13)	(174)
Gross capital gains/(losses) from sales	(15)	794	(809)
IMR deferrals	245	(389)	634
Capital gains tax benefit/(expense)	(88)	(68)	(20)
Net capital gains/(losses) from sales	142	337	(195)
OTTI	(118)	(244)	126
Net realized capital gains/(losses)	**$ 24**	**$ 93**	**$ (69)**

Northwestern Mutual generated gross realized capital losses (before IMR deferrals and taxes) of $15 million for the year ended December 31, 2018, including capital losses of $241 million and $187 million from bond sales and other invested assets, respectively. These losses were offset by gains of $403 million on the sale of common and preferred stocks and $233 million from the sale of real estate joint ventures.

Under statutory accounting, after-tax realized capital gains and losses from the sale of fixed income and derivative investments that are due to changes in market interest rates are not immediately recognized in income or surplus, but are deferred to the IMR and amortized to investment income over the remaining maturity of the investment sold or asset or liability hedged. For the year ended December 31, 2018, $245 million of net realized capital losses ($194 million after tax) were deferred to the IMR. After taxes and IMR deferrals, net realized capital gains of $24 million were included in net income for 2018, compared to net realized capital gains of $93 million for 2017.

OTTI

OTTI losses for the years ended December 31, 2018 and 2017 are summarized below by asset classification.

	Years ended December 31, 2018	Years ended December 31, 2017	$ Change
	(in millions)		
Bonds, common and preferred stocks:			
Structured securities	$ (1)	$ (1)	$ –
Financial services	(1)	(1)	–
Consumer discretionary	–	(63)	63
Industrials	(35)	(53)	18
Energy	(2)	(39)	37
Basic materials	–	(7)	7
Other	–	–	–
Subtotal	(39)	(164)	125
Real estate	(13)	–	(13)
Other investments:			
Real estate JVs	–	(27)	27
Securities partnerships	(44)	(53)	9
Energy and transportation	(22)	–	(22)
Subtotal	(66)	(80)	14
Total	**$ (118)**	**$ (244)**	**$ 126**

OTTI investment losses of $118 million were realized during the year ended December 31, 2018, representing a decrease of $126 million compared to the year ended December 31, 2017. The $39 million in total valuation adjustments for bonds and common and preferred stocks for the year ended December 31, 2018 was comprised of $27 million for bonds and $12 million for common and preferred stocks. During 2017, these valuation adjustments included $163 million for bonds and $1 million for common and preferred stocks.

In addition to the realized losses of Northwestern Mutual described above, $22 million and $30 million of other-than-temporary valuation adjustments were recognized by Northwestern Mutual's subsidiaries for the years ended December 31, 2018 and 2017, respectively. Such adjustments impact Northwestern Mutual as a reduction in the statement value of the applicable subsidiary, calculated using the equity method of accounting.

Financial Condition

At September 30, 2020 Compared to December 31, 2019

Total Assets

Northwestern Mutual's total assets of $299,772 million at September 30, 2020 represented an increase of $9,454 million, or 3%, from total assets of $290,318 million at December 31, 2019. This increase was attributable to an increase in general account assets.

General Account Assets

Northwestern Mutual's general account assets at September 30, 2020 were $265,026 million, an increase of $9,540 million, or 4%, from the $255,486 million reported at December 31, 2019. This increase primarily reflected a $1,505 million increase in cash and short-term investments as of September 30, 2020.

Separate Account Assets and Liabilities

Separate account assets represent investments for variable life insurance and variable annuity products, including a group annuity separate account used to fund certain Northwestern Mutual employee and financial representative benefit plan obligations. For every dollar of separate account assets, there is a corresponding liability for related reserves. Separate account assets and corresponding liabilities decreased by $86 million during the first nine months of 2020, totaling $34,746 million at September 30, 2020, generally due to market depreciation. Separate account assets can only be used to satisfy separate account liabilities and are not available to satisfy the general obligations of Northwestern Mutual, including the Notes. *See* "Risk Factors—Risk Factors Related to Northwestern Mutual—Northwestern Mutual has no access to separate accounts funds to fund general account liabilities."

Total Liabilities

Northwestern Mutual's total liabilities (including the AVR) at September 30, 2020 were $275,144 million, a $9,042 million, or 3%, increase from total liabilities of $266,102 million at December 31, 2019. This increase was attributable to increases in reserves for policy benefits and other liabilities.

Reserves for Policy Benefits

Total reserves for policy benefits at September 30, 2020 were $218,417 million, an increase of $7,317 million, or 3%, from the $211,100 million reported at December 31, 2019. This reflects a 3% increase in life insurance reserves during 2020, primarily due to policyowner cash value reserve growth from renewal premium, dividend additions and new sales.

In general, statutory valuation of policy benefit reserves calls for the use of prescribed actuarial methods and assumptions (*e.g*., interest rates, mortality tables) which limit the discretion of management. For 2020 and later issues of life insurance products, PBR allows reserves to be calculated using company experience assumptions, subject to a floor based on similar prescribed methods and assumptions, as is used for in-force business. The vast majority of Northwestern Mutual's in-force portfolio is comprised of participating permanent life insurance policies. The pricing for Northwestern Mutual's permanent life insurance product is designed with sufficient margins to withstand adverse investment or claims experience.

Policyowner Dividends Payable

Policyowner dividends payable increased $240 million, or 4%, from policyowner dividends payable at December 31, 2019, primarily due to anticipated growth in participating insurance in force. During 2020, the Board of Trustees approved a dividend payout of $6.2 billion for participating policyowners to be paid in 2021.

Interest Maintenance Reserve

The IMR is a liability reserve that applies to all types of fixed maturity securities, including bonds, preferred stocks, mortgage-backed securities, ABS and mortgage loans. IMR is designed to capture the after-tax capital gains or losses which are realized upon the sale of such investments and which result from changes in the overall level of interest rates. The IMR accumulates realized capital gains and losses resulting from interest rate fluctuations, with such gains and losses amortized into income based on the remaining life of the assets sold, at the time of disposition. The IMR liability balance increased to $2,023 million at September 30, 2020 from $979 million at December 31, 2019. For the nine months ended September 30, 2020, $1,539 million of net realized capital losses ($1,216 million after tax) were deferred to the IMR, while $172 million of the IMR was amortized into net investment income.

Asset Valuation Reserve

The AVR is a statutory reserve for fixed maturity securities, equity securities, mortgage loans, equity real estate and other invested assets designed to capture all realized and unrealized gains and losses on such assets, other than those resulting from changes in interest rates. Increases or decreases in the AVR are reported as direct adjustments to surplus in the statements of changes in surplus. The following table presents the change in total AVR from December 31, 2019 to September 30, 2020.

	Bonds, Preferred Stocks and Short-term Investments	Mortgage Loans	Real Estate and Other Invested Assets	Common Stock	Total
			($ in millions)		
Balance at December 31, 2019	**$ 2,163**	**$ 409**	**$ 2,956**	**$ 675**	**$ 6,203**
Reserve contributions/(withdrawals)(1)	307	51	112	21	491
Net realized capital gains/(losses)(2)	(217)	(15)	82	(83)	(233)
Net unrealized capital gains/(losses)(3)	76	7	(359)	(71)	(347)
Transfers among categories	23	(23)	-	-	-
Adjustment to Maximum Reserve	-	-	-	-	-
Net change to AVR	189	20	(165)	(133)	(89)
Balance at September 30, 2020	$ 2,352	$ 429	$ 2,791	$ 542	$ 6,114

(1) Amounts represent contributions calculated using a statutory formula. The statutory formula provides for maximums that, when exceeded, cause a negative contribution. Additionally, these amounts represent the net impact on surplus for investment gains and losses not related to changes in interest rates.

(2) These amounts offset realized capital gains/(losses), net of tax, that have been recorded in net income. Amounts include realized capital gains/(losses), net of tax, on sales not related to interest rate fluctuations.

(3) These amounts offset unrealized capital gains/(losses), net of deferred tax, recorded as a change in surplus. Amounts include unrealized losses due to market value changes of common stocks, bonds with NAIC quality rating of 6 and preferred stocks with NAIC quality ratings of 4 through 6, net of changes in the undistributed income of subsidiaries.

Other Liabilities

Other liabilities (including income taxes payable) totaled $7,609 million at September 30, 2020, representing a 9% increase compared to December 31, 2019. This increase was primarily in payables for securities transactions.

Surplus

Surplus increased $412 million in the nine months ended September 30, 2020. Changes in Northwestern Mutual's surplus for the nine months ended September 30, 2020 are summarized below ($ in millions):

Beginning surplus (December 31, 2019)	**$**	**24,216**
Net income		575
Change in net unrealized capital gains/(losses)		(347)
Change in deferred taxes		133
Change in non-admitted assets and other		(229)
Change in AVR		89
Change in surplus notes		4
Other surplus changes		187
Ending surplus (September 30, 2020)	**$**	**24,628**

Net income, including net realized capital losses, contributed $575 million to surplus during the first nine months of 2020. The change in net unrealized capital losses totaled $347 million. Excluding subsidiary distributions of $920 million, which are reported as unrealized capital losses and net investment income when made, unrealized capital gains of $573 million were driven by income and appreciation from equity investments, as well as earnings of operating subsidiaries.

At December 31, 2019 Compared to December 31, 2018

Total Assets

Northwestern Mutual's total assets of $290,318 million at December 31, 2019, represented an increase of $18,151 million, or 7%, from total assets of $272,167 million at December 31, 2018. This increase was attributable to growth in general account and separate account assets.

General Account Assets

Northwestern Mutual's general account assets at December 31, 2019 were $255,486 million, an increase of $13,036 million, or 5%, from the $242,450 million reported at December 31, 2018. This increase primarily reflected a $13,021 million increase in total invested assets during 2019 from $235,258 million at December 31, 2018 to $248,279 million at December 31, 2019. The growth in total invested assets primarily reflected a $6,047 million increase in the long-term bond portfolio, a $3,016 million increase in mortgage loans, and a $3,914 million increase in other investments.

Separate Account Assets and Liabilities

Separate account assets represent investments for variable life insurance and variable annuity products, including a group annuity separate account used to fund certain of Northwestern Mutual's employee and financial representative benefit plan obligations. For every dollar of separate account assets, there is a corresponding liability for related reserves. Separate account assets and corresponding liabilities increased by $5,115 million during 2019, totaling $34,832 million at December 31, 2019, generally due to market appreciation. Separate account assets can only be used to satisfy separate account liabilities and are not available to satisfy the general obligations of Northwestern Mutual, including the Notes. *See* "Risk Factors—Risk Factors Related to Northwestern Mutual—Northwestern Mutual has no access to separate account funds to fund general account liabilities."

Total Liabilities

Northwestern Mutual's total liabilities (including the AVR) at December 31, 2019 were $266,102 million, a $16,069 million, or 6%, increase from total liabilities of $250,033 million at December 31, 2018. This increase was attributable to higher reserves for policy benefits and separate account liabilities.

Reserve for Policy Benefits

Total reserves for policy benefits at December 31, 2019 were $211,100 million, an increase of $8,284 million, or 4%, from the $202,816 million reported at December 31, 2018. This increase reflects a 3% increase in life insurance reserves during 2019, primarily due to policyowner cash value reserve growth from renewal premium and dividend additions. Total life insurance protection in force increased 4% during 2019 to over $1.9 trillion at December 31, 2019.

In general, statutory valuation of policy benefit reserves calls for the use of prescribed actuarial methods and assumptions (*e.g*., interest rates, mortality tables) which limit the discretion of management. For 2020 and later issues of life insurance products, PBR allows reserves to be calculated using company experience assumptions subject to a floor based on similar prescribed methods and assumptions as is used for in-force business. The vast majority of Northwestern Mutual's in-force portfolio is comprised of participating permanent life insurance policies. The pricing for Northwestern Mutual's permanent life insurance product is designed with sufficient margins to withstand adverse investment or claims experience.

Policyowner Dividends Payable

Policyowner dividends payable at the end of 2019 were $6.0 billion, a 6.0% increase from the prior year primarily due to the growth in participating insurance in force and the increased 2020 dividend scale. Northwestern Mutual believes that approximately 70% of the 2020 dividend payable on life insurance was based on its favorable mortality and expense experience.

Interest Maintenance Reserve

The IMR is a liability reserve that applies to all types of fixed maturity securities, including bonds, preferred stocks, mortgage-backed securities, ABS and mortgage loans. IMR is designed to capture the after-tax capital gains or losses which are realized upon the sale of such investments and which result from changes in the overall level of interest rates. The IMR accumulates realized capital gains and losses resulting from interest rate fluctuations, with such gains and losses amortized into income based on the remaining life of the assets sold, at the time of disposition. The IMR liability balance increased to $979 million at December 31, 2019 from $580 million at December 31, 2018. For the year ended December 31, 2019, $674 million of net realized capital losses ($532 million after tax) were deferred to the IMR, while $133 million of the IMR was amortized into net investment income.

Asset Valuation Reserve

The AVR is a statutory reserve for fixed maturity securities, equity securities, mortgage loans, equity real estate and other invested assets designed to capture all realized and unrealized gains and losses on such assets, other than those resulting from changes in interest rates. Increases or decreases in the AVR are reported as direct adjustments to surplus in the statements of changes in surplus. The following table presents the change in total AVR from December 31, 2018 to December 31, 2019.

	Bonds, Preferred Stocks and Short-term Investments	Mortgage Loans	Real Estate and Other Invested Assets	Common Stock	Total
			($ in millions)		
Balance at December 31, 2018	**$ 1,765**	**$ 328**	**$ 1,920**	**$ 584**	**$ 4,597**
Reserve contributions/(withdrawals)[1]	367	65	(37)	(97)	298
Net realized capital gains/(losses)[2]	6	9	419	320	754
Net unrealized capital gains/(losses)[3]	(45)	9	912	260	1,136
Transfers among categories	70	(2)	–	(68)	–
Adjustments to Maximum Reserve[4]	–	–	(258)	(324)	(582)
Net change to AVR	398	81	1,036	91	1,606
Balance at December 31, 2019	**$ 2,163**	**$ 409**	**$ 2,956**	**$ 675**	**$ 6,203**

(1) Amounts represent contributions calculated using a statutory formula. The statutory formula provides for maximums that, when exceeded, cause a negative contribution. Additionally, these amounts represent the net impact on surplus for investment gains and losses not related to changes in interest rates.

(2) These amounts offset realized capital gains/(losses), net of tax, that have been recorded in net income. Amounts include realized capital gains/(losses), net of tax, on sales not related to interest rate fluctuations.

(3) These amounts offset unrealized capital gains/(losses), net of deferred tax, recorded as a change in surplus. Amounts include unrealized losses due to market value changes of common stocks, bonds with NAIC quality rating of 6 and preferred stocks with NAIC quality ratings of 4 through 6, net of changes in the undistributed income of subsidiaries.

(4) Amount represents adjustment to maximum reserve as required by the formula described above.

Other Liabilities

Other liabilities totaled $6,993 million at December 31, 2019, representing a 5% increase compared to December 31, 2018. This increase was primarily the result of increases in liabilities for Northwestern Mutual's post-retirement benefit plans, deferred compensation plans, and derivatives.

Surplus

Surplus increased $2,082 million during 2019. Changes in Northwestern Mutual's surplus for the year ended December 31, 2019 are summarized below ($ in millions):

Beginning surplus (December 31, 2018)	**$**	**22,134**
Net income		1,268
Change in net unrealized capital gains/(losses)		1,141
Change in deferred taxes		(130)
Change in non-admitted assets and other		(143)
Change in AVR		(1,606)
Change in surplus notes		620
Other surplus changes		932
Ending surplus (December 31, 2019)	$	**24,216**

Net income, including net realized capital gains, contributed $1,268 million to surplus. Other surplus changes increased surplus by $932 million, primarily due to the change in valuation basis for certain life insurance reserves. The change in net unrealized capital gains/(losses) totaled $1,141 million primarily reflecting common stock and other invested asset appreciation.

Operating Results by Line of Business

The following discussion presents summary information regarding the performance of the life insurance, annuities, disability and LTC insurance product lines for the nine months ended September 30, 2020 and 2019 and the years ended December 31, 2019, 2018 and 2017.

Life Insurance

	Nine months ended September 30,			Years ended December 31,			% Change	
	2020	**2019**	**% Change**	**2019**	**2018**	**2017**	**2019**	**2018**
	($ in millions)			($ in millions)				
Premium and other revenue	$ 11,114	11,048	1%	$ 14,956	$ 13,974	$ 13,865	7%	1%
Net investment income	6,857	6,530	5%	8,834	8,522	8,477	4%	1%
Total revenue	17,971	17,578	2%	23,790	22,496	22,342	6%	1%
Total benefits	11,786	11,589	2%	15,731	14,881	14,659	6%	2%
Commissions and operating expenses	1,787	1,739	3%	2,419	2,405	2,285	1%	5%
Total benefits and expenses	13,573	13,328	2%	18,150	17,286	16,943	5%	2%
Gain from operations before dividends and taxes	4,398	4,251	3%	5,641	5,210	5,398	8%	-3%
Policyowner dividends	4,167	3,955	5%	5,362	5,097	4,839	5%	5%
Gain from operations before taxes	**$ 230**	**$ 296**	**-22%**	**$ 279**	**$ 113**	**$ 560**	**147%**	**-80%**

Gain before dividends and taxes increased 3% for the nine months ended September 30, 2020 compared to the same period in 2019, primarily due to an increase in net investment income. Policyowner dividends increased 5% during the first nine months of 2020, reflecting the approved increase in the 2020 dividend payout and growth in participating insurance in force. The resulting gain from operations before tax of $230 million was $66 million lower than the gain for the nine months ended September 30, 2019.

Gain before dividends and taxes increased 8% for the year ended December 31, 2019, primarily reflecting increased net investment income. Policyowner dividends increased 5% during 2019, reflecting the approved increase in the 2020 dividend payout and growth in participating insurance in force. The resulting gain from operations before tax of $279 million was $166 million higher than the gain for the year ended December 31, 2018.

Gain before dividends and taxes decreased 3% for the year ended December 31, 2018, primarily reflecting higher large death claims, which can be volatile, and an increase in operating expenses for Northwestern Mutual's key strategic initiatives. Policyowner dividends increased 5% during 2018, reflecting the accrual of the 2019 dividend scale liability. The resulting gain from operations before tax of $113 million was $447 million lower than the gain for the year ended December 31, 2017.

Annuities

	Nine months ended September 30, 2020	2019	% Change	Years ended December 31, 2019	2018	2017	% Change 2019	2018
	($ in millions)			($ in millions)				
Premium and other revenue	$ 1,661	$ 1,845	-10%	$ 2,456	$ 2,511	$ 2,443	-2%	3%
Net investment income	423	375	13%	514	456	431	13%	6%
Total revenue	2,084	2,220	-6%	2,970	2,967	2,873	0%	3%
Total benefits	1,699	1,855	-8%	2,589	2,508	2,514	3%	0%
Commissions and operating expenses	144	163	-12%	225	236	231	-5%	2%
Total benefits and expenses	1,843	2,018	-9%	2,814	2,744	2,745	3%	0%
Gain from operations before dividends and taxes	241	202	19%	157	223	128	-30%	74%
Policyowner dividends	98	88	11%	114	91	67	25%	36%
Gain from operations before taxes	**$ 143**	**$ 114**	**26%**	**$ 43**	**$ 132**	**$ 61**	**-68%**	**115%**

Gain before dividends and taxes for the nine months ended September 30, 2020 increased 19% over the prior year period, primarily reflecting an increase in net investment income. Policyowner dividends increased $10 million due to the continued overall growth in assets under management. The resulting gain from operations before taxes of $143 million was $29 million higher than the nine months ended September 30, 2019.

Gain before dividends and taxes for the year ended December 31, 2019 was 30% lower than the year ended December 31, 2018, primarily driven by a $120 million increase in AAT reserves in 2019, compared to a $15 million decrease in 2018. Policyowner dividends increased 25% due to the overall growth in assets under management during 2018. The resulting gain from operations before taxes of $43 million was $89 million lower than the gain for the year ended December 31, 2018.

Gain before dividends and taxes for the year ended December 31, 2018 was 74% higher than the year ended December 31, 2017. There was a $15 million decrease in AAT reserves in 2018, compared to a $55 million increase in 2017. Additionally, 2018 results included higher operating expenses to fund Northwestern Mutual's key strategic initiatives. Policyowner dividends increased 36% due to the overall growth in assets under management during 2018. The resulting gain from operations before taxes of $132 million was $71 million higher than the gain for the year ended December 31, 2017.

Disability Insurance

	Nine months ended September 30, 2020	2019	% Change	Years ended December 31, 2019	2018	2017	% Change 2019	2018
	($ in millions)			($ in millions)				
Premium and other revenue	$1,028	$1,003	3%	$1,341	$1,300	$1,256	3%	4%
Net investment income	220	210	5%	288	282	291	2%	–3%
Total revenue	1,249	1,213	3%	1,629	1,582	1,546	3%	2%
Total benefits	473	471	0%	644	572	635	13%	–10%
Commissions and operating expenses	262	259	1%	361	373	373	–3%	0%
Total benefits and expenses	735	730	1%	1,005	945	1,008	6%	–6%
Gain from operations before dividends and taxes	514	483	6%	624	637	539	–2%	18%
Policyowner dividends	354	302	17%	465	391	377	19%	4%
Gain from operations before taxes	**$ 160**	**$ 181**	**–12%**	**$ 159**	**$ 246**	**$ 162**	**–35%**	**52%**

Gain before dividends and taxes for the nine months ended September 30, 2020 increased 6% over the prior year period, primarily resulting from higher net investment income. Policyowner dividends increased 17% during the first nine months of 2020 reflecting the approved increase in the 2020 dividend payout overall and growth in disability insurance in force compared to the prior year. The resulting gain from operations before taxes of $160 million was $21 million lower than the gain for the nine months ended September 30, 2019.

Gain before dividends and taxes for the year ended December 31, 2019 decreased 2% from 2018, reflecting slightly less favorable disability insurance claims experience in 2019. Policyowner dividends increased 19% during 2019 due to overall growth in disability insurance in force compared to the prior year and an increase in the 2020 approved dividend payout. The resulting gain from operations before taxes of $159 million was $87 million lower than the gain for the year ended December 31, 2018.

Gain before dividends and taxes for the year ended December 31, 2018 increased 18% from 2017, reflecting more favorable disability insurance claims experience in 2018. Policyowner dividends increased 4% during 2018 due to overall growth in disability insurance in force compared to the prior year. The resulting gain from operations before taxes of $246 million was $84 million higher than the gain for the year ended December 31, 2017.

Long-Term Care Insurance

Northwestern Mutual assumes 100% of the risks associated with the LTC policies issued by NLTC. *See* "Business of Northwestern Mutual—Long-Term Care" and "—Assumption of Recaptured LTC Business" for further information regarding this transaction.

	Nine months ended September 30,			**Years ended December 31,**			**% Change**	
	2020	**2019**	**% Change**	**2019**	**2018**	**2017**	**2019**	**2018**
	($ in millions)				($ in millions)			
Premium and other revenue	$ 598	$ 569	5%	$ 765	$ 714	$ 833	7%	-14%
Net investment income	240	211	14%	294	246	228	20%	8%
Total revenue	838	781	7%	1,059	959	1,061	10%	-10%
Total benefits	644	630	2%	831	680	637	22%	7%
Commissions and operating expenses	116	122	-5%	169	178	196	-5%	-9%
Total benefits and expenses	760	752	1%	1,000	858	834	17%	3%
Loss (gain) from operations before dividends and taxes	79	29	176%	60	101	227	-40%	-55%
Policyowner dividends	–	–	0%	–	–	–	0%	0%
Gain from operations before taxes	**$ 79**	**$ 29**	**176%**	**$ 60**	**$ 101**	**$ 227**	40%	-55%

Gain from operations before taxes for the nine months ended September 30, 2020 increased 176% compared to the prior year period, reflecting higher net investment income. The LTC product line has not paid policyowner dividends since 2015.

Gain from operations before taxes was $60 million for the year ended December 31, 2019 which was lower than a gain before taxes of $101 million through the end of the prior year, primarily reflecting higher reserve increases in 2019.

Gain from operations before taxes was $101 million for the year ended December 31, 2018 which was lower than a gain before taxes of $227 million through the end of the prior year, as 2017 benefitted from the one-time release of $265 million in AAT reserves in 2017, partially offset by premium increases in 2018.

Northwestern Mutual's General Account Investment Portfolio

Investment Management

Northwestern Mutual's general account investment objective is to generate superior returns while maintaining a well-balanced and diversified portfolio to preserve Northwestern Mutual's financial strength. NMIMC, a wholly-owned subsidiary of Northwestern Mutual, invests Northwestern Mutual's general account managed assets (defined as total invested assets, less policy loans) in accordance with investment guidelines and limitations established by its Board of Trustees, applicable Wisconsin and federal laws and regulatory guidance.

Consistent with these guidelines and limitations, Northwestern Mutual generally invests approximately 80% to 85% of managed assets in investment grade (*i.e.*, rated 1 or 2 by the SVO) bonds and other high-quality fixed income instruments, and the remaining approximately 15% to 20% in high-yield bonds, loans, public common stocks, private and real estate equities and other investments, referred to as “risk” assets. Allocations among these asset classes are adjusted in response to market conditions, new opportunities and investment risk management considerations. Diversification across and within asset classes is a key principle in constructing the general account investment portfolio.

Northwestern Mutual believes that its mutual structure and focus on participating permanent life insurance, as well as its surplus position, policy persistency and positive operating cash flow, enable it to construct and maintain a diversified investment portfolio that includes a higher proportion of risk assets (includes all below investment grade fixed income and all equity assets) relative to most insurance companies. In particular, Northwestern Mutual believes that stable and predictable liabilities allow for greater exposure to illiquid assets and equity risk than many competitors, resulting in higher expected long-term returns. Northwestern Mutual continues to maintain an investment portfolio with low overall portfolio risk designed to preserve Northwestern Mutual’s financial strength in the event of possible future market downturns.

Northwestern Mutual manages investment risk through a focus on diversification, strong credit analysis, disciplined underwriting and sound portfolio management. Additionally, consistent with Northwestern Mutual’s investment risk management guidelines, Northwestern Mutual enters into derivative transactions intended to mitigate the risk to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates, credit conditions and other market risks. These hedging strategies include the use of forwards, futures, floors, options and swaps. In implementing its hedging strategies, Northwestern Mutual further manages risk by dealing only with counterparties that maintain a minimum credit rating, by performing ongoing review of counterparties’ credit standing and by adhering to established limits for credit exposure to any single counterparty. Northwestern Mutual also utilizes collateral support agreements that require the daily exchange of collateral assets if counterparty credit exposure exceeds certain limits.

Northwestern Mutual’s general account invested assets at September 30, 2020 and December 31, 2019 are summarized below.

	September 30			December 31,		
	2020			2019		
	Statement Value	**Fair Value**	**Total Statement Value as a % of Managed Assets**	**Statement Value**	**Fair Value**	**Total Statement Value as a % of Managed Assets**
			($ in millions)			
Bonds	$ 164,916	$ 179,489	69%	$ 159,760	$ 168,729	69%
Mortgage loans	40,513	43,853	17%	39,771	41,784	18%
Common and preferred stocks	4,598	4,624	2%	4,677	4,701	2%
Real estate	2,948	3,881	1%	2,872	3,882	1%
Other invested assets	22,875	25,851	10%	20,962	23,688	9%
Cash and short-term investments	3,913	3,913	2%	2,408	2,408	1%
Total managed assets	**239,763**	**261,611**	**100%**	**230,450**	**245,192**	**100%**
Policy loans	17,773	17,773		17,829	17,829	
Total invested assets	**$ 257,536**	**$ 279,384**		**$ 248,279**	**$ 263,021**	

All amounts in this section “—Northwestern Mutual’s General Account Investment Portfolio” are statement value, unless otherwise noted. In certain cases, estimated fair value is also presented. The estimated fair value of a security is the amount at which that security could be bought or sold in a current transaction between willing parties (*i.e.*, other than in a forced or liquidation sale).

On a quarterly basis, Northwestern Mutual performs a review of bonds, mortgage loans, common and preferred stocks, real estate and other investments to identify those that have experienced a decline in fair value that management considers to be other-than-temporary. Factors considered in evaluating whether a decline in fair value is other-than-temporary include (1) the duration and extent to which fair value has been less than statement value, (2) the financial condition and near-term financial prospects of the issuer and (3) Northwestern Mutual’s ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value.

The statement value of Northwestern Mutual's bonds and equity securities are adjusted for impairments in value deemed to be other-than-temporary in the period in which the determination is made. Securities, real estate and other investments that are determined to have an OTTI are written down to fair value. Mortgage loans determined to have an other-than-temporary decline in value are written down to net realizable value based on the appraised value of the collateral property. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value.

For bonds, emphasis is placed on evaluating the issuer's ability to service all contractual interest and principal payments and Northwestern Mutual's ability and intent to hold the security until the earlier of a recovery in value or maturity. Northwestern Mutual's intent and ability to hold a security takes into consideration broad portfolio management objectives, such as asset/liability duration management, issuer and industry segment exposures and the overall total return of the portfolio. For equity securities, greater weight and consideration is given to the duration and extent of a decline in market value and the likelihood such market value decline will recover. An investment in real estate is evaluated for an impairment adjustment when the fair value of the property is lower than its depreciated cost.

Bonds

Northwestern Mutual's bond portfolio serves as the foundation of its overall investment portfolio. It is designed to provide liquidity and current income, with minimal loss of principal. Northwestern Mutual believes that the portfolio is well-diversified by asset class, security type, industry, geography and issuer. The maximum exposure to any single issuer set by Northwestern Mutual is generally limited to a percentage based upon such issuer's credit rating. The maximum aggregate exposure to any one particular foreign country is limited based upon Northwestern Mutual's internal country risk framework which distinguishes countries based on their political, economic, and financial conditions along with their respective credit ratings. Northwestern Mutual's allocation of bonds relative to total managed assets was 69% at September 30, 2020 and December 31, 2019.

Bond Portfolio Quality

The SVO rates investment credit risk based upon the issuer's credit profile. NAIC rating designations range from Classes 1 to 6. A NAIC designation of 1 denotes obligations of the highest quality in which credit risk is at its lowest and the issuer's credit profile is stable; a NAIC designation of 6 is assigned to obligations that are in or near default. Classes 1 and 2 are investment grade, and Classes 3, 4, 5 and 6 are below investment grade. Investments in bonds rated "1" through "5" by the SVO are reported at amortized cost, less any valuation adjustment. Bonds rated "6" by the SVO are reported at the lower of amortized cost or fair value.

The following tables summarize Northwestern Mutual's bond portfolio by NAIC credit-quality class along with the equivalent rating agency designations, split between Northwestern Mutual's publicly-traded and privately-placed portfolios. For statutory reporting purposes, any securities offered pursuant to an exemption from registration under Rule 144A are included in the privately-placed portfolio and excluded from the publicly traded portfolio.

		September 30, 2020								
		Public			Private			Total		
NAIC Classes	Rating Agency[1] Equivalent Designation	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total
				($ in millions)						
1	Aaa/Aa/A	$ 53,487	$ 58,770	56%	$ 29,142	$ 31,622	43%	$ 82,629	$ 90,392	50%
2	Baa	37,268	41,505	39%	27,534	29,943	40%	64,802	71,448	39%
3	Ba	4,229	4,496	4%	4,625	4,709	7%	8,854	9,205	6%
4	B	1,125	1,121	1%	4,227	4,254	6%	5,352	5,375	3%
5	Caa and lower	175	133	0%	2,970	2,795	4%	3,145	2,928	2%
6	In or near default	6	7	0%	128	134	0%	134	141	0%
	Total bonds	**$ 96,290**	**$106,032**	**100%**	**$ 68,626**	**$ 73,457**	**100%**	**$ 164,916**	**$179,489**	**100%**

		December 31, 2019								
		Public			Private			Total		
NAIC Classes	Rating Agency [1] Equivalent Designation	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total
				($ in millions)						
1	Aaa/Aa/A	$ 64,884	$ 68,591	66%	$ 26,532	$ 27,828	43%	$ 91,416	$ 96,419	58%
2	Baa	28,606	31,136	29%	24,418	25,618	40%	53,024	56,754	33%
3	Ba	3,329	3,514	3%	3,750	3,868	6%	7,079	7,382	4%
4	B	1,363	1,397	1%	3,724	3,807	6%	5,087	5,204	3%
5	Caa and lower	122	91	0%	2,978	2,824	5%	3,100	2,915	2%
6	In or near default	2	3	0%	52	52	0%	54	55	0%
	Total bonds	**$ 98,306**	**$104,732**	**100%**	**$ 61,454**	**$ 63,997**	**100%**	**$ 159,760**	**$168,729**	**100%**

(1) For certain RMBS, CMBS and loan-backed securities, NAIC rating is determined based on estimated loss modeling methodology and may not correspond to the rating agency equivalent.

On a statement value basis, investment grade bonds represented 95% of the publicly-traded bond portfolio and 83% of the privately-placed bond portfolio as of September 30, 2020. Northwestern Mutual selectively invests in below-investment grade bonds, applying what it believes to be a diligent credit and risk analysis, to provide additional portfolio diversification and return enhancement. Below-investment grade bonds include publicly traded high-yield debt and broadly syndicated leveraged loans, as well as privately-placed debt securities, such as senior secured, second lien and mezzanine loans. Northwestern Mutual's general account allocation to below-investment grade bonds approximated 11% and 10% of the total bond portfolio at September 30, 2020 and December 31, 2019, respectively.

Northwestern Mutual believes that its investments in privately-placed bonds provide further diversification to Northwestern Mutual's investment portfolio and often allow it to realize higher yields and invest on more attractive terms relative to publicly-traded bonds. Privately-placed bonds are typically issued by smaller companies and are generally less liquid than publicly-traded bonds, resulting in a different risk profile. In order to compensate investors for these differences, privately-placed bonds generally offer modestly higher interest rates and additional protection in the form of covenants and other contractual rights.

The following table summarizes the statement value and estimated fair value of Northwestern Mutual's bond portfolio by contractual maturity at September 30, 2020 and December 31, 2019. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. At September 30, 2020, the fair value of bonds was based primarily on values obtained from independent pricing services or internally developed pricing models utilizing observable market data.

Bond Maturity

	September 30, 2020			December 31, 2019		
	Statement Value	**Fair Value**	**% of Total Statement Value**	**Statement Value**	**Fair Value**	**% of Total Statement Value**
	(in millions)					
Due in one year or less	$ 6,786	$ 6,818	4%	$ 4,305	$ 4,329	3%
Due after one year through five years	35,318	37,169	21%	35,306	36,329	22%
Due after five years through ten years	45,872	49,804	27%	43,621	45,832	27%
Due after ten years	47,350	54,759	28%	40,979	45,980	25%
Structured securities	32,977	34,327	20%	37,148	37,858	23%
Total bonds	**$168,303**	**$182,877**	**100%**	**$161,359**	**$170,328**	**100%**

At September 30, 2020, the ten largest fixed income exposures (excluding U.S. government and U.S. agency securities) had an aggregate statement value of $6,585 million, representing 3% of managed assets. At December 31, 2019, the ten largest fixed income exposures (excluding U.S. government and U.S. agency securities) had an aggregate statement value of $7,068 million, representing 3% of managed assets.

The following table sets forth the ten largest fixed income exposures (excluding U.S. government and U.S. agency securities) as of September 30, 2020.

Issuer Name[(1)]	**Statement Value**	**% of Managed Assets**
	($ in millions)	
BANK OF AMERICA CORP	$ 723	0.30%
REPUBLIC OF INDONESIA	713	0.30%
CITIGROUP INC	665	0.28%
GOLDMAN SACHS GROUP	661	0.28%
WALT DISNEY CO	659	0.27%
DOMINION ENERGY INC	638	0.27%
DUKE ENERGY CORP	636	0.27%
ABBVIE INC	635	0.26%
COMCAST CORP	629	0.26%
UNITED MEXICAN STATES	626	0.26%

(1) All subsidiary issuer holdings have been aggregated with the related parent issuer for purposes of this table.

Bond Asset Classes

The following summarizes Northwestern Mutual's bond portfolio by asset type and industry category as of September 30, 2020 and December 31, 2019.

	September 30, 2020								
	Public			Private			Total		
Industry Category	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total
					($ in millions)				
U.S. Treasury Securities	$ 3,112	$ 3,338	3%	$ –	$ –	0%	$ 3,112	$ 3,338	2%
Government and Agencies[1]	7,628	8,616	8%	1,937	2,140	3%	9,565	10,756	6%
Securitized	21,456	22,479	22%	9,308	9,435	14%	30,764	31,914	19%
Corporates									
Basic Industry	2,100	2,414	2%	1,550	1,631	2%	3,650	4,045	2%
Capital Goods	3,826	4,271	4%	3,172	3,347	5%	6,998	7,618	4%
Communications	5,562	6,464	6%	2,963	3,095	4%	8,525	9,559	5%
Consumer	13,924	15,703	14%	15,481	16,647	22%	29,405	32,350	18%
Energy	7,157	7,714	7%	2,176	2,249	3%	9,333	9,963	6%
Financial Other	11,742	12,664	12%	3,536	3,787	5%	15,278	16,451	9%
Industrial Other	771	807	1%	3,415	3,589	5%	4,186	4,396	3%
Insurance	3,425	3,886	4%	488	513	1%	3,913	4,399	2%
REITs	2,567	2,759	3%	3,366	3,681	5%	5,933	6,440	4%
Technology	4,805	5,367	5%	2,340	2,445	3%	7,145	7,812	4%
Transportation	1,768	2,071	2%	4,643	5,028	7%	6,411	7,099	4%
Utility	6,447	7,479	7%	14,251	15,870	21%	20,698	23,349	12%
Total bonds	$ 96,290	$ 106,032	100%	$ 68,626	$ 73,457	100%	$ 164,916	$ 179,489	100%

	December 31, 2019								
	Public			Private			Total		
Industry Category	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total
					($ in millions)				
U.S. Treasury Securities	$ 2,465	$ 2,602	3%	$ –	$ –	0%	$ 2,465	$ 2,602	2%
Government and Agencies[1]	7,274	8,100	7%	1,961	2,097	3%	9,235	10,197	6%
Securitized	28,293	28,834	29%	7,025	7,083	11%	35,318	35,917	22%
Corporates									
Basic Industry	1,901	2,086	2%	1,101	1,145	2%	3,002	3,231	2%
Capital Goods	3,617	3,915	4%	3,013	3,118	5%	6,630	7,033	4%
Communications	5,549	6,188	6%	2,760	2,881	4%	8,309	9,069	5%
Consumer	12,830	13,899	13%	14,611	15,192	24%	27,441	29,091	17%
Energy	6,691	7,257	7%	2,606	2,668	4%	9,297	9,925	6%
Financial Other	11,374	11,918	12%	4,481	4,739	7%	15,855	16,657	10%
Industrial Other	201	227	0%	2,126	2,197	3%	2,327	2,424	1%
Insurance	3,329	3,602	3%	353	358	1%	3,682	3,960	2%
REITs	1,931	2,036	2%	2,454	2,605	4%	4,385	4,641	3%
Technology	3,998	4,286	4%	2,106	2,154	3%	6,104	6,440	4%
Transportation	1,843	2,019	2%	4,253	4,450	7%	6,096	6,469	4%
Utility	7,010	7,763	6%	12,604	13,310	22%	19,614	21,073	12%
Total bonds	$ 98,306	$ 104,732	100%	$ 61,454	$ 63,997	100%	$ 159,760	$ 168,729	100%

(1) Government and Agencies include U.S. federal and state government agency securities and sovereign and quasi-sovereign securities.

The unrealized appreciation on Northwestern Mutual's bond portfolio increased from unrealized appreciation of $8,969 million at December 31, 2019, to unrealized appreciation of $14,573 million at September 30, 2020, primarily driven by higher yields on credit instruments at September 30, 2020, as compared to December 31, 2019.

The following summarizes Northwestern Mutual's corporate bond portfolio by credit quality.

		September 30, 2020								
		Public			Private			Total		
NAIC Classes	Rating Agency Equivalent Designation	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total
		($ in millions)								
1	Aaa/Aa/A..............	$ 25,086	$ 28,456	39%	$ 19,159	$21,372	33%	$ 44,245	$ 49,828	36%
2	Baa.......................	33,665	37,576	53%	26,422	28,761	47%	60,087	66,337	50%
3	Ba.........................	4,073	4,341	6%	4,502	4,593	8%	8,575	8,934	7%
4	B...........................	1,101	1,097	2%	4,200	4,228	7%	5,301	5,325	4%
5	Caa and lower.......	165	124	0%	2,970	2,795	5%	3,135	2,919	3%
6	In or near default...	4	5	0%	128	133	0%	132	138	0%
	Total bonds..........	**$ 64,094**	**$ 71,599**	**100%**	**$ 57,381**	**$61,882**	**100%**	**$121,475**	**$133,481**	**100%**

		December 31, 2019								
		Public			Private			Total		
NAIC Classes	Rating Agency Equivalent Designation	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total	Statement Value	Fair Value	% of Total
		($ in millions)								
1	Aaa/Aa/A................	$ 30,369	$32,812	50%	$ 18,721	$19,888	36%	$ 49,090	$ 52,700	44%
2	Baa	25,277	27,553	42%	23,344	24,479	44%	48,621	52,032	43%
3	Ba	3,240	3,419	6%	3,656	3,774	7%	6,896	7,193	6%
4	B	1,319	1,353	2%	3,717	3,800	7%	5,036	5,153	4%
5	Caa and lower.........	69	59	0%	2,979	2,824	6%	3,048	2,883	3%
6	In or near default.....	-	-	0%	51	52	0%	51	52	0%
	Total bonds...........	**$ 60,274**	**$65,196**	**100%**	**$ 52,468**	**$54,817**	**100%**	**$112,742**	**$120,013**	**100%**

On a statement value basis, 86% and 87% of Northwestern Mutual's investments in corporate bonds were rated investment grade at September 30, 2020 and December 31, 2019, respectively.

Structured Securities

Northwestern Mutual's bond portfolio includes structured securities, such as RMBS, CMBS and other ABS (*e.g.*, credit card receivables, automobile loan receivables, *etc*.). In aggregate, structured securities represented 14% of total managed assets at September 30, 2020 compared to 16% at and December 31, 2019.

While Northwestern Mutual does not originate any residential mortgage loans, it does invest in residential mortgage loan pools. Northwestern Mutual's investments in RMBS are generally "pass-through certificates" issued by the Federal Home Loan Mortgage Corporation (Freddie Mac) or the Federal National Mortgage Association (Fannie Mae), highly-liquid publicly-traded bonds backed by standardized pools of residential mortgages. As of September 30, 2020, agency RMBS represented approximately 52% (statement value) of total structured securities.

CMBS are publicly-traded bonds secured by diversified pools of commercial mortgage whole loans originated by third parties. These investments have historically offered more liquidity than directly investing in commercial mortgage whole loans, although their liquidity has lessened for periods of time since mid-2007.

The following summarizes Northwestern Mutual's investments in structured securities at September 30, 2020 and December 31, 2019.

	September 30, 2020					
	Investment Grade		Below Investment Grade		Total	
	Statement Value	Fair Value	Statement Value	Fair Value	Statement Value	Fair Value
	(in millions)					
Residential mortgage-backed:						
Government agencies	$ 17,073	$ 17,881	$ -	$ -	$ 17,073	$ 17,881
Other prime	1,156	1,197	-	-	1,156	1,197
Other below-prime	337	350	3	3	340	353
Commercial mortgage-backed:						
Government agencies	71	75	-	-	71	75
Conduits	3,635	3,814	-	-	3,635	3,814
Other commercial mortgage-backed	36	37	-	-	36	37
Other asset-backed	10,622	10,921	44	49	10,666	10,970
Total structured securities	**$ 32,930**	**$ 34,275**	**$ 47**	**$ 52**	**$ 32,977**	**$ 34,327**

	December 31, 2019					
	Investment Grade		Below Investment Grade		Total	
	Statement Value	Fair Value	Statement Value	Fair Value	Statement Value	Fair Value
	(in millions)					
Residential mortgage-backed:						
Government agencies	$ 24,486	$ 24,947	$ -	$ -	$ 24,486	$ 24,947
Other prime	709	719	1	1	710	720
Other below-prime	357	362	2	3	359	365
Commercial mortgage-backed:						
Government agencies	64	66	-	-	64	66
Conduits	3,008	3,077	-	-	3,008	3,077
Other commercial mortgage-backed	2	2	-	-	2	2
Other asset-backed	8,420	8,574	98	107	8,518	8,681
Total structured securities	**$ 37,046**	**$ 37,747**	**$ 101**	**$ 111**	**$ 37,147**	**$ 37,858**

On a statement value basis, $32,930 million of the $32,977 million of Northwestern Mutual's investments in structured securities were rated investment grade at September 30, 2020. On a statement value basis, $37,046 million of the $37,147 million of Northwestern Mutual's investments in structured securities were rated investment grade as of December 31, 2019. As of September 30, 2020, all of Northwestern Mutual's structured security investments that have failed to pay interest or meet their respective financial covenants have been written down to fair value.

Residential Mortgage-Backed Securities

At September 30, 2020, Northwestern Mutual's RMBS investment portfolio was comprised of the following:

- Pass-through securities of $17,073 million, representing interests in pools of mortgage loans collateralized by single family residences. Government agency pass-through investments, which are guaranteed by either the U.S. government or a U.S. government sponsored entity, represented 92% of the total RMBS portfolio at September 30, 2020 and 96% at December 31, 2019 and 52% and 66% of total structured securities at September 30, 2020 and December 31, 2019, respectively.

- Other prime pass-through securities of $1,156 million, representing RMBS issued by sponsors or originators other than government agencies which are supported by prime residential mortgage loans. Prime residential mortgage loans are loans made to borrowers with strong credit histories and which follow traditional underwriting guidelines.

- Other below prime RMBS of $340 million, representing securities backed by Alt-A mortgages, which are residential mortgage loans to borrowers who have credit profiles above sub-prime but which do not conform to traditional "prime" mortgage underwriting guidelines. In addition, other below prime RMBS include securities backed by sub-prime mortgages, which are residential loans to borrowers with weaker credit profiles.

Commercial Mortgage-backed Securities

At September 30, 2020 and December 31, 2019, 99% of Northwestern Mutual's CMBS portfolio was rated investment grade. Northwestern Mutual's current portfolio is diversified by property type and geography, with 2% of the portfolio guaranteed by government agencies. Northwestern Mutual's portfolio is 51% invested in vintages of 2015 and older as of September 30, 2020.

Other Asset-Backed Securities

The following table summarizes Northwestern Mutual's investment in other ABS by type as of September 30, 2020 and December 31, 2019.

	September 30, 2020			**December 31, 2019**		
	Statement Value	**Fair Value**	**% of Total Statement Value**	**Statement Value**	**Fair Value**	**% of Total Statement Value**
			($ in millions)			
CLO/CBO/CDO[1]	$ 4,065	$ 4,040	38%	$ 3,051	$ 3,042	36%
Corp/Industrial Obligations	719	794	7%	850	901	10%
Credit Tenant Loans	780	870	7%	601	650	7%
Individual Obligations	1,571	1,641	15%	2,626	2,663	31%
Lease Transactions	280	285	3%	396	404	4%
Other	3,251	3,340	30%	994	1,021	12%
Total asset–backed securities	**$ 10,666**	**$ 10,970**	**100%**	**$ 8,518**	**$ 8,681**	**100%**

(1) Collateralized Loan Obligation (CLO)/Collateralized Bond Obligation (CBO)/ Collateralized Debt Obligation (CDO)

At September 30, 2020 and December 31, 2019, the percentage of Northwestern Mutual's other ABS that were rated as investment grade was 99%. At September 30, 2020 and December 31, 2019, the percentage of Northwestern Mutual's other asset-based securities that were classified as NAIC-1 was 90% and 89%, respectively. The other category represents corporate bonds that meet the statutory definition of ABS. A variety of classifications are represented within this category with the largest being individual obligations.

Bond Performance

The following table summarizes Northwestern Mutual's total bond portfolio as performing bonds with statement value greater than fair value, performing bonds with statement value less than fair value and other- than-temporarily impaired bonds at September 30, 2020 and December 31, 2019. OTTI bonds are defined as bonds in which Northwestern Mutual has recognized an OTTI and written down the statement value of such bonds. In determining whether an impairment should be recognized, management identifies those investments that have experienced a decline in fair value that management considers to be other-than-temporary. Factors considered in evaluating whether a decline in fair value is other-than- temporary include: (1) the duration and extent to which fair value has been less than cost; (2) the financial condition and near-term financial prospects of the issuer; and (3) Northwestern Mutual's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value.

	September 30, 2020			December 31, 2019		
	Statement Value	Fair Value	% of Total Statement Value	Statement Value	Fair Value	% of Total Statement Value
			($ in millions)			
Bonds						
Performing						
Statement value is less than fair value	$ 148,448	$ 163,737	90%	$ 141,389	$ 150,813	89%
Statement value is greater than fair value	16,440	15,720	10%	18,355	17,898	11%
OTTI	28	32	0%	16	18	0%
Total bonds	**$ 164,916**	**$ 179,489**	**100%**	**$ 159,760**	**$ 168,729**	**100%**

On a statement value basis, only $28 million of Northwestern Mutual's $164,916 million in total bonds were classified as OTTI bonds as of September 30, 2020. Bonds classified as performing with fair value less than statement value continue to meet all contractual obligations.

The following is an analysis of the fair values and gross unrealized losses aggregated by bond category and length of time that the securities were in continuous unrealized loss position as of September 30, 2020 and December 31, 2019.

	Less than twelve months			Twelve months or more		
	Amortized Cost	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Losses	Fair Value
	($ in millions)					
September 30, 2020						
Government bonds	$ 834	$ (24)	$ 810	$ 31	$ (5)	$ 26
Structured securities	4,202	(43)	4,159	847	(14)	833
Corporate bonds	8,560	(385)	8,175	3,667	(415)	3,252
Total	**$ 13,596**	**$ (452)**	**$ 13,144**	**$ 4,545**	**$ (434)**	**$ 4,111**

	Less than twelve months			Twelve months or more		
	Amortized Cost	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Losses	Fair Value
	($ in millions)					
December 31, 2019						
Government bonds	$ 569	$ (18)	$ 551	$ 108	$ (19)	$ 89
Structured securities	5,738	(32)	5,706	4,304	(32)	4,272
Corporate bonds	4,821	(131)	4,690	5,425	(467)	4,778
Total	**$ 11,128**	**$ (181)**	**$ 10,947**	**$ 9,657**	**$ (518)**	**$ 9,139**

At September 30, 2020, the aggregate amortized cost of bonds for which fair value had temporarily declined (and remained) below cost decreased $2.6 billion from December 31, 2019, primarily due to higher yields on credit instruments at September 30, 2020, as compared to December 31, 2019. These bonds are current on interest and principal payments and are otherwise performing according to their contractual terms. Based on Northwestern Mutual's impairment review process, management considers these declines in fair value to be temporary based on existing facts and circumstances.

The statement value, estimated fair value and unrealized gains and losses of bonds are shown below:

	September 30, 2020			
	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	($ in millions)			
Government bonds	$ 12,677	$ 1,447	$ (29)	$ 14,095
Structured securities	30,764	1,209	(58)	31,915
Corporate bonds	121,475	12,638	(633)	133,480
Total bonds	**$ 164,916**	**$ 15,294**	**$ (720)**	**$ 179,490**

	December 31, 2019			
	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	($ in millions)			
Government bonds	$ 11,700	$ 1,136	$ (37)	$ 12,799
Structured securities	35,318	663	(64)	35,917
Corporate bonds	112,742	7,628	(357)	120,013
Total bonds	**$ 159,760**	**$ 9,427**	**$ (458)**	**$ 168,729**

Mortgage Loans

Northwestern Mutual's portfolio of mortgage loans consists exclusively of commercial mortgage whole loans as Northwestern Mutual does not originate any residential mortgage loans. Commercial mortgage whole loans are fixed income investments originated in the private market directly with owners of commercial real estate. Northwestern Mutual believes that private transactions offer more control over both property and borrower selection than publicly-traded CMBS. Northwestern Mutual originates these investments through a network of experienced real estate professionals located in regional offices throughout the country. Northwestern Mutual focuses its commercial mortgage lending primarily on fixed-rate permanent loans secured by income-producing properties.

Mortgage loans are reported at unpaid principal balance, less any valuation allowance or unamortized commitment or origination fees. Northwestern Mutual's allocation to commercial mortgage loans was 17% and 18% of total managed assets at September 30, 2020 and December 31, 2019, respectively.

The following tables set forth the commercial mortgage loan portfolio by property type and geographic distribution.

	September 30, 2020		December 31, 2019	
Collateral Property Type	**Statement Value**	**% of Total**	**Statement Value**	**% of Total**
	($ in millions)			
Apartments	$ 19,068	47%	$ 17,672	44%
Office buildings	8,743	21%	9,070	23%
Retail	6,407	16%	6,850	17%
Warehouse / Industrial	3,127	8%	3,171	8%
Manufactured Housing	2,809	7%	2,657	7%
Other	359	1%	351	1%
Total mortgage loans	**$ 40,513**	**100%**	**$ 39,771**	**100%**

	September 30, 2020		December 31, 2019	
Geographic Location	**Statement Value**	**% of Total**	**Statement Value**	**% of Total**
	($ in millions)			
West(1)	$ 14,550	36%	$ 14,936	38%
East(2)	13,151	33%	12,701	32%
South(3)	8,198	20%	7,764	19%
Midwest(4)	4,217	10%	4,174	10%
Foreign(5)	397	1%	196	1%
Total mortgage loans	**$ 40,513**	**100%**	**$ 39,771**	**100%**

(1) The West region consists of the following states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming.

(2) The East region consists of the following states and the District of Columbia: Connecticut, Delaware, Kentucky, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and West Virginia.

(3) The South region consists of the following states: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee and Texas.

(4) The Midwest region consists of the following states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

(5) The Foreign region consists of the following countries: Australia, Canada and Mexico.

Northwestern Mutual's commercial mortgage loan portfolio is primarily secured by apartments, shopping centers, office buildings and industrial warehouses throughout the United States. The West region represents the largest aggregate exposure. By state, the largest concentration of commercial mortgage loans is in California, having an aggregate statement value of $9,351 million at September 30, 2020, and representing 23% of Northwestern Mutual's mortgage loan portfolio. Northwestern Mutual's next four largest concentrations of commercial mortgage loans by state are in Florida, New Jersey, New York, and Massachusetts, with an aggregate statement value of $3,683 million, $2,676 million, $2,375 million and $2,315 million, respectively, at September 30, 2020.

The following summarizes the breakout of contractual maturities in Northwestern Mutual's mortgage loan portfolio as of September 30, 2020 and December 31, 2019.

	September 30, 2020		December 31, 2019	
	Statement Value	% of Total	Statement Value	% of Total
	($ in millions)			
Due in one year or less	$ 1,344	3%	$ 1,473	4%
Due after one year through two years	2,527	6%	1,692	4%
Due after two years through five years	12,407	31%	11,289	28%
Due after five years through eight years	10,962	27%	11,534	29%
Due after eight years	13,273	33%	13,783	35%
Total mortgage loans	**$ 40,513**	**100%**	**$ 39,771**	**100%**

Commercial mortgage loans are generally considered illiquid because of the unique attributes of the underlying property securing each loan. At September 30, 2020, mortgage loans totaling $3,871 million, or 9% of the portfolio, are scheduled to mature within the next two years. Northwestern Mutual considers the current maturity distribution to be manageable as few borrowers will be required to obtain refinancing in the near future. Actual maturities may differ due to prepayments by each borrower.

Fair value of the collateral securing Northwestern Mutual's commercial mortgage loan portfolio is evaluated at least annually by Northwestern Mutual's real estate professionals. More frequent evaluations are performed as necessary in the event of changes in the market capitalization rates, borrower financial strength and/or property performance. The process utilizes Northwestern Mutual's real estate field office professionals closest to the property and market in conjunction with centralized assessment in the home office. Fair value of collateral is estimated using the income capitalization approach based on stabilized property income and market capitalization rates. Stabilized property income is derived from actual property financial statements, received annually, adjusted for non-recurring items, normalized market vacancy and lease rollover, among other factors. Other collateral, such as excess land and additional capital required to maintain property income, are also factored into fair value. Private market transactions and public market alternatives are considered in determining market capitalization rates.

Loan-to-value ("**LTV**") ratios are measures commonly used to assess the quality of commercial mortgage loans. The LTV ratio compares the statement value of the loan to the fair value of the underlying property that secures the loan, and is commonly expressed as a percentage. A smaller LTV ratio generally indicates a higher quality loan. The following tables reflect the LTV ratios of Northwestern Mutual's commercial mortgage loan portfolio as of September 30, 2020 and December 31, 2019.

	September 30, 2020				December 31, 2019			
Loan-to-Value Range	Statement Value	Number of Loans	Average Loan Amount	% of Total Statement Value	Statement Value	Number of Loans	Average Loan Amount	% of Total Statement Value
	($ in millions)							
Less than 51%	$ 12,379	381	$ 32	30%	$ 17,124	445	$ 38	43%
51% - 70%	25,249	421	60	62%	21,430	375	57	54%
71% - 90%	2,806	45	62	7%	1,018	22	46	3%

Loan-to-Value Range	September 30, 2020 Statement Value	Number of Loans	Average Loan Amount	% of Total Statement Value	December 31, 2019 Statement Value	Number of Loans	Average Loan Amount	% of Total Statement Value
	($ in millions)							
Greater than 90%	79	4	20	1%	199	6	33	1%
Total mortgage loans	**$ 40,513**	**851**	**$ 48**	**100%**	**$ 39,771**	**848**	**$ 47**	**100%**

As of September 30, 2020, the aggregate weighted-average LTV ratio for the mortgage loan portfolio was 55%. The portion of the portfolio at an LTV ratio of 70% or below was 93% and 97% at September 30, 2020 and December 31, 2019, respectively. The aggregate weighted-average ratio of amounts loaned to the fair value of collateral for mortgage loans originated or refinanced during 2020 and 2019 was 59% and 57%, respectively, with a maximum of 71% and 74% for any single loan during 2020 and 2019, respectively.

At September 30, 2020 and December 31, 2019, Northwestern Mutual had no mortgage loans that were considered restructured. Northwestern Mutual recognized no capital losses related to troubled debt restructuring of mortgage loans for September 30, 2020 and December 31, 2019, respectively.

Debt service coverage ratios are another measure commonly used to assess the credit quality of commercial mortgage loans. The debt service coverage ratio compares a property's net operating income to its debt service payments. Debt service coverage ratios of less than 1.0 indicate that property operations do not generate enough income to cover such property's current debt payments. Therefore, a larger debt service coverage ratio generally indicates a higher quality loan. As of September 30, 2020, the average debt service coverage ratio of Northwestern Mutual's mortgage loan portfolio was 1.99 to 1, with 13 loans having a debt service coverage ratio of less than 1.0. At September 30, 2020, these 13 loans had an aggregate statement value of $594 million. At December 31, 2019, 12 loans with an aggregate statement value of $469 million had a debt service coverage ratio of less than 1.0.

Common and preferred stock

Common stocks are generally reported at fair value. SAP permits fair value for common stocks to be based on values published by the SVO, quoted market prices, independent pricing services or internally developed pricing models. The fair value for publicly traded common stocks is primarily based on quoted market prices. For private common stocks without quoted market prices, fair value is primarily determined using a sponsor valuation or market comparables approach. The equity method is generally used to report investments in the common stock of unconsolidated non-insurance subsidiaries.

Preferred stocks rated "1" through "3" by the SVO are reported at amortized cost. Preferred stocks rated "4" through "6" by the SVO are reported at the lower of amortized cost or fair value. The fair value for preferred stocks is primarily determined using a sponsor valuation or market comparables approach.

Common stocks represented 2% of Northwestern Mutual's total managed assets at September 30, 2020 and December 31, 2019. The table below summarizes Northwestern Mutual's common stock portfolio by public, private and affiliated investments as of September 30, 2020 and December 31, 2019.

	September 30, 2020 Statement Value	Fair Value	December 31, 2019 Statement Value	Fair Value
	($ in millions)			
Public	$ 3,591	$ 3,591	$ 3,691	$ 3,691
Private	387	387	372	372
Subsidiaries	417	417	411	411
Total common stock	**$ 4,395**	**$ 4,395**	**$ 4,474**	**$ 4,474**

The public equity portfolio includes investments in both domestic and foreign companies. At September 30, 2020, the public common stock portfolio represented 82% of the total common stocks by statement value. Private common stock investments accounted for 9% of total common stocks by statement value at September 30, 2020. Northwestern Mutual believes that investing in fundamentally strong businesses alongside leading private equity sponsors provides an additional level of diversification and the opportunity for attractive returns primarily in the form of capital gains, and that its long-term investment horizon allows Northwestern Mutual to hold significant investments in this asset class. Northwestern Mutual's investments in the common stock of NLTC and its corporate non-life insurance subsidiaries are reflected as part of its common stock holdings.

For further information about Northwestern Mutual's commitments to fund private equity investments, real estate, mortgage loans and other investments, *see* "Note 11—Commitments and Contingencies" in the accompanying Statutory Basis Financial Statements.

At September 30, 2020, the statement value of Northwestern Mutual's preferred stock portfolio was $203 million out of $239,769 million of total managed assets. At December 31, 2019, the statement value of Northwestern Mutual's preferred stock portfolio was $204 million out of $230,450 million of total managed assets.

Real Estate

Real estate equity consists primarily of apartment, warehouse and office properties held through direct ownership. Northwestern Mutual's real estate portfolio is managed by employees of NMIMC. Northwestern Mutual believes that these investment professionals, operating out of NMIMC's real estate field offices around the country, are better positioned to monitor local markets and actively manage the investment properties, creating additional long-term value. With the exception of Northwestern Mutual's home office properties, investments held in Northwestern Mutual's real estate portfolio were acquired for investment purposes. Northwestern Mutual's commercial real estate equity investments statement value represented $2,948 million or 1% of the total managed investments at September 30, 2020.

Real estate investments are reported at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements, using a straight-line method over the estimated useful lives of the improvements. Fair value of real estate is estimated primarily based on the capitalization of stabilized net operating income.

The tables below summarize Northwestern Mutual's investments in real estate by property type and geographic diversification as of September 30, 2020 and December 31, 2019.

	September 30, 2020		December 31, 2019	
Property Type	**Statement Value**	**% of Total**	**Statement Value**	**% of Total**
	($ in millions)			
Apartments	$ 1,419	48%	$ 1,368	48%
Office	963	33%	1,035	35%
Warehouse / Industrial	363	12%	361	13%
Other	203	7%	108	4%
Total real estate	**$ 2,948**	**100%**	**$ 2,872**	**100%**

	September 30, 2020		December 31, 2019	
Geographic Location	**Statement Value**	**% of Total**	**Statement Value**	**% of Total**
	($ in millions)			
Midwest (1)	$ 930	32%	$ 925	32%
West (2)	1,068	36%	965	34%
South (3)	327	11%	357	12%
East (4)	623	21%	625	22%
Total real estate	**$ 2,948**	**100%**	**$ 2,872**	**100%**

(1) The Midwest region consists of the following states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

(2) The West region consists of the following states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming.

(3) The South region consists of the following states: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, New Mexico, Oklahoma, Tennessee and Texas.

(4) The East region consists of the following states and the District of Columbia: Connecticut, Delaware, Kentucky, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and West Virginia.

Northwestern Mutual's home office properties are included in Midwest—Office Buildings and had a statement value of $688 million and $676 million at September 30, 2020 and December 31, 2019, respectively. Northwestern Mutual reviews individual property valuations on an annual basis. The estimated fair value of the real estate portfolio was $3,881 million and $3,882 million at September 30, 2020 and December 31, 2019, respectively. Northwestern Mutual's real estate asset managers, who are employees of NMIMC, perform Northwestern Mutual's real estate valuations utilizing an income capitalization approach that analyzes a property's capacity to generate future net operating income and capitalizing that income with a market supported capitalization rate. Included in the valuation are budgeted expenses, leasing assumptions and capital expenditures. Northwestern Mutual reviews these valuations for technical accuracy, methodology and the appropriateness of the assumed rates of return.

Other Investments

Other investments primarily represent investments that are made through ownership interests in partnerships, joint ventures ("**JVs**") and limited liability companies ("**LLCs**"). In some cases, these ownership interests are held directly by Northwestern Mutual, while in other cases these investments are held indirectly through wholly-owned, non-insurance investment holding companies organized as LLCs. The aggregate statement value of other investments held indirectly through non-insurance investment holding companies was $13.7 billion and $12.5 billion at September 30, 2020 and December 31, 2019, respectively. Whether held directly by Northwestern Mutual or indirectly through its investment holding companies, securities or real estate partnerships, JVs and LLCs are reported in the statements of financial position using the equity method of accounting based on Northwestern Mutual's share of the underlying entities' audited GAAP-basis equity. In the normal course of its investment activities, Northwestern Mutual makes commitments to fund private equity investments, real estate, mortgage loans and other investments. These forward commitments aggregated to $10.3 billion at September 30, 2020 and $10.1 billion at December 31, 2019 and were extended at market rates and terms.

The statement value of other investments held directly or indirectly by Northwestern Mutual at September 30, 2020 and December 31, 2019:

	September 30, 2020		December 31, 2019	
	Statement Value	**% of Total Statement Value**	**Statement Value**	**% of Total Statement Value**
	($ in millions)			
Securities partnerships and LLCs	$ 8,589	38%	$ 7,581	36%
Bonds	3,322	14%	3,751	17%
Real estate JVs, partnerships and LLCs	3,129	14%	2,697	13%
Common and preferred stocks	2,850	12%	2,030	10%
Real estate	1,037	5%	1,023	5%
Life Insurance contract	1,022	4%	1,043	5%
Structured settlements	792	3%	800	4%
Low income housing tax credit properties	696	3%	662	3%
Derivative instruments	572	3%	546	3%
Cash and short-term investments	380	2%	444	2%
Lease receivable	174	1%	274	1%
Other assets, net	312	1%	291	1%
Total	**$ 22,875**	**100%**	**$ 20,962**	**100%**

For securities partnerships and LLCs, bonds, common and preferred stocks, corporate-owned life insurance, cash and short-term investments and derivative instruments, the underlying entity generally reports these investments at fair value. For real estate related investments (including JVs, partnerships and LLCs), structured settlements, tax credit properties and lease receivables, the underlying entity generally reports these investments at cost, reduced where appropriate by depreciation or amortization. Investments in bonds primarily consisted of investments in municipal and U.S. government bonds and other ABS at September 30, 2020. In addition, these bonds are generally highly rated, with 97% rated investment grade as of September 30, 2020.

Cash and Short-Term Investments

Cash includes amounts on deposit with banks. Short-term investments, including money market funds, are stated at cost or amortized cost and consist primarily of investments having maturities of less than one year. Statement values for such investments approximate fair value. The following table summarizes cash and short-term investments at September 30, 2020 and December 31, 2019.

	September 30, 2020	December 31, 2019
	($ in millions)	
Cash	$ 144	$ 141
Short-term investments:		
Corporates	3,136	1,541
Money market funds	382	668
Government	251	58
Total cash and short-term investments	**$ 3,913**	**$ 2,408**

Policy Loans

Policyowners may request and receive policy loans to the extent of the applicable insurance policy's contractual limits. Policy loans represent loans to a policyowner secured by the cash surrender value of the underlying policy. As of September 30, 2020 and December 31, 2019, Northwestern Mutual's outstanding policy loan balance was $17,773 million and $17,829 million, respectively, representing 10.3% and 10.6% of available policy cash value at September 30, 2020 and December 31, 2019, respectively. At both September 30, 2020 and December 31, 2019, approximately 17% of the policy loans accrued interest at a variable rate that is reset annually, while the remaining policy loans accrued interest at fixed rates. The weighted average yield on total policy loans was 6.61% and 6.64% during the nine months ended September 30, 2020 and the year ended December 31, 2019, respectively.

Derivatives

Northwestern Mutual enters into derivative transactions, primarily to mitigate the risk to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates, credit conditions and other market risks. Derivatives may also be used to replicate otherwise permissible assets. Derivatives may be exchange traded, cleared, or executed in the OTC market. A majority of Northwestern Mutual's OTC derivatives are bilateral contracts between two counterparties. The remaining OTC derivatives are cleared and settled through central clearing exchanges.

Northwestern Mutual held the following derivative positions at September 30, 2020 and December 31, 2019.

	September 30, 2020				
		Statement Value		Gain/(Loss)	
	Notional Amount	Assets	Liabilities	Unrealized	Realized
			($ in millions)		
Options	$ 3,620	$ 28	$ -	$ 89	$ -
Swaps	11,840	480	(215)	(41)	86
Caps and Floors	1,840	47	-	17	27
Forwards	5,632	17	(35)	(3)	5
Futures	11,486	-	-	(11)	(162)
Total derivatives		**$ 572**	**$ (250)**	$ **51**	$ **(44)**

	December 31, 2019				
		Statement Value		Gain/(Loss)	
	Notional Amount	Assets	Liabilities	Unrealized	Realized
			($ in millions)		
Options	$ 3,559	$ 31	$ -	$ (8)	$ -
Swaps	11,289	477	(172)	(198)	68
Caps and Floors	3,850	37	(2)	8	-
Forwards	1,092	1	(15)	(17)	51
Futures	7,370	-	-	7	(123)
Total derivatives		$ **546**	$ **(189)**	$ **(208)**	$ **(4)**

For the nine months ended September 30, 2020, the unrealized capital gains on derivatives were primarily due to the increase in the value of warrants obtained through our private equity portfolio.

Northwestern Mutual does not use derivative instruments to financially leverage its investment portfolio or increase its risk exposure above a level that would otherwise be acceptable through authorized cash market activity.

Derivative transactions expose Northwestern Mutual to the risk that a counterparty may not be able to fulfill its obligations under the contract. Northwestern Mutual manages this risk by dealing only with counterparties that maintain a minimum credit rating, by performing ongoing review of counterparties' credit standing and by adhering to established limits for credit exposure to any single counterparty. Northwestern Mutual also utilizes collateral support arrangements that require the daily exchange of collateral assets if counterparty credit exposure exceeds certain limits.

Pursuant to Northwestern Mutual's Derivative Use Plan and its Investment Policy Statement, which set forth the standards pursuant to which Northwestern Mutual may enter into derivative contracts, all derivative counterparties (or their guarantor or bank providing a standby letter of credit) should hold a rating equivalent to A- or better at the inception of any transaction. Counterparties rated BBB+ or BBB may be considered subject to additional considerations if approved by the Chief Investment Officer and Chief Risk Officer. Northwestern Mutual's total exposure to a single counterparty, using a gap risk methodology as determined by the market value of all derivative positions with that counterparty, net of collateral, is limited to $300 million.

As a result of regulations adopted by the federal banking regulators with respect to qualified financial contracts (which include OTC derivatives agreements) Northwestern Mutual is required to include provisions in its agreements that limit or delay default rights and restrict assignment and transfer of credit enhancements, such as guarantees.

Off-Balance Sheet Arrangements

Other than the operating commitments and contingencies disclosed in the Financial Statements, Northwestern Mutual has not entered into any significant off-balance sheet arrangements which remain in effect at September 30, 2020.

Liquidity, Asset/Liability Matching and Capital Resources

Northwestern Mutual actively manages its investment portfolios using an approach that balances credit quality, diversification, asset/liability matching, liquidity and investment returns. To achieve its goal of cash flows from invested assets being sufficient to meet policy benefit payments and other cash demands, Northwestern Mutual annually performs asset adequacy analysis, including testing under stress scenarios such as higher-than-expected claims and higher-than-expected surrenders and various changes in market interest rates, and uses other asset/liability management techniques.

At the same time, Northwestern Mutual's goal is to deliver the highest possible dividends and product value to its participating policyowners, while maintaining the superior financial strength necessary to ensure long-term financial security. Northwestern Mutual maintains a surplus level that it believes is consistent with this goal and uses the substantial flexibility afforded by the annual participating dividend determination to manage the level of surplus.

Liquidity

Northwestern Mutual's liquidity position is managed by matching potential cash demands with adequate sources of cash and other liquid assets. Northwestern Mutual's primary cash flow sources from operations include life, disability and LTC insurance premiums and annuity premiums and deposits, while investment cash flows include repayments or proceeds from investment activity and investment income. In addition to these cash flows, Northwestern Mutual has the ability to draw upon its liquid assets in the event that significant unanticipated cash demands arise or take an advance from the FHLBC (up to the internal limit of $8 billion). These liquid assets include cash, short-term investments, U.S. Treasury and government agency securities, other marketable fixed-income investments and publicly traded common stocks.

Northwestern Mutual's main cash outflows relate to claim and policy benefit payments associated with the insurance business, operating expenses and income taxes. The primary liquidity risk, with respect to unanticipated cash demands, is meeting all of the obligations of Northwestern Mutual's insurance business. The life insurance and annuity businesses present the risk of unscheduled policyowner withdrawals. Northwestern Mutual believes that its high rate of persistency for life insurance cash values, which represent 86% of general account reserves at September 30, 2020, demonstrates Northwestern Mutual's stable liability cash flow structure. Northwestern Mutual includes contract provisions such as surrender charges to mitigate the extent, timing and profit impact of withdrawals from annuity contracts.

Northwestern Mutual utilizes asset/liability analysis techniques in the management of the investments supporting its liabilities. Additionally, Northwestern Mutual tests the adequacy of the projected cash flows provided by assets to meet all of its future policyowner and other obligations and performs these studies using stress tests regarding future credit and other asset losses, market interest rate fluctuations, claim losses and other considerations. The result provides a picture of the adequacy of the underlying assets, reserves and capital. Northwestern Mutual analyzes a variety of scenarios modeling potential demands on liquidity, taking into account the provisions of policies and contracts in-force, its cash flow position and the volume of cash and readily marketable securities in its portfolio. Northwestern Mutual proactively manages its liquidity position on an ongoing basis to meet cash needs while minimizing adverse impacts on investment returns.

Northwestern Mutual's operating cash flows are summarized below:

	Nine months ended September 30, 2020	2019	% Change	Years ended December 31, 2019	2018	2017	% Change 2019	2018
	($ in millions)			($ in millions)				
Cash from operations	$ 17,642	$ 17,586	0%	$ 23,382	$ 22,454	$ 21,969	4%	2%
Cash used in operations	(10,025)	(9,898)	1%	(13,158)	(12,716)	(12,358)	3%	3%
Net cash from operations	**7,617**	**7,688**	**-1%**	**10,224**	**9,738**	**9,611**	**5%**	**1%**
Net investment proceeds	55,923	41,794	34%	53,556	44,186	52,319	21%	-16%
Cost of investments acquired	(61,948)	(46,979)	32%	(63,574)	(54,651)	(62,696)	16%	-13%
Net decrease/(increase) in contract loans	317	93	-241%	168	35	74	380%	-53%
Net cash used in investments	**(5,708)**	**(5,092)**	**12%**	**(9,850)**	**(10,430)**	**(10,303)**	**-6%**	**1%**
Cash provided/(used) in financing and misc. sources	(404)	(237)	70%	135	122	861	11%	-86%
Net change in cash and short-term investments	**$ 1,505**	**$ 2,359**	**-36%**	**$ 509**	**$ (570)**	**$ 169**	**-189%**	**-437%**

A summary of Northwestern Mutual's available liquidity by fair value is shown below:

	September 30, 2020	December 31, 2019	% Change
	($ in millions)		
Cash and short-term investments	$ 3,913	$ 2,408	63%
Bonds:			
Public investment grade corporate bonds	66,032	60,365	9%
Public U.S. government and government agency securities	11,954	10,702	12%
Government agency mortgage-backed	17,073	24,486	(30%)
Subtotal – bonds	95,059	95,553	(1%)
Other liquid investments:			
Public common stock	3,591	3,691	(3%)
Total available liquidity	$ **102,563**	$ **101,652**	1%

Capital Resources

Northwestern Mutual's TAC was $33,860 million as of September 30, 2020 and $33,417 million as of December 31, 2019.

	September 30, 2020	December 31, 2019
	($ in millions)	
Surplus	$ 24,628	$ 24,216
Asset valuation reserve	6,114	6,203
Half of the dividend liability	3,118	2,998
Total adjusted capital	**$ 33,860**	**$ 33,417**

The NAIC has an RBC model to compare TAC with a calculated minimum capital threshold in order to reflect an insurance company's risk profile. For life insurance companies, the primary risk factors reside in the applicable company's investment portfolio. While Northwestern Mutual believes there is no single appropriate means of measuring capital needs, one measure used to manage its capital is maintaining adequate TAC relative to RBC thresholds. Northwestern Mutual's TAC was well in excess of all required RBC thresholds as of September 30, 2020 and December 31, 2019.

In March 2010, Northwestern Mutual issued the 2040 Notes with a principal balance of $1.2 billion, at an interest rate of 6.063%, in September 2017, Northwestern Mutual issued the 2047 Notes with a principal balance of $1.2 billion, at an interest rate of 3.850%, and in September 2019, Northwestern Mutual issued the 2059 Notes with a principal balance of $1.3 billion at an interest rate of 3.625%. The 2059 Notes were comprised of $600 million principal balance, issued in an offering at a discount, with net proceeds of $597 million, and $747 million principal balance issued in an exchange for 2040 Notes with a principal balance of $526 million, which was then retired by Northwestern Mutual.

Northwestern Mutual has not securitized any of its policy reserve liabilities. While separate account liability values are not guaranteed by Northwestern Mutual, variable annuity and variable life insurance products do include guaranteed minimum death benefits (“**GMDB**”) underwritten by Northwestern Mutual. General account reserves for policy benefits included $6 million and $5 million attributable to GMDB at September 30, 2020 and December 31, 2019, respectively. Northwestern Mutual does not sell variable annuity or variable universal life insurance products with guaranteed living benefits and is therefore not required to, and does not hold general account reserves attributable to these benefits.

The following is a summary of the guarantees provided by Northwestern Mutual that were outstanding at September 30, 2020 and December 31, 2019, including both the maximum potential exposure under the guarantees and the financial statement liability reported based on fair value of the guarantees.

	September 30, 2020		December 31, 2019	
Nature of guarantee	**Maximum potential amount of future payments**	**Financial statement liability**	**Maximum potential amount of future payments**	**Financial statement liability**
	($ in millions)			
Guarantees of future minimum compensation - financial representatives	$ 57	$ 1	$ 67	$ 1
Guarantees of real estate obligations	474	5	418	4
Guarantees issued on behalf of wholly-owned subsidiaries	21	-	19	-
Total guarantees	**$ 552**	**$ 6**	**$ 504**	**$ 5**

No material payments have been required under these guarantees to date, and Northwestern Mutual believes the probability that it will be required to perform under these guarantees in the future is remote. Performance under these guarantees would require Northwestern Mutual to recognize additional operating expense or increase the amount of its equity investment in the affiliate or subsidiary on behalf of which the guarantee was made.

Risk Management

Northwestern Mutual organizes its risk management programs and practices around an enterprise risk management (**“ERM”**) framework. This ERM framework is centered on Northwestern Mutual’s strategy, is guided and defined by Northwestern Mutual’s corporate culture, risk appetite, ERM governance and attention to key stakeholders, and includes established risk management practices of identification, evaluation, management monitoring and communication.

Strategy

At the center of Northwestern Mutual’s ERM framework is the corporate strategy described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Strategy.” There is a symbiotic relationship between strategy and risk management. Components of Northwestern Mutual’s strategy provide definition to Northwestern Mutual’s approach to risk while, at the same time, the execution of the strategy must not violate the risk tolerances and other considerations articulated in Northwestern Mutual’s risk appetite.

Corporate Culture

ERM operates within the environment of Northwestern Mutual’s culture, which is based on the foundational pillar of “Mutuality” and the related values and principles. These values and principles, which define the “tone of the organization,” underpin Northwestern Mutual’s strategy and impact its approach to all activities within Northwestern Mutual, including risk management. Components of this culture particularly relevant to risk management include acting in the best interests of policyowners as a whole, unquestionable financial strength, long-term focus, and operating with highly ethical business and sales practices.

Risk Appetite

Northwestern Mutual's risk appetite framework is approved annually by the Audit Committee of the Board of Trustees and articulates the aggregate level and types of risk that Northwestern Mutual is willing to accept or wishes to avoid in order to achieve its business objectives. Components of this framework include Northwestern Mutual's risk philosophy (including how Northwestern Mutual's risk appetite is informed by and contributes to Northwestern Mutual's vision and strategy), Northwestern Mutual's quantitative risk capacity and financial tolerances, qualitative guidance related to marketplace relevance and long-term vitality, other qualitative risk considerations (including reputation, compliance and ethics, financial strength ratings, and regulatory environment), risk limits developed to operationalize the overall risk appetite, buffers that allow Northwestern Mutual to better withstand the potential adverse impact of risks and governance over the framework.

Risk Governance

A significant component of ERM governance is establishing clear accountability for oversight of risk management activities. The corporate governance structure provides a system of checks and balances that reflects the need for both competitiveness and prudent risk management. This structure is designed to assure accountability for scrutinizing risks, defining tolerances and managing risk within those tolerances. This governance structure includes oversight at both the Board of Trustees and corporate committee levels, segregation of duties and development and maintenance of a documented risk appetite and risk policies.

At the top of Northwestern Mutual's risk management structure is the Board of Trustees, which oversees the overall risk management efforts. The full Board has oversight responsibility for certain risk categories, while each of the four standing Board committees that meet regularly is assigned oversight responsibility for other risk categories. The Board and the Board committees receive periodic updates regarding the risks over which they have responsibility and actions that management is taking as a result of those risks. In addition, the Audit Committee has oversight responsibility for the design and execution of Northwestern Mutual's enterprise risk management practices and procedures.

Corporate committees comprised of cross-functional membership have oversight accountability for risk management of enterprise-level issues. The senior leadership team, reporting directly to the Chief Executive Officer, oversees certain categories of risks and delegates other risk management oversight accountability to certain other corporate committees. The Enterprise Risk Executive Committee, chaired by the Chief Risk Officer, oversees the efficacy of risk governance structures and practices and evaluates and recommends improvements to risk management efforts for the enterprise. In addition, the committee provides a forum to facilitate an integrated enterprise perspective on significant risks and to drive appropriate prioritization, coordination of efforts, discipline and accountability.

Under Northwestern Mutual's risk management model, the business areas own and manage the risks inherent in the conduct of their business. The primary roles of Northwestern Mutual's ERM group, headed by the Chief Risk Officer, are to establish appropriate ERM practices and procedures across the company, to provide effective challenge as to the adequacy of efforts of the business areas to execute on the risk management framework and to aggregate and evaluate risks at an enterprise level. In addition to the ERM group, a number of other groups, including the Enterprise Compliance department, the Investment Risk and Operations department, the Actuarial department and the Enterprise Information Risk and Cybersecurity department, perform risk management roles for specific risk categories or business areas. A final component of Northwestern Mutual's risk management structure is the Enterprise Risk Assurance department ("**ERA**"), which serves as Northwestern Mutual's internal audit unit. While ERA does not manage risk, it independently assesses risk management efforts, including whether appropriate procedures and controls are in place and being followed.

Risk Management Process

Northwestern Mutual's risk management process includes five phases: identification, evaluation, response, monitoring and communication. Risk identification and evaluation occur both at an enterprise level and within each functional area. At the enterprise level, a risk assessment is completed using an established framework and common risk taxonomy. Information for the enterprise risk assessment is primarily obtained from discussions with senior management and individuals responsible for managing risk throughout the enterprise. The assessment report is provided to the Board of Trustees mid-year and updated at year-end.

The risk appetite framework is reviewed and approved annually by the Audit Committee of the Board of Trustees. This framework aids in decision making and monitoring of risks by documenting Northwestern Mutual's risk philosophy, risk capacity and tolerances, and other considerations. A variety of investment, product and operational limits have been established to support this framework and prevent Northwestern Mutual from exceeding stated risk tolerances.

Risk monitors have been established for key risks to identify risk levels relative to established limits. Risks that go beyond these limits are (1) transferred by use of hedging, reinsurance or purchase of commercial insurance, (2) reduced through changes to operational processes and strategies, or (3) accepted after thorough risk evaluation and appropriate review. Risk communication occurs through the established corporate governance structure.

Reinsurance

The use of reinsurance continues to be a risk management strategy for the life, group life and disability insurance products offered by Northwestern Mutual. Although Northwestern Mutual has treaties with fifteen different reinsurers, 96% of its reinsured premiums during the year ended December 31, 2019 were ceded to seven companies. Under the terms of these treaties, the reinsurer agrees to indemnify Northwestern Mutual in the event a claim is incurred. The reinsurance contracts, however, do not relieve Northwestern Mutual from its direct obligations to policyowners. Reserves held by reinsurers for policy risks ceded to reinsurers represented 1% of direct reserves at September 30, 2020, and reinsurance premiums paid to reinsurers represented 6% of direct premiums for both the nine months ended September 30, 2020 and the twelve months ended December 31, 2019.

Reinsurer selection criteria include financial strength and related third party ratings, competitiveness of pricing and terms, available reinsurance capacity and the experience and expertise of the reinsurer's management teams. Northwestern Mutual continuously monitors the financial condition and business activities of its reinsurers, which includes meeting at least every two years with members of the senior management teams of its seven key reinsurers to discuss strategic objectives, risk management financial trends and business performance. Northwestern Mutual believes it generally enjoys strong, positive relationships with its reinsurers.

Northwestern Mutual's primary reinsurance agreements generally contain financial protection provisions designed to provide Northwestern Mutual additional security in support of the reinsurer's obligations. Under most reinsurance agreements, should the financial condition of a reinsurer deteriorate below prescribed levels, recapture rights are available to Northwestern Mutual.

Northwestern Mutual has used reinsurance to enhance the competitiveness of its term life and corporate guaranteed issue premiums, to make available competitive life insurance protection to clients with health or other underwriting issues and to mitigate Northwestern Mutual's exposure to large death claims. Reinsurance programs operate on either an automatic basis, where policies that meet specified criteria are automatically ceded, or on a facultative basis, where the reinsurer evaluates each potential insured individually. Northwestern Mutual reevaluates its maximum per life retention limit on a regular basis and currently retains a maximum of $30 million of insurance exposure per individual life. For joint life cases, the retention limit is the greater of the two single life retention limits. Northwestern Mutual does not have any captive reinsurance arrangements.

Northwestern Mutual assumes 100% of the risks associated with NLTC's LTC business. *See* "Business of Northwestern Mutual—Long-Term Care" and "—Assumption of Recaptured LTC Business" for further information regarding this transaction.

REGULATION OF NORTHWESTERN MUTUAL

Northwestern Mutual's businesses are subject to extensive regulation at both the state and, federal level, including regulation under state insurance and federal and state securities laws. Northwestern Mutual cannot predict the impact of future state, federal or foreign laws or regulations on its business. Future laws and regulations, or the interpretation thereof, may materially adversely affect Northwestern Mutual's business, results of operations and financial condition.

Insurance Regulation

General. Northwestern Mutual is licensed to transact insurance business in, and is subject to regulation and supervision by, all 50 states and the District of Columbia. NLTC, an insurance company subsidiary of Northwestern Mutual, is also licensed and subject to regulation and supervision in the same jurisdictions. The extent of such regulation varies, but all jurisdictions have laws and regulations governing the financial aspects of insurers, including standards of solvency, reserves, reinsurance, capital adequacy and the business conduct of insurers. In addition, statutes and regulations usually require the licensing of insurers and their agents, the approval of policy forms and related materials and, for certain lines of insurance, the approval of rates and the fixing of maximum interest rates on contract loans and minimum accumulation or surrender values. Such statutes and regulations also prescribe the permitted types and concentration of investments. The primary purpose of this insurance industry regulation is to protect policyowners, not holders of any securities. Northwestern Mutual is also subject to federal and state laws and regulations affecting the conduct of Northwestern Mutual's businesses.

Each of Northwestern Mutual and NLTC is required to file detailed annual reports, in accordance with prescribed statutory accounting rules, with regulatory officials in each of the jurisdictions in which it does business. As part of their routine regulatory oversight process, state insurance departments conduct periodic detailed financial and market conduct examinations, generally once every three to five years, of the books, records, accounts and operations of insurance companies domiciled in their states. The most recent financial examination of Northwestern Mutual completed by the Office of the Commissioner was for the five years ended December 31, 2017. The Commissioner's final report on such examination resulted in no adjustments or findings to Northwestern Mutual's financial statements. The most recent financial examination of NLTC completed by the Commissioner was also for the five years ended December 31, 2017. The Commissioner's final report on such examination resulted in no adjustments or findings to NLTC's financial statements.

State and federal securities regulatory authorities, state insurance regulatory authorities and other state law enforcement agencies and attorneys general from time to time make inquiries regarding compliance by Northwestern Mutual and NLTC with insurance, securities and other laws and regulations regarding the conduct of its insurance and securities businesses. Northwestern Mutual endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted.

From time to time, increased scrutiny has been placed upon the insurance regulatory framework, and a number of state legislatures have considered or enacted legislative measures that alter, and in many cases increase, state authority to regulate insurance companies. In addition to legislative initiatives of this type, the NAIC and insurance regulators are continuously involved in a process of reexamining existing laws and regulations and their application to insurance companies. Furthermore, while the federal government currently does not directly regulate the insurance business, federal legislation and administrative policies in a number of areas, such as employee benefits regulation, age, sex and disability-based discrimination, privacy, cyber-security, securities regulation, financial services regulation and federal taxation, can significantly affect the insurance business. In addition, Dodd-Frank established the FIO to monitor the insurance industry and certain lines of business. *See* "—Federal Insurance Initiatives and Legislation." It is not possible to predict the future impact of changing regulation on the operations of Northwestern Mutual. *See* "Risk Factors—Risk Factors Related to Northwestern Mutual—Northwestern Mutual is subject to extensive regulation, which may affect its operations."

National Association of Insurance Commissioners. The NAIC is a standard-setting association of state insurance regulators which drafts model insurance laws and regulations for adoption by the states. The NAIC also establishes statutory accounting and reporting standards through the Accounting Practices and Procedures Manual (the "**Accounting Manual**"), which has been adopted by all states subject to certain state prescribed differences. However, model insurance laws and regulations are only effective when adopted by the states. Changes to the Accounting Manual or modifications by the various state insurance departments may affect the statutory capital and surplus of Northwestern Mutual and its U.S. insurance subsidiary.

As part of its solvency modernization efforts, the NAIC adopted the Risk Management and Own Risk and Solvency Assessment Model Act (the "**ORSA Model Act**"), which went into effect on January 1, 2015, and has been enacted by almost all states, including Wisconsin. The ORSA Model Act requires insurance companies to assess the adequacy of their and their group's risk management and current and future solvency position. Under the ORSA Model Act, an insurer must undertake an internal risk management review no less often than annually (but also at any time when there are significant changes to the risk profile of the insurer or its insurance group), in accordance with the NAIC's ORSA Guidance Manual, and prepare a confidential summary report ("**ORSA Report**") assessing the adequacy of the insurer's risk management and capital in light of its current and future business plans. The ORSA Report is filed with a company's lead state regulator and is available to other domiciliary regulators within the holding company system. Northwestern Mutual and NLTC are in compliance with the ORSA Model Act as adopted in Wisconsin.

Also in furtherance of its solvency modernization efforts, the NAIC adopted the Corporate Governance Annual Disclosure Model Act and Model Regulation (together, the "**Corporate Governance Model Act**") in 2014, which require an insurer to provide an annual disclosure regarding its corporate governance practices to its lead state and/or domestic regulator. The Corporate Governance Model Act has been enacted in almost all states, including Wisconsin in 2018, and Northwestern Mutual filed its first report in 2020.

In addition, the NAIC has adopted a valuation manual (the "**NAIC Valuation Manual**") containing a principle-based approach to the calculation of life insurance company reserves, or PBR. All U.S. state jurisdictions have enacted legislation implementing the NAIC Valuation Manual. Prior to PBR, state laws required adherence to static formulas to establish reserves, which sometimes resulted in either excessive or inadequate reserves. PBR implements less prescriptive formulas for establishing life reserves. Wisconsin, Northwestern Mutual's domiciliary regulator, adopted a form of the PBR legislation that became effective January 1, 2017 and had a three-year phase-in period from its effective date. Northwestern Mutual is applying PBR to all new individual life business issued January 1, 2020 and later. PBR will not affect reserves for policies in-force prior to January 1, 2017.

Holding Company Regulation. Northwestern Mutual and its subsidiaries are subject to regulation under Chapter 617 of the Wisconsin Statutes (the "**Wisconsin Insurance Holding Company Act**"). The Wisconsin Insurance Holding Company Act contains certain reporting requirements and regulates the payment of certain shareholder dividends and certain transactions between an insurer and its affiliates. Generally, these transactions must be fair and reasonable and, if material, require prior notice and review by the Commissioner.

In addition, the Wisconsin Insurance Holding Company Act includes the concept of "enterprise risk" within an insurance holding company system and imposes more extensive informational requirements on parents and other affiliates of licensed insurers or reinsurers, with the purpose of protecting the licensed companies from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person identifying the material risks within the insurance holding company system that could pose enterprise risk to the licensed companies. An enterprise risk is generally defined as an activity or event involving affiliates of an insurer that could have a material adverse effect on the insurer or the insurer's holding company system.

Most states, including Wisconsin, have insurance laws that require regulatory approval of a direct or indirect change of control of an insurer or a change of control of its holding company. Laws such as these prevent any person from acquiring direct or indirect control of Northwestern Mutual unless that person has filed a statement with specified information with the Commissioner and has obtained the Commissioner's prior approval. Under most states' statutes, including Wisconsin's, acquiring 10% or more of the voting securities of an insurance company or its parent company is presumptively considered a change of control, although such presumption may be rebutted. Accordingly, any person who acquires an interest of 10% or more in Northwestern Mutual or NLTC without the prior approval of the Commissioner will be in violation of Wisconsin law and may be subject to injunctive action requiring the disposition or seizure of those securities by the Commissioner or prohibiting the voting of those securities and to other actions determined by the Commissioner. Further, a willful violation of these laws is punishable in Wisconsin as a criminal offense.

Guaranty Associations and Similar Arrangements. Each of the 50 states of the United States and the District of Columbia has laws requiring insurance companies doing business within its jurisdiction to participate in guaranty associations or other similar arrangements, which are organized to cover, subject to limits, contractual obligations under insurance policies issued by impaired or insolvent member insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written in such state by member insurers in the lines of business in which the impaired or insolvent insurer is engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets, usually over a period of years.

For purposes of guaranty association assessments, LTC insurance is typically classified as a health insurance product. Following the March 2017 liquidation of Penn Treaty Network America Insurance Co. and American Network Insurance Co., together, "Penn Treaty," both of which were Pennsylvania-domiciled life insurance companies that sold LTC insurance policies, there have been proposals to expand the assessment base for LTC insurer insolvencies by requiring life and health insurers to contribute to potential LTC insurer insolvencies. In December 2017, the NAIC adopted amendments to the Life and Health Insurance Guaranty Association Model Act to provide a fifty-fifty split between life insurers and health insurers (including health maintenance organizations) for future LTC insolvencies. Several states are now considering, or have adopted, legislation to codify the NAIC changes into law, and more states are expected to propose legislation. If these changes become law, the effect may be an increase in future assessments against life insurers such as Northwestern Mutual and NLTC.

Assessments levied against Northwestern Mutual by guaranty associations during each of the past five years have not been material. While Northwestern Mutual cannot accurately predict the amount of future assessments, Northwestern Mutual believes that assessments with respect to other pending insurance company impairments and insolvencies will not have a material adverse effect on Northwestern Mutual's financial position or results of operations.

NAIC Ratios. On the basis of statutory financial statements filed with state insurance regulators, the NAIC annually calculates 12 financial ratios to assist state regulators in monitoring the financial condition of life insurers. State insurance regulators review this statistical report, which is available to the public, together with an analytical report, prepared by and available only to state insurance regulators, to identify insurance companies that appear to require immediate regulatory attention. A "usual range" of results for each ratio is used as a benchmark. In general, departure from the "usual range" on four or more of the ratios can lead to inquiries from individual state insurance departments. Northwestern Mutual had one ratio outside the "usual range" in 2019 and 2018.

Policy and Contract Reserve Sufficiency Analysis. Under Wisconsin insurance law, Northwestern Mutual is required to conduct annually an analysis of the sufficiency of all life insurance, disability insurance and annuity statutory reserves. Likewise, NLTC must conduct a similar analysis of its reserves. An appointed actuary must submit an opinion on whether the statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. In order to form the opinion the appointed actuary must perform asset adequacy analysis which may lead to establishing additional reserves. Since the inception of this requirement, each of Northwestern Mutual and NLTC has provided this opinion without any qualifications.

Risk-Based Capital. Section Ins. 51.05 of the Wisconsin Administrative Code requires that Wisconsin-domiciled life insurers submit to the Commissioner on or before March 1 of each year a report of their RBC levels as of the end of the calendar year just ended based on a formula calculated by applying factors to various asset, premium and reserve items, in accordance with the instructions published by the NAIC (the "**RBC Instructions**"). The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk and operational and management risk. The Commissioner uses the formula as an early warning regulatory tool to identify possibly inadequately capitalized insurers for purposes of initiating regulatory action, and not as a means to rank insurers generally. Section Ins. 51.55 of the Wisconsin Administrative Code imposes broad confidentiality requirements on those engaged in the insurance business (including insurers, agents, brokers and others) and on the Commissioner as to the use and publication of RBC data.

Sections Ins. 51.15-51.40 of the Wisconsin Administrative Code give the Commissioner explicit regulatory authority to require various actions by, or take various actions against, insurers whose TAC does not exceed certain RBC thresholds. RBC thresholds are determined by reference to an insurer's TAC and authorized control level RBC ("**ACL**"). An insurer's TAC is its statutory capital and surplus, increased or decreased by such other items, if any, as the RBC Instructions may provide. The RBC Instructions detail required weightings and adjustments to an insurer's TAC depending on its overall risk profile, including the insurer's particular asset risk, insurance risk, interest rate risk and operational and management risk. An insurer's ACL is determined pursuant to the RBC Instructions and is a level of risk-adjusted capital at which a state insurance regulator may seek rehabilitation or liquidation of the insurer. The value of an insurer's TAC in relation to its ACL, together with any trend in its TAC, is used as a basis for determining regulatory actions that a state insurance regulator may be authorized or required to take with respect to the insurer. The four determinations potentially applicable to a Wisconsin domestic life insurer under Sections Ins. 51.15-51.40 of the Wisconsin Administrative Code are described below:

- **Company Action Level Event:** TAC is greater than or equal to 150% but less than 200% of ACL or TAC greater than or equal to 200% but less than 300% of ACL and has a negative trend. If there is a Company Action Level Event, the insurer must submit a plan (an "**RBC Plan**") to the Commissioner outlining the corrective actions it intends to take in order to remedy its capital deficiency.

- **Regulatory Action Level Event:** TAC is greater than or equal to 100% but less than 150% of ACL. If there is a Regulatory Action Level Event, the insurer is also required to submit an RBC Plan to the Commissioner. In addition, the Commissioner may undertake a comprehensive examination of the insurer's financial condition and issue any appropriate corrective orders.

- **Authorized Control Level Event:** TAC is below ACL but greater than 70% of ACL. If there is an Authorized Control Level Event, the Commissioner may seek rehabilitation or liquidation of the insurer if he deems it to be in the best interests of the policyowners and creditors of the insurer and the public.

- **Mandatory Control Level Event:** TAC is below 70% of ACL. If there is a Mandatory Control Level Event, the Commissioner must seek rehabilitation or liquidation of the insurer.

In addition to the triggers based on an insurer's TAC described above, certain other triggers can constitute RBC events. Such triggers include failure to comply with certain filing requirements, submission of an RBC Plan which is found to be unacceptable or unsatisfactory by the Commissioner, deviation from an RBC Plan, failure to respond to a corrective order and other triggers as specified by Sections Ins. 51.15-51.40 of the Wisconsin Administrative Code.

As of September 30, 2020 Northwestern Mutual's TAC was in excess of each of the levels that would prompt regulatory action under Wisconsin insurance law.

NLTC, an insurance company subsidiary of Northwestern Mutual, is also subject to RBC requirements. As of September 30, 2020, the TAC of NLTC was in excess of each of the RBC levels that would prompt regulatory action under applicable law.

The NAIC has adopted several changes to the formula used to calculate RBC for life insurance companies to account for the effects of Tax Reform, specifically focusing on changes to the RBC ratio denominator in order to reflect the corporate tax rate decrease from 35% to 21%. These changes, which became effective for life insurance company RBC calculations as of December 31, 2018, have increased required capital, which in turn has decreased the statutory RBC ratios of U.S. life insurance companies, such as Northwestern Mutual and NLTC.

In addition, the NAIC is developing a group capital calculation tool using an RBC aggregation methodology for all entities within the insurance holding company system, including non-U.S. entities. The goal is to provide U.S. regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all groups regardless of their structure. The NAIC conducted field testing of the group capital calculation tool in 2019, and is expected to adopt the final group capital calculation tool in 2020. The NAIC is also expected to adopt changes to the Insurance Holding Company System Regulatory Model Act and Regulation (Model # 440 and # 450) to require, subject to certain exceptions, the ultimate controlling person of every insurer subject to the holding company registration requirement to file an annual group capital calculation with its lead state. The NAIC has stated that the calculation will be a regulatory tool and does not constitute a requirement or standard. Northwestern Mutual cannot predict what impact any such regulatory tool may have on its operations.

Surplus and Capital. In addition to RBC requirements, Wisconsin insurance law requires Northwestern Mutual, as a domestic mutual insurance company, to maintain a minimum level of surplus, equal to the greater of $2 million or an amount computed based on Northwestern Mutual's levels of premium and policy benefit reserves. At September 30, 2020, this minimum level was $1.8 billion, while Northwestern Mutual's Surplus was $24.6 billion. Northwestern Mutual and NLTC, an insurance company subsidiary of Northwestern Mutual, are subject to the supervision of the regulators in each jurisdiction in which they are licensed to transact business. These regulators have discretionary authority, in connection with the continued licensing of Northwestern Mutual or NLTC to limit or prohibit its sales to policyowners if such regulators determine that any such insurer has not maintained the minimum surplus or capital required or that such insurer's further transaction of business would be hazardous to policyowners.

Statutory Investment Valuation Reserves. Life insurance companies are required to establish an AVR to stabilize statutory policyowners surplus from fluctuations in the market value of and/or realized gains or losses on investments other than fluctuations captured by the IMR. The AVR consists of two components: (i) a "default" component for possible credit-related losses on fixed maturity investments and (ii) an "equity" component for possible market-value losses on all types of equity investments, including real estate-related investments. Insurers are also required to establish an IMR for net realized capital gains and losses, net of tax, on fixed maturity investments where such gains and losses are attributable to changes in interest rates, as opposed to credit-related causes. The IMR is required to be amortized into statutory earnings on a basis reflecting the remaining period to maturity of the fixed maturity securities sold. These reserves are required by state insurance regulatory authorities to be established as a liability on a life insurer's statutory financial statements. Although current regulations determine the amount of future additions to AVR, which reduce future statutory capital and surplus, Northwestern Mutual does not believe that the requirements will materially affect its ability to increase its statutory capital and surplus.

Market Conduct. State regulatory authorities and industry groups have developed several initiatives regarding market conduct, including the form and content of disclosure to consumers, illustrations, advertising, sales practices and complaint and claims handling. State regulatory authorities generally enforce these provisions through periodic market conduct examinations. For example, the NAIC has adopted a Life Insurance Illustrations Model Regulation, which applies to non-variable life insurance policies offering non-guaranteed values, and a Market Conduct Handbook. The NAIC has also amended the Suitability in Annuity Transactions Model Regulation, as described below. State regulators have imposed fines on various insurers for improper market conduct. In addition, market conduct also has become one of the criteria used by rating agencies to establish the ratings of an insurance company. For example, AM Best's ratings analysis now includes a review of the insurer's compliance program.

Although the Commissioner has conducted only one limited focus market conduct examination of Northwestern Mutual and none of NLTC in the last several years, the financial examinations of Northwestern Mutual are identified in the Wisconsin Administrative Code as "compliance examinations." For its most recent financial examination of Northwestern Mutual and NLTC, the Commissioner identified no findings.

Annuity Suitability. In February 2020, the NAIC adopted amendments to the Suitability in Annuity Transactions Model Regulation ("**SAT**"), which places responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training producers. The 2020 amendments to SAT apply a best interest standard of care in connection with providing advice or recommendations regarding annuities to retail customers. The NAIC's best interest standard is less than a fiduciary standard, but more than a suitability standard. Many states, including Wisconsin, had enacted laws and/or regulations based on SAT prior to its recent amendments, thus imposing suitability standards with respect to sales of annuities. A few states have already adopted the 2020 amendments and other states are taking steps to adopt the 2020 amendments to SAT, although it cannot be predicted whether or not, and in what form or when, they will do so.

The 2020 amendments to SAT followed a standard that, before repeal, was applicable with respect to sales to employee benefit plans and IRAs pursuant to a DOL rule (known as the "**fiduciary rule**"). The fiduciary rule was largely applicable in part in 2017, but the fiduciary rule, together with related regulations and exemptions were formally vacated by the U.S. Court of Appeals for the Fifth Circuit in 2018. *See* "—Fiduciary Rule." In July 2018, the NYDFS amended Insurance Regulation 187, which previously applied a "suitability" standard solely to the sale of annuities in New York. Pursuant to the first amendment to Insurance Regulation 187, the NYDFS added a "best interest" standard for annuity transactions and it also expanded the scope of the regulation to include sales of life insurance policies to consumers. The amended regulation, which applies to Northwestern Mutual and its New York licensed providers, took effect on August 1, 2019 for annuity products and on February 1, 2020 for life insurance products.

Regulation of Investments. Each of Northwestern Mutual and NLTC is subject to state laws and regulations, including those of Wisconsin, that require diversification of its investment portfolios and limit the amount of investments in certain asset categories, such as below investment grade fixed income securities, equity real estate, mortgages, other equity investments, foreign investments and derivatives. Failure to comply with these laws and regulations may require divestiture of such non-qualifying investments and investments exceeding regulatory limitations may be treated as non-admitted assets for purposes of measuring surplus. Northwestern Mutual believes that the investments made by Northwestern Mutual and NLTC complied with such laws and regulation at September 30, 2020.

NAIC's Macro-Prudential Initiative. The NAIC is working to develop additional tools for U.S. regulators to enhance risk identification efforts for the insurance companies they regulate. As part of this initiative, since 2017 the NAIC has been developing a liquidity risk stress-testing framework for certain life insurers as a regulatory tool. In December 2019, the NAIC exposed a proposed framework for comment, but has indicated that it also intends to develop a broader liquidity stress test framework.

Unclaimed Property. Northwestern Mutual and NLTC are subject to the laws and regulations of states concerning identification, reporting and escheatment of unclaimed or abandoned funds, and are subject to audit and examination for compliance with these requirements.

Federal Insurance Initiatives and Legislation. Federal initiatives often have an impact on Northwestern Mutual's life insurance business. Dodd-Frank significantly changed financial regulation in the United States and may subject Northwestern Mutual to additional federal regulation. Among other things, Dodd-Frank established a process for the designation of nonbank financial companies by FSOC. Companies that are designated by FSOC as "systemically important financial institutions" will be subject to heightened prudential standards and supervision by the Federal Reserve Board, although there are currently no such nonbank financial companies designated by FSOC as SIFIs. Northwestern Mutual has not been designated by FSOC as a SIFI. Accordingly, it does not expect to be subject to heightened prudential standards and supervision by the Federal Reserve Board.

On February 3, 2017, President Trump issued an executive order directing the Secretary of the Treasury Department to review the extent to which current financial regulatory policy, which would include Dodd-Frank, promotes the Trump Administration's financial regulatory policy aims. In addition, on April 21, 2017, President Trump issued an executive memorandum that directed the Secretary of the Treasury Department to conduct a review of, and report to the President regarding, FSOC processes for designating SIFIs and imposed a temporary moratorium on non-emergency SIFI determinations and designations pending completion of such review and receipt of such report. The Treasury Department's November 17, 2017 report, in response to the President's executive memorandum, recommends significant changes to the FSOC processes for making SIFI determinations and designations. The Economic Growth, Regulatory Relief, and Consumer Protection Act, which became effective May 24, 2018, made limited changes to Title I of Dodd-Frank but did not make many of the changes recommended in the Treasury Department report. In December 2019, the FSOC released final interpretive guidance that prioritizes an activities-based approach for identifying and addressing potential risks to financial stability instead of individual designations and provides that the FSOC will pursue entity-specific determinations only if a potential risk or threat cannot be addressed through an activities-based approach.

Other aspects of Dodd-Frank that affect or could affect Northwestern Mutual include new conditions on the trading of derivatives and the maintenance of information with respect to such instruments, and the possible adoption of new regulations that could affect the sale and distribution of variable annuity and variable universal life insurance products. Dodd-Frank also established the FIO, which has the authority to develop federal policy on prudential international insurance matters, including by participating in the negotiation of international insurance agreements with foreign regulators for the U.S. The FIO is also authorized to collect information about the insurance industry and identify gaps in regulation that could contribute to a systemic crisis in the industry or broader financial system. While not having a general supervisory or regulatory authority over the business of insurance, the director of the FIO performs various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to FSOC regarding insurers to be designated systemically important and therefore subject to heightened prudential standards and oversight by the Federal Reserve Board. Given the large number of provisions that must be implemented through regulatory action, Northwestern Mutual cannot predict what impact Dodd-Frank could have on its business, results of operations and financial condition.

In addition, changes in general political, economic or market conditions could affect the scope, timing and final implementation of Dodd-Frank. Northwestern Mutual cannot predict the impact that any legislative or regulatory changes in the implementation of Dodd-Frank, may have on its business.

See "Risk Factors—Risk Factors Related to Northwestern Mutual—Northwestern Mutual is subject to extensive regulation, which may affect its operations."

Regulation of OTC Derivatives. Title VII of Dodd-Frank ("**Title VII**") created a comprehensive framework for the federal oversight and regulation of OTC derivatives market and entities, such as Northwestern Mutual, that participate in the market and require the CFTC and the SEC to promulgate rules and regulations implementing its provisions. Title VII divides the regulatory responsibility for swaps in the U.S. between the SEC and CFTC. The CFTC regulates "swaps" and "swap entities", and the SEC regulates "security-based swaps" and "security-based swap entities." The CFTC and SEC have jointly finalized certain regulations under Title VII, including critical rulemakings on the definitions of "swap," "security-based swap," "swap dealer," "security-based swap dealer," "major swap participant" and "major security-based swap participant." In addition, the CFTC has substantially finalized its required rulemaking under Title VII, including regulations relating to registration and regulation of swap dealers and major swap participants, reporting, recordkeeping, mandatory clearing, mandatory margin for uncleared swaps and mandatory on-facility trade execution. The SEC recently took the last step to finalize its respective regulations that would apply to security-based swaps and security-based swap market participants, such as security-based swap dealers and major security-based swap participants, which rules will become effective on various dates during the fourth quarter of 2021. As a result of this regulatory bifurcation and the different pace at which the SEC and CFTC have promulgated regulations, different transactions are currently subject to different levels of regulation.

Title VII and the CFTC rules thereunder currently require Northwestern Mutual, in connection with certain swap transactions, to comply with mandatory clearing and on-facility trade execution requirements, and it is anticipated that the types of swaps subject to these requirements will be expanded over time. Northwestern Mutual must also comply with mandatory minimum variation margin requirements for its OTC CFTC-regulated swap transactions that are not cleared. Additionally, initial margin requirements for these transactions are expected to become applicable in September 2022. As a result of the central clearing requirements for swaps and those adopted by the SEC for security-based swaps and expected to come into effect during the fourth quarter of 2021, the failure of a clearinghouse or a clearinghouse member could have a significant impact on the financial system. Even if a clearinghouse itself does not fail, large losses caused by the default of a single clearing member could force significant capital calls on the remaining clearinghouse members during a financial crisis, which could then lead other clearinghouse members to default. Because the bankruptcy process is untested, it is difficult to speculate as to the actual risks related to the default of a clearinghouse or a clearinghouse member. Further, because neither the CFTC nor the SEC have finalized and implemented all of the elements of their regulatory oversight of the OTC derivatives market as contemplated by Title VII, it is not possible to predict with certainty the full effect of Title VII on Northwestern Mutual or the timing of such effects.

In addition to the enumerated regulations under Title VII, regulations upon other participants in the derivatives markets are increasing as well. Capital requirements on dealers, clearing members and clearinghouses are fundamentally altering the willingness of certain participants to engage in clearing or trading, the prices at which such products or services are available and the nature of the products themselves. Such changes may have adverse effects on the derivatives markets and may limit Northwestern Mutual's ability to hedge its assets and liabilities using derivatives or increase the cost of such hedging. In addition, as a result of regulations adopted by the U.S. Federal banking regulators in 2017 regarding qualified financial contracts, which include many contracts relating to derivatives, Northwestern Mutual has been required to agree to contractual provisions that limit or delay certain default rights, including the right to terminate the contracts or foreclose on collateral, and restrict assignments and transfers of credit enhancements (such as guarantees) upon the bankruptcy of the counterparty or certain of its affiliates.

USA PATRIOT Act. The PATRIOT Act substantially broadened the scope of anti-money laundering ("**AML**") laws and regulations by: imposing significant new compliance and due diligence obligations; creating new crimes and penalties; expanding the extra-territorial jurisdiction of the United States; and expanding the categories of financial institutions to which such laws and regulations apply to include some categories of insurance companies. Financial institutions, including insurance companies, must adopt a formal AML compliance program, must use enhanced due diligence procedures in their dealings with certain types of high-risk clients and are prohibited from entering into specified financial transactions and account relationships pursuant to the trade and economic sanctions programs administered by the Office of Foreign Assets Control ("**OFAC**"), a division within the U.S. Department of Treasury. Financial institutions must also take certain steps to assist government agencies in detecting and preventing money laundering, including by responding to information requests from federal and state law enforcement agencies and reporting certain types of suspicious transactions without notifying the affected clients. Regulatory authorities routinely examine financial institutions to ensure that they have policies and procedures reasonably designed to comply with the applicable AML and OFAC requirements and for compliance with policies and procedures and these substantive obligations, and failure of a financial institution to implement and maintain adequate AML compliance programs, or to comply with the applicable laws or regulations, could have serious legal, financial and reputational consequences, including, for example, the imposition of cease and desist orders or substantial civil money penalties. Inadequate AML or OFAC compliance programs also could affect the regulatory review or approval of proposed merger or acquisition transactions. Northwestern Mutual and its subsidiaries are subject to AML statutes and regulations, and trade and economic sanctions programs administered by OFAC, and their compliance obligations under these result in increased costs and allocation of internal resources.

Privacy of Consumer Information and Cyber-security. Federal and state laws and regulations require financial institutions, including insurance companies, to protect, among other things, the security and confidentiality of consumer financial information and to notify consumers about policies and practices relating to the collection and disclosure of consumer information and policies relating to protecting the security and confidentiality of that information, and to notify regulators and consumers in the event of certain data breaches affecting personal information.

Federal and state lawmakers and regulatory bodies may consider additional or more detailed regulations regarding these subjects and the privacy and security of nonpublic personal information, confidential business information, information security systems, and vendors and other third parties that may have access to sensitive data or systems. Furthermore, the issues surrounding data security and the safeguarding of consumers' protected information are under increasing regulatory scrutiny by state and federal regulators, particularly in light of the number and severity of recent United States companies' data breaches. The Federal Trade Commission, the DOJ, the NYDFS, the SEC and the NAIC have undertaken various studies, reports and actions regarding privacy and data security for entities under their respective supervision. Some states have recently enacted new privacy and information security requirements and new insurance laws that require certain regulated entities to implement and maintain comprehensive information security programs to safeguard the personal information of insureds and enrollees.

The Gramm–Leach–Bliley ("**GLB**") Act and the Fair Credit Reporting Act ("**FCRA**") impose privacy and information security requirements on financial institutions, including obligations to protect and safeguard consumers' nonpublic personal information and creditworthiness information, respectively, and limitations on the use and sharing of such information. The GLB Act requires administrative, technical, and physical safeguards to ensure the security, confidentiality, integrity, and the proper disposal of nonpublic personal information, and the FCRA imposes similar information security requirements regarding the protection of creditworthiness information. The FCRA limits an entity's ability to disclose creditworthiness information to affiliates and nonaffiliates unless certain notice requirements are met and the consumer does not elect to prevent or "opt out" of the disclosure, and it limits an entity's ability to use creditworthiness information except for certain authorized purposes. The GLB Act limits a financial institution's disclosure of nonpublic personal information to unaffiliated third parties unless certain notice requirements are met and the consumer does not elect to prevent or "opt out" of the disclosure. The GLB Act requires that financial institutions provide privacy notices to their customers. With respect to our business, the GLB Act is enforced by the CFPB and state insurance regulators, and the FCRA is enforced by the CFPB. CFPB regulations implement certain sections of the GLB Act regarding privacy and information security, and state insurance regulations also implement certain sections of the GLB Act regarding privacy and information security, including requirements to notify individuals regarding certain data security incidents that affect their nonpublic personal information. Certain states have implemented certain requirements of the GLB Act, including North Carolina through the Consumer and Customer Information Privacy Act.

Many states have enacted privacy and data security laws that impose compliance obligations beyond those imposed by the GLB Act, including obligations to protect sensitive personal information. On July 25, 2019, New York enacted the Stop Hacks and Improve Electronic Data Security Act ("**SHIELD Act**") to increase information security requirements regarding New York residents' personal information. The SHIELD Act became effective March 21, 2020. All fifty states also require entities to provide notification to affected state residents and, in certain instances, state regulators, such as state attorneys general or state insurance commissions, in the event of certain security breaches affecting personal information, though some of these laws include exemptions for entities regulated by the GLB Act.

The NYDFS published a cybersecurity regulation, which became effective on March 1, 2017, and requires all banks, insurance companies, and other financial services institutions and licensees regulated by the NYDFS, including several of our subsidiaries, to establish a cybersecurity program. The NYDFS cybersecurity regulation includes specific technical safeguards as well as requirements regarding governance, incident planning, training, data management, system testing and regulator notification in the event of certain cybersecurity events. We actively take steps to ensure that we remain in compliance with the NYDFS cybersecurity regulation.

In October 2017, the NAIC adopted a new Insurance Data Security Model Law, which establishes model standards for states to adopt regarding data security and notification of data breaches applicable to insurance licensees in states adopting such law, with provisions that are generally consistent with the NYDFS cybersecurity regulation discussed above. As with all NAIC model laws, this Insurance Data Security Model Law must be adopted by a state before becoming law in such state. The Insurance Data Security Model Law has not been adopted by a majority of the states. Wisconsin has not adopted a version of the Insurance Data Security Model Law (although legislation to adopt a form of the Insurance Data Security Model Law has been introduced in Wisconsin). We anticipate that more states will begin adopting the Insurance Data Security Model Law, sometimes with state-specific modifications, in the near term. The NAIC has also adopted a guidance document that sets forth twelve principles for effective insurance regulation of cybersecurity risks based on similar regulatory guidance adopted by the Securities Industry and Financial Markets Association and the "Roadmap for Cybersecurity Consumer Protections," which describes the protections to which the NAIC believes consumers should be entitled from their insurance companies, agents and other businesses concerning the collection and maintenance of consumers' personal information, as well as what consumers should expect when such information has been involved in a data breach. We expect cybersecurity risk management, prioritization and reporting to continue to be an area of significant regulatory focus by such regulatory bodies and self-regulatory organizations.

The California Consumer Privacy Act of 2018 (the "**CCPA**"), effective as of January 1, 2020, affords California residents expanded privacy protections and control over the collection, use and sharing of their personal information. The CCPA has already been amended and expanded to heighten compliance obligations for covered businesses, and it is possible it will be amended again by other pending legislative initiatives or by popular referendum. The CCPA requires certain companies doing business in California to disclose to California consumers information regarding the companies' privacy practices and the privacy rights that businesses must offer to California residents to access and delete their personal information. The CCPA's definition of "personal information" is more expansive than those found in other privacy laws in the United States applicable to Northwestern Mutual and NLTC. Failure to comply with the CCPA risks regulatory fines, and the CCPA grants a private right of action for an unauthorized access and exfiltration, theft, or disclosure of certain personal information resulting from the company's violation of a duty to maintain reasonable security procedures and practices. The CCPA also provides authority to the California Attorney General to seek civil penalties for intentional violations of the CCPA. The California Attorney General began enforcement of the CCPA on July 1, 2020. On June 1, 2020, the California Attorney General filed proposed final regulations for review and approval by California's Office of Administrative Law ("**OAL**"). On August 14, 2020, the California Attorney General announced that OAL had approved, and provided additional regulations to, the proposed final regulations. Therefore, as of August 14, 2020, the California Attorney General's regulations are finalized and enforceable by the California Attorney General, subject to any legal challenges. On October 12, 2020, the California Attorney General proposed modifications to the regulations that went into effect on August 14, 2020. The abbreviated comment period for these proposed modifications closed on October 28, 2020. The California Attorney General will now determine whether to further modify the proposed regulations based on those comments or to submit the regulations in their current form for approval by the OAL. The CCPA includes a number of limited exceptions, including an exception for data that is collected, processed, sold, or disclosed pursuant to the GLB Act. This exception, however, does not apply to the private cause of action afforded to individuals for information security incidents. The CCPA was amended by popular referendum due to a new ballot initiative, the California Privacy Rights Act ("**CPRA**"), which was included on the November 2020 ballot in California and approved by California voters. The majority of CPRA provisions will go into effect in January 1, 2023. In the interim, the CPRA will require additional investment in compliance programs and potential modifications to business processes. In particular, the CPRA will create a California data protection agency to enforce the statute and will impose new requirements relating to additional consumer rights, data minimization and other obligations. The CPRA also extends certain exemptions under the CCPA. Specifically, the CCPA exempts from its requirements certain information collected in employment or business-to-business ("**B2B**") contexts. The CPRA extends the CCPA's exemptions for employment and B2B information through December 31, 2022.

As noted above, state governments, Congress and agencies may consider and enact additional legislation or promulgate regulations governing privacy, cybersecurity, and data breach reporting requirements. We cannot predict whether such legislation will be enacted, or what impact, if any, such legislation may have on our business practices, results of operations or financial condition.

Consumer Protection Laws. Numerous other federal and state laws also affect Northwestern Mutual's earnings and activities, including federal and state consumer protection laws. As part of Dodd-Frank, Congress established the Consumer Financial Protection Bureau ("**CFPB**") to supervise and regulate institutions that provide certain financial products and services to consumers. Although the consumer financial services subject to the CFPB's jurisdiction generally exclude insurance business, the CFPB does have authority to regulate non-insurance consumer services.

Fiduciary Rule. In April 2016, the DOL issued the fiduciary rule, which expanded the definition of an investment advice fiduciary with respect to pension and retirement plans and IRAs. The fiduciary rule became partially effective in June 2017, although the fiduciary rule, together with related regulations and exemptions were formally vacated by the U.S. Court of Appeals for the Fifth Circuit in 2018. The DOL, on June 29, 2020, undertook the ministerial action of amending the Code of Federal Regulations to reinstate the Department's 1975 regulation defining who is an investment advice fiduciary under ERISA and the Code. The DOL also proposed a new Prohibited Transaction Exemption ("PTE") for investment advice fiduciaries. The DOL received comment letters and held a public hearing on September 3, 2020 on the proposed PTE. At this time we cannot predict when the final PTE will be issued or its potential impact on Northwestern Mutual. For additional information *see* "Risk Factors—Risk Factors Related to Northwestern Mutual—Northwestern Mutual is subject to extensive regulation, which may affect its operations" above.

On June 5, 2019, the SEC adopted rules and interpretations addressing the standards of conduct applicable to broker-dealers and investment advisers and their associated persons, including Regulation Best Interest. The new rules are primarily focused on offerings of products and services to individual investors and their investment vehicles, which the rules classify as "retail" even if the natural person is wealthy. As a result of the new rules, beginning June 30, 2020, broker-dealers recommending securities to natural persons, such as Northwestern Mutual's variable products, are required to comply with a "best interest" standard of conduct and to provide disclosures about their standard of conduct and conflicts of interest on new Form CRS, which must be filed with the SEC and delivered to retail clients, and in product marketing and offering materials. Investment advisers to retail clients are also required to file Form CRS with the SEC and to deliver copies of the form to their retail clients. The SEC rules do not include a private right of action. Since we have only recently implemented these new rules and the SEC has only started to examine firms compliance with the new requirements, we cannot at this time predict the effect they might have on Northwestern Mutual's broker-dealers and investment advisers, and on the sales and distribution systems for Northwestern Mutual's variable universal life insurance and annuity products.

In addition, state regulators and/or legislatures in Nevada, New Jersey and New York have proposed measures that would make broker-dealers, sales agents and investment advisers and their representatives subject to a fiduciary duty when providing products and services to retail customers, including pension plans and Individual Retirement Accounts ("**IRAs**"). The SEC in Regulation Best Interest intentionally deferred the question of preemption of state laws and regulations to the courts, and some of the state proposals would allow for a private right of action for investors to sue financial intermediaries, such as Northwestern Mutual. Effective March 6, 2020, Massachusetts adopted a fiduciary rule applicable to recommendations made by broker-dealers and their representatives to retail customers with an enforcement date of September 1, 2020. In some respects, the Massachusetts fiduciary rule is broader than Regulation Best Interest for customers and representatives in Massachusetts, although the rule does not apply to insurance products.

As a result of these federal and state changes, it is possible that it may become more costly to provide Northwestern Mutual's products and services to pension plans and IRAs, located in the states subject to the new proposals it adopted.

Securities Regulation

Northwestern Mutual, along with certain of its subsidiaries, affiliates and certain separate accounts, and certain insurance policies and annuity contracts offered and/or distributed by them, are subject to various forms of regulation under the federal securities laws administered by the SEC, state securities laws and FINRA rules. Certain of Northwestern Mutual's subsidiaries are investment advisers registered under the Investment Advisers Act of 1940, as amended, and one subsidiary is also registered as a broker-dealer under the Exchange Act as well as being a member of FINRA. Certain separate accounts of Northwestern Mutual and a mutual fund complex sponsored by Northwestern Mutual are investment companies registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). In addition, certain variable annuity contracts and variable universal life insurance policies issued by Northwestern Mutual and shares of the underlying mutual fund complex sponsored by Northwestern Mutual are registered under the Securities Act.

Northwestern Mutual also has certain pooled investment vehicles that are exempt from registration under the Securities Act and the Investment Company Act, but that may be subject to the antifraud and certain other provisions of such legislation.

Federal and state securities regulatory authorities, state attorneys general and FINRA from time to time make inquiries regarding compliance by Northwestern Mutual, its subsidiaries and affiliates with securities and other laws and regulations regarding the conduct of their securities businesses. Northwestern Mutual endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted. Federal and state securities laws and regulations and FINRA rules are primarily intended to protect investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. Northwestern Mutual, its subsidiaries and affiliates may also be subject to similar laws and regulations in the states in which it offers securities products, provides investment advisory services or conducts other securities-related activities.

Federal Income Taxation & Legislation

Under the Code, Northwestern Mutual is taxed on its gain from operations (after deducting amounts paid as dividends to policyowners) as well as its realized capital gains. Moreover, Northwestern Mutual is taxed on its other subsidiaries' consolidated income. Northwestern Mutual is also required to capitalize and amortize certain policy acquisition expenses. Congress and state and local governments consider from time to time legislation that could increase or change the manner of taxing the products that Northwestern Mutual sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Northwestern Mutual. To the extent that any such legislation is enacted in the future, Northwestern Mutual could be adversely affected.

See “Risk Factors—Risks Related to Northwestern Mutual—Changes in tax laws and the interpretation thereof could adversely affect Northwestern Mutual’s business.”

Environmental

As owners and operators of real property, Northwestern Mutual and certain of its subsidiaries are subject to extensive federal, state and local environmental laws and regulations. Inherent in such ownership and operation is the risk that there may be environmental liabilities and costs incurred in connection with any required investigation or remediation of any current or former properties. In addition, Northwestern Mutual and certain of its subsidiaries hold interests in companies that are subject to environmental liabilities and costs. Northwestern Mutual routinely conducts environmental assessments before acquiring real estate for investment, and before taking title through foreclosure. While there can be no assurance that unexpected environmental liabilities will not arise, based on these environmental assessments, management believes that any costs associated with compliance with environmental laws and regulations or any remediation of such properties would not have a material adverse effect on Northwestern Mutual’s financial position or results of operations.

ERISA

Certain of Northwestern Mutual’s products and services provided to employee benefit plans or IRAs are subject to the requirements of ERISA or the Code. Federal legislation and regulations concerning employee benefit plans and individual retirement accounts could significantly affect the insurance industry and the costs faced by participants in employee benefits plans and IRAs. For example, on June 29, 2020, the DOL announced new regulatory action (the “Fiduciary Advice Rule”) that will expand the scope of what constitutes “fiduciary investment advice” to plans subject to Title I of ERISA (“ERISA Plan”) and individual retirement accounts (“IRAs”) and provides interpretive guidance concerning the regulation. The guidance provided by the DOL broadens the circumstances under which financial institutions, including insurance companies, could be considered fiduciaries under ERISA or the Code. In particular, the DOL states that a recommendation to “rollover” assets from a qualified retirement plan to an IRA, or from an IRA to another IRA, can be considered fiduciary investment advice if provided by someone with an existing relationship with the qualified retirement plan or an IRA owner (or in anticipation of establishing such a relationship).

Under the Fiduciary Advice Rule, individuals or entities providing such advice would be considered fiduciaries under ERISA or the Code, as applicable, and would therefore be required to act in the best interest of ERISA Plan participants or IRA beneficiaries, or risk exposure to fiduciary liability with respect to their advice. They would further be prohibited from receiving compensation for this advice, unless an exemption applied.

In connection with the Fiduciary Advice Rule, the DOL also issued a proposed exemption that would allow fiduciaries to receive compensation in connection with providing investment advice, including advice about rollovers, that would otherwise be prohibited as a result of their fiduciary relationship to the ERISA Plan or IRA. In order to be eligible for the exemption, the investment advice fiduciary would be required, among other conditions, to acknowledge its fiduciary status, refrain from putting its own interests ahead of the plan beneficiaries’ interests or making material misleading statements, act in accordance with ERISA’s “prudent person” standard of care, and receive no more than reasonable compensation for the advice.

In addition, the DOL has issued an amendment repealing the provisions of its previous fiduciary rule, which was promulgated in 2016 and vacated in 2018. The amendment has also restored certain other prohibited transaction exemptions (“PTEs”) to their pre-2016 forms, including PTE 84-24, which provides relief, among other things, for receipt of commissions by insurance agents, broker-dealers, and others in connection with the sale of insurance and annuity contracts. Such exemptions may provide further relief in connection with the provision of fiduciary advice in the context of sales of insurance products.

Unlike the DOL's previous fiduciary rule issued in 2016, compliance with the Fiduciary Advice Rule will not require Northwestern Mutual or its distributors to provide the voluminous disclosures required for exemptive relief under the previous rule. However, Northwestern Mutual continues to analyze the impact of the Fiduciary Advice Rule, and, while Northwestern Mutual cannot predict the rule's impact, it could have an adverse effect on sales of annuity products through Northwestern Mutual's independent distribution partners, as a significant portion of its annuity sales are to IRAs. The Fiduciary Advice Rule may also lead to changes to Northwestern Mutual's compensation practices and product offerings and increased litigation risk, which could adversely affect its results of operations and financial condition. Northwestern Mutual may also need to take certain additional actions in order to comply with, or assist its distributors in their compliance with, the Fiduciary Advice Rule.

In addition, ERISA provides insurers protection from potential exposure prompted by the 1993 U.S. Supreme Court decision in John Hancock Mutual Life Insurance Company v. Harris Trust & Savings Bank. In this decision, the Court held that, to the extent insurance contracts issued to employee benefit plans provide for a return that is not guaranteed, but instead varies with the performance of the insurer's general account, then the insurer's general account can become subject to ERISA and the insurer can become subject to the fiduciary requirements of ERISA.

The pertinent ERISA provisions and regulations issued by the DOL provide that insurers are protected from liability for breaches of fiduciary duties under ERISA for past actions with respect to such general account contracts. However, insurers remain subject to federal criminal law and liable for actions brought by the U.S. Secretary of Labor alleging breaches of fiduciary duties that also constitute a violation of federal or state criminal law. ERISA also generally provides that contracts issued from an insurer's general account on or before December 31, 1998, and that are not guaranteed benefit policies, will not be subject to ERISA's fiduciary requirements if they meet the requirements of the regulations issued by the DOL. In addition, ERISA provides that contracts issued from an insurer's general account after December 31, 1998, and that are not guaranteed benefit policies, will be subject to ERISA.

Regulations issued by the DOL provide that where an employee benefit plan acquired an insurance policy (other than a guaranteed benefit policy) issued on or before December 31, 1998 (a "Transition Policy") and supported by the assets of the insurer's general account, the employee benefit plan's assets for purposes of ERISA will not be deemed to include any of the assets of the insurer's general account, provided that the requirements of the regulation are met. Accordingly, if those requirements are met, the insurer is not subject to the fiduciary obligations of ERISA in connection with such a Transition Policy. Northwestern Mutual has taken steps to comply with these requirements to secure the relief provided by the regulations from the fiduciary obligations of ERISA with respect to a Transition Policy.

MANAGEMENT OF NORTHWESTERN MUTUAL

Set forth below is information regarding the trustees and principal officers of Northwestern Mutual.

Board of Trustees

The Board of Trustees is responsible for oversight of the management of the business and affairs of Northwestern Mutual. The Bylaws of Northwestern Mutual divide the Board of Trustees into four classes. Each year the policyowners elect one class of trustees to serve for a term of four years. Set forth below is information regarding the trustees of Northwestern Mutual as of January 1, 2021:

Trustee	Committee Memberships
Balboni, John N.	Distribution & Technology (chair), Executive, Human Resources, Nominating & Corporate Governance
Brathwaite, Nicholas E.	Audit, Distribution & Technology
Hardin, P. Russell	Audit, Finance
Jones, Dale E.	Distribution & Technology, Human Resources, Nominating & Corporate Governance
Melville, Randolph W.	Audit, Distribution & Technology
Montemayor, Jaime	Audit, Distribution & Technology
Murphy, Timothy H.	None(1)
Nunemaker, Andrew N.	None(1)
Paradis, Anne M.	Audit (chair), Distribution & Technology, Executive
Schlifske, John E., Chairman	Executive (chair), Finance (chair)
Shah, Aarti S.	Audit, Distribution & Technology
Stanek, Mary Ellen	Executive, Finance, Human Resources, Nominating & Corporate Governance
Voynich, S. Scott	Finance, Human Resources, Nominating & Corporate Governance
Weber, Ralph A.	Executive, Finance, Human Resources, Nominating & Corporate Governance (chair)
Wilson, Benjamin F., Lead Non-Management Trustee	Executive, Finance, Human Resources, Nominating & Corporate Governance
Zarate, Juan C.	Audit, Distribution & Technology

(1) As first year members of the Board of Trustees, Mr. Murphy and Mr. Nunemaker are not assigned to a committee.

Principal Officers

Set forth below is information regarding the principal officers of Northwestern Mutual as of January 1, 2021:

Principal Officer	Title
Schlifske, John E.	Chairman, President & Chief Executive Officer
Badran, Souheil	Executive Vice President & Chief Operating Officer
Carter, Michael G.	Executive Vice President, Chief Financial Officer & Chief Risk Officer
Gerend, Timothy J.	Executive Vice President & Chief Distribution Officer
Gokhale, Aditi Javeri	Executive Vice President & Chief Commercial Officer
Grogan Jr., John M.	Executive Vice President - Chief Product & Innovation Officer
Joelson, Ronald P.	Executive Vice President
Manista, Raymond J.	Executive Vice President - Chief Legal Officer, Chief Compliance Officer & Secretary
Mitchell, Christian W.	Executive Vice President & Chief Customer Officer
Robertson, Don J.	Executive Vice President & Chief Human Resources Officer
Sample, Neal	Executive Vice President & Chief Information Officer

The business address of each trustee and principal officer of Northwestern Mutual is 720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202. The telephone number of Northwestern Mutual is (414) 271-1444. Northwestern Mutual's NAIC number is 860-67091.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Except as described below, there are no potential conflicts of interest between the duties to Northwestern Mutual of any of the members of the Board of Trustees and their respective private interests or other duties.

In the ordinary course of its insurance operations, Northwestern Mutual has from time to time provided insurance coverage to a number of companies of which the trustees of Northwestern Mutual are or were officers or directors. However, such coverage is primarily the result of sales efforts and is not tied to the membership on the Board of Trustees of any one or more individuals or to a relative or spouse of such individual.

In the ordinary course of its insurance and investment operations, Northwestern Mutual and its subsidiaries have from time to time purchased goods and services from, and made investments in, a number of companies of which the trustees of Northwestern Mutual are or were officers or directors. However, such purchases and investments were the result of an independent evaluation of such goods and services or investments, as applicable, and not tied to membership on the Board of Trustees of any one or more individuals or to a relative or spouse of such individual. Northwestern Mutual has procedures in place to attempt to exclude the influence of any member of its Board of Trustees in such circumstances.

All of the trustees and principal officers of Northwestern Mutual carry one or more life or disability insurance policies or deferred annuity contracts issued by Northwestern Mutual. These policies and contracts give owners voting rights as prescribed by the By-Laws of Northwestern Mutual, but in the aggregate such trustees and principal officers who are policyowners or contract holders hold an insignificant percentage of the aggregate voting rights in Northwestern Mutual. In addition, loans are made to trustees and principal officers of Northwestern Mutual (and their family members and associates) in accordance with the provisions of insurance policies or other contracts that they may own. Such loans are made in the ordinary course of business, in accordance with applicable law, and are administered solely pursuant to the terms of such policies.

For a description of certain service and similar arrangements and agreements between Northwestern Mutual and certain of its affiliates, see “Business of Northwestern Mutual” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Northwestern Mutual’s trustees do not have any duties to the Issuer; therefore, Northwestern Mutual is not aware of any potential conflicts of interest between Northwestern Mutual’s trustees and any duties to the Issuer.

DESCRIPTION OF THE NOTES

This section provides an overview of the material provisions of the Notes, the Indenture, and the form of an indenture to be entered into between the Issuer and the Indenture Trustee in connection with each issuance of Notes under the Program (each, a "**Series Indenture**"). It does not purport to be complete and is subject to the applicable Pricing Supplement and to the detailed provisions of the Notes, the Indenture and each applicable Series Indenture, copies of which will be available as provided under "Documents Available." Capitalized terms used and not otherwise defined herein have the same meanings as those used in the Indenture. The terms and conditions of the Notes described in this section will apply to the Notes of each Series, except that the Issuer will add the specific terms of the Notes of a Series and may modify or replace any of the information provided in this section in each applicable Pricing Supplement. Prospective purchasers should consider the information contained in this Offering Memorandum, the Indenture, the applicable Series Indenture and each applicable Pricing Supplement in making their investment decision.

General

Series and Tranches of Notes

The Notes will be issued in one or more series up to the Authorized Amount. Each Series of Notes may be comprised of one or more Tranches issued on different issue dates; provided that any subsequently issued Tranche of Notes constitutes "additional debt instruments" as defined in U.S. Treasury Regulation Section 1.1275-2(k)(2)(ii) issued in a "qualified reopening" of the original issuance of such series of Notes, as defined in U.S. Treasury Regulation Section 1.1275-2(k)(3) or is otherwise treated as part of the same issue of the previously issued Tranche for U.S. federal income tax purposes. The Issuer may only issue a Tranche of Notes if Northwestern Mutual has issued or will simultaneously issue one or more Funding Agreements to the Issuer, which will constitute an asset of the applicable Series of the Issuer and will become a part of the applicable Series Collateral. The Notes of a Series will all be subject to identical terms, except that the issue date, the issue price and the amount and date of the first payment of interest may be different in respect of different Tranches (provided that for U.S. federal income tax purposes, all Notes of a Series will be treated as having the same issue date, issue price and, with respect to Holders, adjusted issue price), *provided* that, in any event, the date of the first payment of interest on a Series of Notes will be on or before the first anniversary of the effective date of the relevant Funding Agreement. The Notes of each Tranche will all be subject to identical terms in all respects.

Indenture and Series Indenture

Each Series of Notes will be issued under, subject to and entitled to the benefits of the Indenture and a separate Series Indenture by and between the Issuer and the Indenture Trustee. Each Series Indenture will incorporate the Indenture which shall provide the terms that govern each separate Series Indenture thereunder, unless any such Series Indenture specifies otherwise. The Notes issued under a Series Indenture will constitute a single Series, together with any Notes issued in the future under such Series Indenture that are designated by the Issuer as being part of such Series. The aggregate principal amount of Notes that may be authenticated and delivered under the Indenture is unlimited.

Neither the Indenture nor any Series Indenture will be governed by, interpreted by reference to or otherwise incorporate any term corresponding to any provision of the Trust Indenture Act of 1939, as amended.

Security; Limited Recourse

The obligations of the Issuer under each Series of Notes will be secured by a first priority perfected security interest in favor of the Indenture Trustee in the "Series Collateral" which will consist of:

- each Funding Agreement related to the applicable Series;
- all proceeds of each Funding Agreement related to the applicable Series;

- all books and records of the Issuer pertaining to the foregoing; and
- all benefits, rights, privileges and options of the Issuer pertaining to the foregoing.

The Issuer will be organized in series, as permitted by Sections 3804(a) and 3806(b)(2) of the Trust Act. In connection with the issuance of each Series of Notes, the Issuer will create a separate Series of the Issuer. The applicable Series of Notes and the related debts, liabilities, obligations and expenses will be incurred, contracted for or otherwise existing with respect to such Series of the Issuer, and will be enforceable only against the assets of such Series of the Issuer and not against the assets of the Issuer generally or the assets of any other Series of the Issuer. The individual Series of the Issuer are not separate legal entities.

The obligations of the Issuer evidenced by the Notes will not be obligations of, and will not be guaranteed by, any other person, including, but not limited to, Northwestern Mutual or any of its subsidiaries or affiliates.

Ranking

The Notes of a Series will be direct, unconditional, secured and unsubordinated non-recourse obligations incurred by the Issuer with respect to the relevant Series of the Issuer and will rank equally among themselves without any preference.

Since Northwestern Mutual will be the sole obligor under the Funding Agreements, the ability of the Issuer to meet its obligations, and the ability of the Holders of Notes to receive payments from the Issuer, with respect to a particular Series of Notes, will be principally dependent upon Northwestern Mutual's ability to perform its obligations under each applicable Funding Agreement securing the Notes of the relevant Series. Despite this, Holders of Notes will have no direct contractual rights against Northwestern Mutual under any such Funding Agreement. Pursuant to the terms of each Funding Agreement, recourse rights to Northwestern Mutual will belong to the Issuer, its successors and its permitted assignees (which will include the Indenture Trustee to the extent of its first priority perfected security interest in the Series Collateral), but only with respect to the relevant Series of the Issuer. In connection with the offering and sale of a Series of Notes, the Issuer will pledge, collaterally assign and grant a security interest in the Series Collateral for such Series of Notes to the Indenture Trustee on behalf of the Holders of Notes and any other person for whose benefit the Indenture Trustee is or will be holding such security interest in the applicable Series Collateral. Accordingly, recourse to Northwestern Mutual under each such Funding Agreement will be enforceable only by the Indenture Trustee as a secured party for the benefit of the Holders of such Series of Notes and any other person for whose benefit the Indenture Trustee is or will be holding a security interest in the applicable Series Collateral.

The obligations of Northwestern Mutual under the Funding Agreements will not be obligations of, and will not be guaranteed by, any other person.

Pricing Supplement

The specific terms of each Series of Notes and each Tranche of Notes related to such Series will be set forth in the applicable Pricing Supplement.

Pricing Options

Notes that bear interest will either be Fixed Rate Notes or Floating Rate Notes, as specified in the applicable Pricing Supplement. The Issuer may also issue Discount Notes and Amortizing Notes, or any combination thereof.

Interest rates offered on the Notes may differ depending upon, among other factors, the aggregate principal amount of Notes purchased in any single transaction as well as market conditions. The Issuer may change interest rates or formulas and other terms of Notes from time to time, but no change of terms will affect any Note the Issuer has previously issued or as to which it has accepted an offer to purchase.

Maturities

The Notes of each Series will mature on a day 90 days or more from its date of issue (the "**Stated Maturity Date**"), as specified in the applicable Pricing Supplement, unless their principal (or, any installment of its principal) becomes due and payable prior to the Stated Maturity Date, whether, as applicable, by the declaration of acceleration of maturity or otherwise. The Stated Maturity Date or any date prior to the Stated Maturity Date on which the Notes of a particular Series become due and payable, as the case may be, is referred to herein as the "**Maturity Date**" with respect to the principal of the Notes of such Series repayable on that date.

Denominations

Subject to the provisions of the applicable Pricing Supplement or as otherwise provided below, the Notes of a Series will be issued, with respect to U.S. dollar-denominated Notes, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Any Notes admitted to the Official List and trading on the GEM or on any regulated market in the EEA or the United Kingdom or offered in any member states of the EEA or in the United Kingdom will be issued in minimum denominations of €100,000 (or the equivalent thereof in another currency at the time of issue) and integral multiples of €1,000 (or the equivalent thereof in another currency at the time of issue) in excess thereof. Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom or the activity of issuing such Notes is carried on from an establishment maintained by the Issuer in the United Kingdom and which have a maturity of less than one year must (i) (a) have a minimum denomination of £100,000 (or its equivalent in other currencies), and (b) be issued only to persons (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances that do not constitute a contravention of Section 19 of the FSMA by the Issuer.

Listing

This Offering Memorandum has been approved by Euronext Dublin as a Listing Particulars. Application may made to Euronext Dublin for Notes issued under the Program during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. However, Notes may also be (i) listed on another securities exchange which is not a regulated market, or (ii) not listed on any regulated market in the EEA or the United Kingdom or offered in any member states of the EEA or in the United Kingdom. Any Notes admitted to the Official List or trading on the GEM or on any other securities exchange or regulated market will be issued in minimum denominations of €100,000 or greater (or the equivalent thereof in another currency at the time of issue) and integral multiples of €1,000 (or the equivalent thereof in another currency at the time of issue) in excess thereof. Notes with a maturity of less than 12 months will not be listed.

Reopenings

The Issuer may, without the consent of any holder of the Notes of such Series, issue one or more additional Tranches of Notes having the same terms as previously issued Notes (other than the issue date, the issue price, the amount and date of the first payment of interest and any other different terms specified in the applicable Pricing Supplement(s), all of which may vary) that will form a single Series with the previously issued Notes of such Series provided that any subsequently issued Tranche of Notes constitutes "additional debt instruments" as defined in U.S. Treasury Regulation Section 1.1275-2(k)(2)(ii) issued in a "qualified reopening" of the original issuance of such series of Notes, as defined in U.S. Treasury Regulation Section 1.1275-2(k)(3) or is otherwise treated as part of the same issue of the previously issued Tranche for U.S. federal income tax purposes. The Issuer may only issue a Tranche of Notes if Northwestern Mutual has issued or will simultaneously issue one or more Funding Agreements to the Issuer, which will constitute an asset of the applicable Series of the Issuer and will become a part of the applicable Series Collateral. The Notes of a Series will all be subject to identical terms, except that the issue date, the issue price and the amount and date of the first payment of interest may be different in respect of different Tranches (provided that for U.S. federal income tax purposes, all Notes of a Series will be treated as having the same issue date, issue price and, with respect to Holders, adjusted issue price). The Notes of each Tranche of a Series will all be subject to identical terms in all respects.

Currency

Subject to the provisions of the applicable Pricing Supplement, the Notes of a Series will be denominated in, and payments of principal of and any premium and interest on the Notes of such Series will be made in, U.S. dollars. The Notes of each Series also may be denominated in, and payments of principal of and any premium and interest on the Notes of such Series may be made in, Euro or one or more other currencies. The currency in which the Notes of a particular Series are denominated (or, if such currency is no longer legal tender for the payment of public and private debts in the country issuing such currency or, in the case of Euro, in the member states of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union (the "**Treaty**"), such currency which is then such legal tender) is herein referred to as the "**Specified Currency**" with respect to such Series of Notes. References herein to "**U.S. dollars**" or "**$**" are to the lawful currency of the United States, references herein to "**Euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to such Treaty, as amended, and references herein to "£" are to British Pounds sterling, the lawful currency of the United Kingdom.

Redenomination

If so specified in the applicable Pricing Supplement, the Issuer may redenominate Notes issued in the currency of a country that subsequently participates in the third stage of the European economic and monetary union, or otherwise participates in the European economic and monetary union in a manner with similar effect to such third stage, into Euro. The provisions relating to any such redenomination will be contained in the applicable Pricing Supplement.

Business Day; London Banking Day; Principal Financial Center

"**Business Day**" means, subject to the provisions of the applicable Pricing Supplement, any day (other than a Saturday, Sunday, legal holiday or any other day on which commercial banks in New York, New York or London are authorized or required by law to close) on which commercial banks are open for business and foreign exchange markets settle payments in the Principal Financial Center in respect of the applicable Series of Notes, or, in relation to Notes payable in Euro, a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer ("**TARGET2**") System is operating and, in either case, a day (other than a Saturday, Sunday, legal holiday or any other day on which commercial banks in New York, New York or London are authorized or required by law to close) on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Pricing Supplement.

"**London Banking Day**" means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets settle payments in the LIBOR Currency (as defined herein) in London.

"**Principal Financial Center**" means such financial center or centers as may be specified in relation to the relevant currency for the purposes of the definition of "Business Day", as the same may be amended, modified, restated, supplemented and/or replaced from time to time in the relevant Pricing Supplement.

Business Day Convention

"**Business Day Convention**" means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Notes, shall have the following meanings:

(i) “**Following Business Day Convention**” means that such date shall be postponed to the first following day that is a Business Day;

(ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;

(iii) “**Preceding Business Day Convention**” means that such date shall be brought forward to the first preceding day that is a Business Day; and

(iv) “**FRN Convention**” or “**Eurodollar Convention**” means, for each relevant date, the date which numerically corresponds to the preceding relevant date in the calendar month which is the number of months specified in the Pricing Supplement after the calendar month in which the preceding relevant date occurred, *provided* that:

(a) if there is no such numerically corresponding day in the calendar month in which any relevant date should occur, then the date will be the last day which is a Business Day in that calendar month;

(b) if the date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(c) if the preceding relevant date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding relevant date occurred.

Day Count Fraction

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (“**Calculation Period**”), one of the following day count fractions, which will be specified in the Pricing Supplement:

(i) “**Actual/365**” or “**Actual/Actual (Historical)**”: the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) “**Actual/365 (Fixed)**”: the actual number of days in the Calculation Period divided by 365;

(iii) “**Actual/360**”: the actual number of days in the Calculation Period divided by 360;

(iv) “**30/360**”: the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"Dl" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case Dl will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and Dl is greater than 29, in which case D2 will be 30;

(v) "**30E/360**" or "**Eurobond Basis**": the number of days in the Calculation Period or Compounding Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Yl" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"Dl" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(vi) "**Actual/Actual (Bond)**" if the Interest Payment Dates all fall at regular intervals between the Issue Date and the Maturity Date: the number of days in the Calculation Period divided by the product of (a) the number of days in the Interest Period in which the Calculation Period falls and (b) the number of Interest Periods in any period of one year.

Holder

The term "**Holder**" means the person in whose name a Note is registered on the note register.

Form of Notes and Clearance

The Issuer and the Purchasing Agent(s) will agree on the form of Notes to be issued in respect of any Series of Notes. The form of Notes to be issued in relation to any Series of Notes will be specified in the applicable Pricing Supplement. Each Note will be represented by a security certificate containing the applicable terms (a "**Note Certificate**").

The Notes may be offered and sold in the United States only, outside the United States only or in and outside the United States simultaneously as part of a global offering. Notes sold pursuant to an offering made in the United States only will initially be represented by one or more Global Notes deposited with Citibank, N.A. (in such capacity, the "**Notes Custodian**"), as custodian for, and registered in the name of a nominee of, DTC as depositary (each Global Note so deposited and registered being referred to herein as a "**DTC Global Note**").

Notes sold outside of the United States in accordance with Regulation S will initially be represented by one or more temporary Global Notes (each, a "**Temporary Global Note**"). Upon the expiration of the applicable Distribution Compliance Period, beneficial interests in a Temporary Global Note will be exchangeable for equivalent beneficial interests in one or more permanent Global Notes (each a "**Permanent Global Note**"), as and to the extent provided in the applicable Temporary Global Note.

Notes sold pursuant to an offering made outside the United States only will initially be represented by one or more Temporary Global Notes, as described above, and upon exchange therefor will be represented by one or more Permanent Global Notes deposited with a common depositary (the "**Depositary**") for, and (i) in the case of U.S. dollar denominated Notes, registered in the name of a nominee of, DTC and (ii) in the case of non-U.S. dollar denominated Notes, registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as applicable.

References to Euroclear and/or Clearstream, Luxembourg in this Offering Memorandum shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing systems as may be specified in any applicable Pricing Supplement.

Subject to the Notes sold outside of the United States in accordance with Regulation S initially being represented by one or more Temporary Global Notes and the subsequent exchange of beneficial interests in each such Temporary Global Note for beneficial interests in one or more Permanent Global Notes, as described above, Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented (i) solely by one or more DTC Global Notes (a "**Single Global Note Issue**") or, (ii) alternatively, (a) by one or more DTC Global Notes in respect of Notes sold in the United States and (b) by one or more separate Global Notes deposited with the Depositary as common depositary for, and (1) in the case of U.S. dollar denominated Notes, registered in the name of a nominee of, DTC and (2) in the case of non-U.S. dollar denominated Notes, registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg, as applicable, in respect of Notes sold outside the United States (a "**Dual Global Note Issue**").

Except as described below, owners of beneficial interests (each, a "**Beneficial Note Owner**") in a Global Note will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form (each, a "**Definitive Note**") and will not be considered the owners or Holders thereof under the Indenture. Beneficial interests in Global Notes will be represented, and transfers thereof will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Note Owners, as direct or indirect participants in the relevant clearing system.

Investors in a global offering may elect to hold beneficial interests in a Global Note through any of DTC or Euroclear or Clearstream, Luxembourg if they are participants in such systems, or indirectly through organizations that are participants in such systems. If the Notes sold pursuant to a global offering are part of a Single Global Note Issue, Euroclear and Clearstream, Luxembourg will hold beneficial interests on behalf of their participants through customers' securities accounts in Euroclear's and Clearstream, Luxembourg's names on the books of the Depositary, which in turn will hold such beneficial interests in customers' securities accounts in the Depositary's name on the books of DTC.

Citibank, N.A. will serve initially as registrar (in such capacity, and together with any successor registrar, the "**Registrar**") for the Notes. In such capacity, with respect to the Notes of each Series, Citibank, N.A., as registrar, will cause to be kept at its Corporate Trust Office a register (each, a "**Note Register**"), in which, subject to such reasonable regulations as it may prescribe, Citibank, N.A., as registrar, will provide for the registration of the Notes of such Series and of transfers thereof.

Subject to applicable law and the terms of the Indenture, the applicable Series Indenture and the Notes of a Series, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee shall deem and treat the Holder or Holders of any Note of such Series as the absolute owner or owners of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of, any premium on, and, subject to the provisions of the Indenture and the applicable Series Indenture, any interest on such Note and for all other purposes, and neither the Issuer nor the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by any notice to the contrary. All such payments so made to such Holder or Holders will be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for funds payable upon any such Note. So long as DTC, its nominee, a nominee of Euroclear and/or Clearstream, Luxembourg or a successor of such clearing system or any such nominee is the Holder of a Global Note, such clearing system, such nominee or such successor of such clearing system or such nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Note for all purposes under the Indenture. Accordingly, any Beneficial Note Owner must rely on the procedures of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, if such person is not a participant in any such clearing system, on the procedures of the participant therein through which such person owns its beneficial interest, to exercise any rights of a Holder of Notes. The Issuer understands that, under existing industry practices, in the event that the Issuer requests any action of Holders or that Beneficial Note Owners desire to give or take any action which a Holder is entitled to give or take under the Indenture, DTC, its nominee or a successor of DTC or its nominee, as the Holder of the DTC Global Note, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Notes through participants) to give or take such action, and such participants would authorize Beneficial Note Owners owning through such participants (or such persons holding beneficial interests in the Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Note Owners.

DTC may grant proxies or otherwise authorize its participants (or persons holding beneficial interests in the Notes through its participants) to exercise any rights of a Holder of Notes or take any other actions which a Holder is entitled to take under the Indenture or in respect of the Notes. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a Holder under the Indenture or the Notes on behalf of a Euroclear participant or a Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and, with respect to beneficial interests in a DTC Global Note, subject to the Depositary's ability to effect such actions on its behalf through DTC. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of a Beneficial Note Owner to pledge its interest in the Notes to persons or entities that do not participate in the DTC system or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate of such interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a DTC Global Note.

Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such system. The Indenture Trustee will initially act as the Issuer's paying agent with respect to Notes for which payments are settled through DTC as specified from time to time in the applicable Pricing Supplement and pursuant to the Indenture. Citibank, N.A., London Branch will initially act as the Issuer's paying agent with respect to Notes for which payments are settled through any Clearing Corporation other than DTC as specified from time to time in the applicable Pricing Supplement and pursuant to the Indenture. Payments with respect to a Global Note will be made to DTC, its nominee or a nominee of Euroclear and/or Clearstream, Luxembourg, as the case may be (or to any successor to such clearing system or any such nominee) as the Holder of the Notes represented by such Global Note. Neither the Issuer nor the Indenture Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note, for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any actions taken or not taken by DTC.

Upon receipt of any payment of principal of, any premium and interest on a DTC Global Note, DTC will credit its participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Global Note as shown on the records of DTC. Payments by such participants to owners of beneficial interests in the DTC Global Note held through such participants will be the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name." Distributions with respect to Notes held through Euroclear and/or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants and/or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures to the extent received by the Depositary.

Interests in a Global Note will be exchangeable in whole, but not in part, for Definitive Notes only if such exchange is permitted by applicable law (including, without limitation, Regulation S) and (i) any clearing corporation with which any Global Note is deposited and which is or whose nominee is the Holder of such Global Note shall have notified the Issuer that it or its nominee is unwilling or unable to continue as the depositary and Holder of such Global Note and a successor clearing corporation or nominee, as applicable, is not appointed within 90 days; (ii) an Event of Default shall have occurred and the maturity of the Notes of such Series shall have been accelerated in accordance with the terms of the Indenture, the applicable Series Indenture and the Notes of such Series; or (iii) the Issuer shall have decided in its sole discretion that the Notes of such Series should no longer be evidenced solely by one or more Global Notes. An exchange for a Definitive Note will be made at no charge to the holders of the beneficial interests in the Global Note being exchanged. The Definitive Notes issued in exchange for beneficial interests in any such Global Note shall be of like tenor and of an equal aggregate principal amount, in authorized denominations. Such Definitive Notes shall be registered in the name or names of such person or persons as the relevant clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Notes. Except as provided above, owners of beneficial interests in a Global Note will not be entitled to receive physical delivery of Definitive Notes and will not be considered the registered Holders of such Notes for any purpose.

Upon surrender of a Note Certificate for registration of transfer of any Notes represented thereby, together with the form of transfer endorsed thereon duly completed and executed, at the designated office of the Registrar or of any applicable transfer agent, each as provided in an applicable Note Certificate or Series Indenture, the Issuer shall execute, and, upon receiving written instructions from the Issuer to do so, the Indenture Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Note Certificates representing an aggregate principal amount of Notes equal to the aggregate principal amount of the Notes represented by such Note Certificate surrendered for registration of transfer. The Indenture Trustee will have no obligation or duty to monitor, determine, or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any Note.

Subject to the provisions of the applicable Pricing Supplement, payments of principal of, and any premium on, Notes shall be made as provided in or pursuant to the Indenture against presentation and surrender of the applicable Note Certificate or Note Certificates at the designated office of the Registrar or of any applicable transfer agent, each as provided in the applicable Pricing Supplement. Subject to the provisions of the applicable Pricing Supplement, payments of interest on Notes shall be paid to the person shown on the applicable Note Register at the close of business on the applicable Regular Interest Record Date set as provided in or pursuant to the Indenture and the applicable Series Indenture on the due date for payment thereof. Payments of interest on each Note shall be made in the currency in which such payments are due. Such payment of interest will be made by transfer to an account in the relevant currency maintained by the payee with a bank in the Principal Financial Center of the country of that currency or, in the case of Notes denominated in euro, in a city in which banks have access to the TARGET2 System.

"**Regular Interest Record Date**" means the date(s) specified in the relevant Pricing Supplement, before the due date for such payment.

Global Clearance and Settlement

General

Notes issued pursuant to the Program may be held through one or more international and domestic clearing systems, principally the book-entry systems operated by DTC in the United States, and Euroclear and Clearstream, Luxembourg in Europe. Electronic securities and payment transfer, processing, depositary and custodial links have been established among these systems and others, either directly or through custodians and depositaries, which enable Notes to be issued, held and transferred among the clearing systems through these links. Each Paying Agent will have direct electronic links with DTC, Euroclear and Clearstream, Luxembourg. Procedures have been established among these clearing systems and such Paying Agent to facilitate clearance and settlement of certain Notes traded across borders in the secondary market. Cross-market transfers of Notes in respect of which payments will be made in U.S. dollars and which will be issued in global form may be cleared and settled using these procedures on a delivery against payment basis. Cross-market transfers of Notes in other than global form may be cleared and settled in accordance with other procedures established among such Paying Agent and the clearing systems concerned for this purpose.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures described below in order to facilitate transfers of Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Indenture Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of the respective obligations under the rules and procedures governing their operations.

The Clearing Systems

The clearing systems have advised the Issuer as follows:

DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**direct participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The DTC Rules applicable to its Participants are on file with the SEC.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries.

Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Notes clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transfers of securities and cash with Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding-through Euroclear participants.

Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Depositary.

Clearstream, Luxembourg. Clearstream, Luxembourg is a company with limited liability under Luxembourg law (a *société anonyme*). Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including U.S. dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, which supervises Luxembourg banks. Clearstream, Luxembourg's customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers, and banks. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

Distributions with respect to Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg participants in accordance with its rules and procedures, to the extent received by the Depositary.

Other Clearing Systems. Any other clearing system which the Issuer, the Indenture Trustee, the relevant Paying Agents and each relevant Purchasing Agent agree shall be available for a particular issuance of Notes, including the clearance and settlement procedures for such clearing system, will be described in the applicable Pricing Supplement.

Primary Distribution

Notes will be distributed through one or more of the clearing systems described above or any other clearing system specified in the applicable Pricing Supplement. Payment for Notes will be made on a delivery versus payment or free delivery basis, as more fully described in the applicable Pricing Supplement.

Notes. The Issuer and each relevant Purchasing Agent shall agree that either global clearance and settlement procedures or specific clearance and settlement procedures should be available for the Notes of any Series, as specified in the applicable Pricing Supplement. Clearance and settlement procedures may vary from one Series of Notes to another according to the Specified Currency of the Notes of such Series. Customary clearance and settlement procedures are described under the specific clearance and settlement procedures below. Application will be made to the relevant clearing system(s) for the Notes of the relevant

Series to be accepted for clearing and settlement and the applicable security identification numbers will be specified in the applicable Pricing Supplement.

Clearance and Settlement Procedures—DTC. DTC participants holding Notes through DTC on behalf of investors will follow the settlement practices applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of such DTC participants against payment in same-day funds on the settlement date.

Clearance and Settlement Procedures—Euroclear and Clearstream, Luxembourg. Investors electing to hold their Notes through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Trading between DTC participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is made in U.S. dollars, or free of payment if payment is made in a currency other than U.S. dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

Trading between Euroclear and/or Clearstream, Luxembourg participants. Secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser

Single Global Note Issues. When Notes represented by a DTC Global Note are to be transferred from the account of a DTC participant (other than the Depositary) to the account of a Euroclear participant or Clearstream, Luxembourg participant, the purchaser must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct the Depositary to receive the Notes against payment or free of payment, as the case may be. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the account of the relevant Euroclear or Clearstream, Luxembourg participant. Credit for the Notes will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be the preceding day, when settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Luxembourg participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date.

Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants can employ their usual procedures for delivering Notes to the Depositary for the benefit of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

Dual Global Note Issues. When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant will deliver the Notes free of payment to the appropriate account of the Notes Custodian at DTC by 11:00 A.M. (New York time) on the settlement date together with instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg participant. Separate payment arrangements are required to be made between the Euroclear or Clearstream, Luxembourg participant and the DTC participant. The Notes Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Note and (ii) increase the amount of Notes registered in the name of the nominee of Euroclear or Clearstream, Luxembourg and represented by the Global Note. The Depositary will deliver such Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant participant in such clearing system on the business day following the settlement date.

Trading between a Euroclear or Clearstream, Luxembourg seller and a DTC purchaser

Single Global Note Issues. Due to time zone differences in their favor, Euroclear participants or Clearstream, Luxembourg participants may employ their customary procedures for transactions in which Notes represented by a DTC Global Note are to be transferred by the respective clearing system through the Depositary to another DTC participant. The seller must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct the Depositary to credit the Notes to the DTC participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (*i.e.*, the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account would instead be valued as of the actual settlement date.

As is the case with sales of Notes represented by a DTC Global Note by a DTC participant to a Euroclear or Clearstream, Luxembourg participant, participants in Euroclear and Clearstream, Luxembourg will have their accounts credited the day after their settlement date.

Dual Global Note Issues. When Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the relevant Euroclear or Clearstream, Luxembourg participant must provide settlement instructions for delivery of the Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, by 7:45 P.M. (Brussels or Luxembourg time) one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn provide appropriate settlement instructions to the Depositary for delivery to the DTC participant. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Notes Custodian will deliver the Notes free of payment to the appropriate DTC account of the DTC participant and will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee for Euroclear and Clearstream, Luxembourg and represented by the Global Note and (ii) increase the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Note.

Payments

Principal

The principal amount of the Notes of any Series will be payable at par on their Maturity Dates, subject to the provisions of the applicable Pricing Supplement.

Interest

Subject to the provisions of the applicable Pricing Supplement, each Series of interest-bearing Notes will bear interest from its date of issue at the rate per annum, in the case of a Fixed Rate Note, or pursuant to the interest rate formula, in the case of a Floating Rate Note, in each case as specified in the applicable Pricing Supplement, until the principal thereof is paid or duly made available for payment. *See* also "—Pricing Options—Discount Notes" and "—Pricing Options—Amortizing Notes." Accrued but unpaid interest, if any, on the principal amount of the Notes of any Series will be payable on the Maturity Dates, subject to the provisions of the applicable Pricing Supplement.

Interest Periods

Subject to the provisions of the applicable Pricing Supplement, interest payable with respect to a Series of interest-bearing Notes on each Interest Payment Date (as defined therein) will be the interest accrued from and including the later of (i) the issue date and (ii) the immediately preceding Interest Payment Date with respect to which interest on such Series of Notes has been fully paid or duly provided for, to but excluding such Interest Payment Date ("**Interest Period**"). For any Series of Floating Rate Notes listed on Euronext Dublin, at a time no later than the commencement of each Interest Period, the relevant Paying Agent shall provide a notice to Euronext Dublin stating the rate of interest, the amount of interest payable for a specific denomination and the Interest Period, if applicable.

Payment Procedures

Subject to the provisions of the applicable Pricing Supplement, the Issuer will discharge each of its payment obligations under such Series of Notes and the Indenture by causing the payment amount to be tendered to the Holder or Holders of such Series of Notes. All amounts payable to any Holder of any Note will be paid to such account at such bank or other financial institution as the Holder of such Note shall notify the relevant Paying Agent in accordance with the terms of the Indenture.

Unavailability of Specified Currency

If the principal of and any premium or interest on any Note is payable in a Specified Currency other than U.S. dollars which is not available due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to Holders of the Notes by making such payment in U.S. dollars on the basis of the spot rate of exchange for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all Holders of Notes denominated other than in U.S. dollars scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars where the required payment is other than in U.S. dollars will not constitute an "Event of Default" under the Notes.

Tax, Fiscal or Other Law or Regulation

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. In the event that any amount due with respect to a Funding Agreement is subject to withholding or deduction for or on account of any present or future tax, levy, impost, assessment or other similar governmental charge, including, without limitation, any withholdings, deductions and related liabilities, imposed by any government or a political subdivision or taxing authority thereof or therein, whether imposed by withholding, deduction or otherwise ("**Taxes**"), the Issuer will be deemed for all purposes to have received cash in an amount equal to such withholding or deduction, and the Issuer shall not be required to actually pay, or cause to be paid, to any Holder all of the amounts which would have been received by such Holder in the absence of such Taxes and any such withholding or deduction will not give rise to an Event of Default or any independent right or obligation to redeem the Notes of such Series.

Redemption and Repurchase of Notes

Subject to the provisions of the applicable Pricing Supplement, and except as provided with respect to a tax redemption under "—Tax Redemption", the Notes of a Series will not be redeemable, except at the applicable Maturity Date, when all Notes of such Series will be redeemed. The parties to the Indenture have also agreed that, except as provided below under "—Tax Redemption", no opinion of Counsel (as defined in the Indenture), certificate of the Issuer or any other document or instrument shall be requested to be provided in connection with any purchase of Notes under "—Repurchase of Notes."

Tax Redemption

If (a) Northwestern Mutual is obligated to withhold or deduct any Taxes with respect to any payment made under a Funding Agreement or any related contract between Northwestern Mutual and the Issuer, or (b) in the opinion of independent counsel selected by Northwestern Mutual, as a result of any change in, or amendment to, United States tax laws (or any regulations or rulings thereunder) or any change in position of the IRS regarding the application or interpretation thereof (including, but not limited to, Northwestern Mutual's receipt of a written adjustment from the IRS in connection with an audit) there is a material probability that (i) Northwestern Mutual will become obligated to withhold or deduct any Taxes with respect to any payment made under a Funding Agreement or any related contract between Northwestern Mutual and the Issuer or (ii) the Issuer is, or will be within 90 days of the date thereof, subject to more than a *de minimis* amount of Taxes, then Northwestern Mutual may terminate, with respect to (a) and (b)(i), the applicable Funding Agreement, and, with respect to (b)(ii), any Funding Agreement, by giving not less than 30 and no more than 75 days prior written notice to the Issuer and by paying to the Issuer on the date specified in such notice the Redemption Amount as specified in the Account Specification Appendix of such Funding Agreement, *provided* that in the case of clause (b)(i) no such notice of termination may be given earlier than 90 days prior to the earliest day when Northwestern Mutual would become obligated to withhold or deduct any such Taxes, assuming a payment in respect of such Funding Agreement or such contract were then due. The Issuer is required to redeem the Notes of a Series if Northwestern Mutual exercises its right to terminate the Funding Agreement(s) related to such Series at a redemption price equal to 100% of the principal amount of such Series of Notes plus any accrued and unpaid interest thereon to, but excluding, the date of redemption.

Repurchase of Notes

The Issuer may purchase some or all Notes of any Series in the open market or otherwise at any time, and from time to time, with the prior written consent of Northwestern Mutual as to both the making of such purchase and the purchase price to be paid for such Notes. If Northwestern Mutual, in its sole discretion, consents to such purchase of Notes by the Issuer, then the Issuer and the Indenture Trustee agree to take such actions as may be necessary or desirable to effect the prepayment of such portion, or the entirety, of the current balance of the funding account under each applicable Funding Agreement as may be necessary to provide for the payment of the purchase price for such Notes. Upon such payment, the balance of the funding account shall be reduced (i) with respect to any purchase of Fixed Rate Notes or Floating Rate Notes, by an amount equal to the aggregate principal amount and accrued and unpaid interest of the Notes as purchased, but excluding the repurchase date (or the portion thereof applicable to such Funding Agreement), and (ii) with respect to any purchase of Notes other than Fixed Rate Notes or Floating Rate Notes, by an amount to be agreed between the Issuer and Northwestern Mutual to reflect such prepayment under the Funding Agreement.

Cancellation of Redeemed and Purchased Notes

All unmatured Notes redeemed or purchased, otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with "—Redemption and Repurchase of Notes," will be cancelled forthwith and may not be reissued or resold.

Replacement of Notes

At the expense of the applicable Holder or Holders, the Issuer will replace any Note Certificate that becomes mutilated, destroyed, lost or stolen or is apparently destroyed, lost or stolen. Each mutilated Note Certificate must be surrendered to the Indenture Trustee or the Issuer, or the Indenture Trustee and the Issuer must receive evidence to their satisfaction of the destruction, loss or theft of each applicable Note Certificate, and there must be delivered to the Issuer and the Indenture Trustee such security, indemnity or pre-funding as may, in their sole discretion, be required by them to save each of them harmless and the Issuer or the Indenture Trustee must not have received notice that such Note Certificate, has been acquired by a protected purchaser (as defined in the UCC (as defined herein) as currently in effect).

Prescription

Any funds deposited with or paid to the Indenture Trustee or any Paying Agent for the payment of the principal of, any premium or interest on, or any other amounts payable with respect to, any Note of any Series and not applied but remaining unclaimed for three years after the date upon which such principal, premium, interest, or any other amount shall have become due and payable, shall, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Indenture Trustee or such Paying Agent, and the Holder of any such Note of such Series shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such Holder may be entitled to collect, and all liability of the Indenture Trustee or any Paying Agent with respect to such funds shall thereupon cease.

Other Terms

From time to time, the Issuer may issue Notes with additional terms to be described at the time of issuance in the applicable Pricing Supplement, including the ability to extend the maturity date of such Notes or redeem the Notes at the Issuer's option.

Pricing Options

Fixed Rate Notes

Interest Payment Dates. Subject to the provisions of the applicable Pricing Supplement, interest on the Fixed Rate Notes of a Series will be payable semiannually each year on such date or dates as may be specified in the applicable Pricing Supplement (each, an "**Interest Payment Date**" with respect to such Series of Fixed Rate Notes) and on the Maturity Date.

Payment Date Not a Business Day. Subject to the provisions of the applicable Pricing Supplement, if the date on which any principal, premium, interest, or other payment obligation with respect to the Fixed Rate Notes of a Series is due, including any Interest Payment Date, falls on a day that is not a Business Day, the Issuer will have until the next succeeding Business Day to satisfy its payment obligation and any such payment shall be given the same force and effect as if made on the date on which such principal, premium, interest, or other payment obligation was due and no additional interest shall accrue as a result of payment on such succeeding Business Day.

Method of Calculating Interest. Subject to the provisions of the applicable Pricing Supplement, interest on the Fixed Rate Notes of a Series will be computed on the basis of a 360-day year of twelve 30-day months and in the case of an incomplete month, the actual number of days elapsed.

Floating Rate Notes

Generally. Interest on a Series of Floating Rate Notes will be determined by reference to one or more of the CMT Rate, the Commercial Paper Rate, the Euro Interbank Offered Rate ("**EURIBOR**"), the Federal Funds Rate, LIBOR, the Prime Rate, SOFR, Compounded SOFR, the Treasury Rate, or such other interest rate basis or interest rate formula as may be specified in the applicable Pricing Supplement (each, an "**Interest Rate Basis**").

The applicable Pricing Supplement will specify certain terms of a Series of Floating Rate Notes, including: whether such Series of Floating Rate Notes is a Series of "Regular Floating Rate Notes" or "Floating Rate/Fixed Rate Notes", the Fixed Rate Commencement Date, if applicable, Fixed Interest Rate, if applicable, Interest Rate Basis or Bases, Initial Interest Rate, if any, the first Interest Reset Date, Interest Reset Dates, Interest Payment Dates, Index Maturity, Maximum Interest Rate and/or Minimum Interest Rate, if any, and Spread and/or Spread Multiplier, if any, as such terms are defined below. If one or more of the Interest Rate Bases for any Series of Floating Rate Notes is LIBOR or the CMT Rate, the applicable Pricing Supplement will also specify the LIBOR Currency and LIBOR Page or the CMT Maturity Index and CMT Reuters Page, respectively, as such terms are defined below.

The rate at which a Series of Floating Rate Notes will bear interest will be determined as follows:

Unless such Series of Floating Rate Notes is designated as a Series of "Floating Rate/Fixed Rate Notes" or a Series of "Inverse Floating Rate Notes", or as having an Addendum attached or having "Other/Additional Provisions" apply, in each case relating to a different interest rate formula, such Series of Floating Rate Notes will be designated as a Series of "**Regular Floating Rate Notes**" and, except as described below or in the applicable Pricing Supplement, will bear interest at the rate determined by reference to the Interest Rate Basis or Bases for such Series (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Regular Floating Rate Note shall be payable shall be reset as of each Interest Reset Date; *provided, however*, that the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate.

If such Series of Floating Rate Notes is designated as a Series of "Floating Rate/Fixed Rate Notes", then, except as described below, such Series of Floating Rate Notes will bear interest at the rate determined by reference to the Interest Rate Basis or Bases for such Series (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any. Commencing on the first Interest Reset Date, the rate at which interest on such Series of Floating Rate/Fixed Rate Notes shall be payable shall be reset as of each Interest Reset Date; *provided, however*, that (a) the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate and (b) the interest rate in effect (the "**Fixed Interest Rate**") for the period commencing on the date specified therefor in the applicable Pricing Supplement (the "**Fixed Rate Commencement Date**") to the Stated Maturity Date shall be the interest rate so specified in such applicable Pricing Supplement or, if no such rate is specified, the interest rate in effect thereon on the day immediately preceding the Fixed Rate Commencement Date. For the period during which the Fixed Interest Rate is in effect, interest shall be calculated and paid as specified above under "Fixed Rate Notes."

The "**Spread**" for a Series of Floating Rate Notes is the number of basis points to be added to or subtracted from the related Interest Rate Basis or Bases applicable to such Series of Floating Rate Notes. The "**Spread Multiplier**" is the percentage of the related Interest Rate Basis or Bases applicable to such Series of Floating Rate Notes by which such Interest Rate Basis or Bases will be multiplied to determine the applicable interest rate on such Series of Floating Rate Notes. The "**Index Maturity**" is the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases will be calculated.

Subject to the provisions of the applicable Pricing Supplement, the interest rate with respect to each Interest Rate Basis for a Series of Floating Rate Notes will be determined in accordance with the applicable provisions below. Subject to the provisions of the applicable Pricing Supplement and except as set forth above, the interest rate in effect on each day shall be (i) if such day is an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding such Interest Reset Date or (ii) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the most recent Interest Reset Date.

The applicable Pricing Supplement will specify the dates on which the rate of interest on a Series of Floating Rate Notes will be reset daily, weekly, monthly, quarterly, semiannually or annually or on such other specified basis (each, an "**Interest Reset Period**") and the dates on which such rate of interest will be reset (each, an "**Interest Reset Date**"). Subject to the provisions of the applicable Pricing Supplement, the Interest Reset Dates will be, in the case of a Series of Floating Rate Notes which reset:

- daily, each Business Day;

- on each U.S. Government Securities Business Day (as defined below), each such U.S. Government Securities Business Day; *provided*, *however*, that in respect of any Interest Period, the last two U.S. Government Securities Business Days of such Interest Period shall be a suspension period. During a suspension period, the reference rate for each day during that suspension period will be the reference rate for the Interest Reset Date immediately prior to the first day of the suspension period;

- weekly, the Wednesday of each week (with the exception of weekly reset Floating Rate Notes as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset the Tuesday of each week);

- monthly, the third Wednesday of each month;

- quarterly, the third Wednesday of March, June, September and December of each year;

- semiannually, the third Wednesday of the two months specified in the applicable Pricing Supplement; and

- annually, the third Wednesday of the month specified in the applicable Pricing Supplement;

provided, however, that, with respect to each Series of Floating Rate/Fixed Rate Notes, the rate of interest thereon will not reset after the applicable Fixed Rate Commencement Date. If any Interest Reset Date for any Series of Floating Rate Notes would otherwise be a day that is not a Business Day, such Interest Reset Date will be postponed to the next succeeding Business Day, except that in the case of a Series of Floating Rate Notes as to which LIBOR, SOFR or Compounded SOFR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day.

Interest Determination Date. The interest rate applicable to an Interest Reset Period commencing on the related Interest Reset Date will be the rate calculated by the Calculation Agent as of the applicable interest determination date (determined as provided below, the "**Interest Determination Date**") and calculated on or prior to the Calculation Date (as hereinafter defined), except with respect to LIBOR and EURIBOR, which will be calculated on such Interest Determination Date. The "Interest Determination Date" with respect to the Commercial Paper Rate, the Federal Funds Rate and the Prime Rate will be the Business Day immediately preceding the related Interest Reset Date; the "Interest Determination Date" with respect to the CMT Rate will be the second Business Day immediately preceding the applicable Interest Reset Date; the "Interest Determination Date" with respect to EURIBOR will be the second day on which the TARGET2 System is open (the "**TARGET Settlement Date**") immediately preceding each Interest Reset Date and the "Interest Determination Date" with respect to LIBOR will be the second London Banking Day immediately preceding the applicable Interest Reset Date, unless the LIBOR Currency is British pounds sterling, in which case the "Interest Determination Date" will be the applicable Interest Reset Date. With respect to SOFR or Compounded SOFR, the "Interest Determination Date" will be the date two U.S. Government Securities Business Days preceding the applicable Interest Payment Date. With respect to the Treasury Rate, the "Interest Determination Date" will be the day in the week in which the applicable Interest Reset Date falls on which day Treasury Bills (as hereinafter defined) are normally auctioned (Treasury Bills are normally sold at an auction held on Monday of each week, unless such Monday is a legal holiday, in which case the auction is normally held on the immediately succeeding Tuesday although such auction may be held on the preceding Friday); *provided, however*, that if an auction is held on the Friday of the week preceding the applicable Interest Reset Date, the "Interest Determination Date" will be such preceding Friday. The "Interest Determination Date" pertaining to any Series of Floating Rate Notes the interest rate of which is determined by reference to two or more Interest Rate Bases will be the most recent Business Day which is at least two Business Days prior to the applicable Interest Reset Date for such Series of Floating Rate Notes on which each Interest Rate Basis is determinable. Each Interest Rate Basis will be determined as of such date, and the applicable interest rate will take effect on the applicable Interest Reset Date.

Notwithstanding the foregoing, any Series of Floating Rate Notes may also have either or both of the following: (i) a Maximum Interest Rate, or ceiling, that may accrue during any Interest Period and (ii) a Minimum Interest Rate, or floor, that may accrue during any Interest Period, which in no event shall be less than zero. In addition to any Maximum Interest Rate that may apply to any Series of Floating Rate Notes, the interest rate on such Series of Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Interest Payment Dates. Subject to the provisions of the applicable Pricing Supplement and except as provided below, the date(s) on which interest on a Series of Floating Rate Notes is payable (each, an "**Interest Payment Date**" with respect to such Series of Floating Rate Notes) will be the Maturity Date and, in the case of a Series of Floating Rate Notes which reset:

- daily, weekly or monthly, the third Wednesday of March, June, September and December of each year, as specified in the applicable Pricing Supplement;

- quarterly, the third Wednesday of March, June, September and December of each year;

- semiannually, the third Wednesday of the two months of each year specified in the applicable Pricing Supplement; and

- annually, the third Wednesday of the month of each year specified in the applicable Pricing Supplement.

Payment Date not a Business Day. Subject to the provisions of the applicable Pricing Supplement, if any Interest Payment Date other than the Maturity Date for a Series of Floating Rate Notes would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day, except that in the case of a Series of Floating Rate Notes as to which LIBOR, SOFR or Compounded SOFR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding Business Day. If the Maturity Date of any Series of Floating Rate Notes falls on a day that is not a Business Day, the required payment of principal and any premium and interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue in respect of such payment made on that next succeeding Business Day.

Calculations. All percentages resulting from any calculation on any Series of Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five-one millionths of a percentage point rounded upwards (*e.g.*, 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655)), and all amounts used in or resulting from such calculation on such Series of Floating Rate

Notes will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of Euro or other currency, to the nearest unit (with one-half cent or unit being rounded upwards).

With respect to each Series of Floating Rate Notes, accrued interest is calculated by multiplying its principal amount by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in the applicable Interest Period. Subject to the provisions of the applicable Pricing Supplement, the interest factor for each such day will be computed by dividing the interest rate applicable to such day by 360, in the case of any Series of Floating Rate Notes for which an applicable Interest Rate Basis is the Commercial Paper Rate, EURIBOR, the Federal Funds Rate, LIBOR, the Prime Rate, SOFR or Compounded SOFR, or by the actual number of days in the year in the case of any Series of Floating Rate Notes for which an applicable Interest Rate Basis is the CMT Rate or the Treasury Rate.

The applicable Pricing Supplement will specify the Calculation Agent for a Series of Floating Rate Notes if not Citibank, N.A. The initial Calculation Agent will appoint Citibank, N.A., London Branch, as its agent to make certain calculations as requested by the initial Calculation Agent. Upon request of the Holder of any Floating Rate Note, the Calculation Agent will disclose the interest rate then in effect and, if calculated, the interest rate that will become effective as a result of a calculation made for the next succeeding Interest Reset Date with respect to such Floating Rate Note. Subject to the provisions of the applicable Pricing Supplement, the "**Calculation Date**", if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day immediately preceding the applicable Interest Payment Date or the Maturity Date, as the case may be.

If Northwestern Mutual determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to an Interest Rate Basis for such Interest Period and each subsequent Interest Period shall be the rate determined pursuant to the "Effect of a Benchmark Transition Event" provisions described below.

For the avoidance of doubt, in accordance with the benchmark replacement provisions set forth below, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the interest payable for each Interest Period will be an annual rate equal to the sum of the Benchmark Replacement and the Spread specified in the applicable Pricing Supplement.

Subject to the provisions of the applicable Pricing Supplement and the "Benchmark Replacement" provisions set forth below with respect to each Series of Floating Rate Notes, the Calculation Agent shall calculate each Interest Rate Basis in accordance with the following provisions:

CMT Rate. "**CMT Rate**" means:

(i) If CMT Reuters Page FRBCMT is specified in the applicable Pricing Supplement:

(a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified in the applicable Pricing Supplement as the yield is displayed on Reuters, Inc. (or any successor service) on page FRBCMT (or any other page as may replace the specified 6page on that service under the caption "Treasury Constant Maturities") ("**Reuters Page FRBCMT**") for the particular Interest Determination Date, or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Index Maturity and for the particular Interest Determination Date as published in H.15 under the caption "Treasury Constant Maturities", or

(c) if the rate referred to in clause (b) does not so appear in H.15, the rate on the particular Interest Determination Date for the period of the particular Index Maturity as may then be published by either the Federal Reserve System Board of Governors or the Treasury Department that Northwestern Mutual determines to be comparable to the rate which would otherwise have been published in H.15, or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three leading primary United States government securities dealers in the United States of America (which may include the Purchasing Agents or their affiliates) (each, a "**Reference Dealer**"), selected by Northwestern Mutual from five Reference Dealers selected by Northwestern Mutual and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than one year shorter than that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by Northwestern Mutual from five Reference Dealers selected by Northwestern Mutual and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, the CMT Rate in effect on the particular Interest Determination Date will remain the CMT Rate then in effect on such Interest Determination Date.

(ii) If Reuters Page FEDCMT is specified in the applicable Pricing Supplement:

(a) the percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified in the applicable Pricing Supplement as the yield is displayed on Reuters, Inc. (or any successor service) on Page FEDCMT (or any other page as may replace the specified page on that service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT, the percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at "constant maturity" having the particular Index Maturity and for the week or month, as applicable, preceding the particular Interest Determination Date as published in H.15 opposite the caption "Treasury Constant Maturities", or

(c) if the rate referred to in clause (b) does not so appear in H.15, the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at "constant maturity" having the particular Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by Northwestern Mutual from five Reference Dealers selected by Northwestern Mutual and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than one year shorter than that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by Northwestern Mutual from five Reference Dealers selected by Northwestern Mutual and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, the CMT Rate in effect on that Interest Determination Date will remain the CMT Rate then in effect on such Interest Determination Date.

If two United States Treasury securities with an original maturity greater than the Index Maturity specified in the applicable Pricing Supplement have remaining terms to maturity equally close to the particular Index Maturity, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

"**H.15**" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"**H.15 Daily Update**" means the daily update of H.15, available through the internet site of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15/update/, or any successor site or publication.

Commercial Paper Rate. "**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"), the Money Market Yield (as hereinafter defined) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of U.S. dollar commercial paper in the United States of America (which may include the Purchasing Agents or their affiliates) selected by Northwestern Mutual for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; *provided, however*, that if the dealers so selected by Northwestern Mutual are not quoting as mentioned in this sentence, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, the Commercial Paper Rate determined with respect to such Commercial Paper Rate Interest Determination Date will remain the Commercial Paper Rate then in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable *per annum* rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

EURIBOR. "**EURIBOR**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), the rate for deposits in Euros as sponsored, calculated and published jointly by the European Banking Federation and ACI—The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, as that rate appears on Reuters, Inc., or any successor service, on page EURIBOR01 (or any other page as may replace that specified page on that service) ("**Reuters Page EURIBOR01**") as of 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date. If such rate does not appear on Reuters Page EURIBOR01, or is not so published by 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, such rate will be calculated by the Calculation Agent and will be the arithmetic mean of at least two quotations obtained by Northwestern Mutual after requesting the principal Euro-zone (as defined below) offices of four major banks in the Euro-zone interbank market to provide Northwestern Mutual with its offered quotation for deposits in Euros for the period of the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately 11:00 A.M., Brussels time, on the applicable EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of $1 million in Euros that is representative for a single transaction in Euro in that market at that time. If fewer than two such quotations are so provided, the rate on the applicable EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks in the Euro-zone for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Supplement commencing on the applicable Interest Reset Date and in a principal amount not less than the equivalent of $1 million in Euros that is representative for a single transaction in Euros in that market at that time. If the banks so selected by Northwestern Mutual are not quoting as mentioned above, and both a Benchmark Transition Event and its related Benchmark Replacement date with respect to EURIBOR have not occurred, then EURIBOR will be EURIBOR in effect on the applicable EURIBOR Interest Determination Date.

"**Euro-zone**" means the region comprised of member states of the EU that have adopted the single currency in accordance with the treaty establishing the European Community, as amended by the Treaty.

Federal Funds Rate. "**Federal Funds Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Federal Funds Rate (a "**Federal Funds Rate Interest Determination Date**"), the rate on such date for U.S. dollar Federal funds as published in H.15 under the heading "Federal Funds (Effective)", as such rate is displayed on Reuters, Inc. (or any successor service) on page FEDFUNDS1 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUNDS1**"), or, if such rate does not appear on Reuters Page FEDFUNDS1 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for U.S. dollar Federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Reuters Page FEDFUNDS1 or is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar Federal funds arranged by three leading brokers of U.S. dollar Federal funds transactions in The City of New York (which may include the Purchasing Agents or their affiliates) selected by Northwestern Mutual prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; *provided, however*, that if the brokers so selected by Northwestern Mutual are not quoting as mentioned in this sentence, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

LIBOR. "**LIBOR**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the LIBOR Currency having the Index Maturity specified in such applicable Pricing Supplement, commencing on such Interest Reset Date, that appears on the LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date. If fewer than two offered rates appear, or no rate appears, as the case may be, on the LIBOR Page, and a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred, Northwestern Mutual will request the principal London offices of each of four major reference banks (which may include affiliates of the Purchasing Agents) in the London interbank market, as selected by Northwestern Mutual, to provide the Calculation Agent with its offered quotation for deposits in the LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Supplement, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include affiliates of the Purchasing Agents) in such Principal Financial Center selected by Northwestern Mutual for loans in the LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Supplement and in a principal amount that is representative for a single transaction in the LIBOR Currency in such market at such time; *provided, however*, that if the banks so selected by Northwestern Mutual are not quoting as mentioned in this sentence, and both a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to LIBOR, then LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

For the avoidance of doubt, the Calculation Agent shall not have any liability for (x) the selection of reference banks whose quotations may be requested and used for purposes of calculating LIBOR, or for the failure or unwillingness of any reference banks to provide a quotation or (y) any quotations received from such reference banks, as applicable.

"**LIBOR Currency**" means, with respect to a Series of Floating Rate Notes as to which LIBOR shall be calculated, the currency specified in the applicable Pricing Supplement or, if no such currency is specified in the applicable Pricing Supplement, U.S. dollars.

"**LIBOR Page**" means, with respect to a Series of Floating Rate Notes as to which LIBOR shall be calculated, the display on Reuters Monitor Money Rates Service (or any successor service) on Reuters page LIBOR01 or as otherwise specified in such applicable Pricing Supplement (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency.

Prime Rate. "**Prime Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined with reference to the Prime Rate (a "**Prime Rate Interest Determination Date**"), the rate on such date as such rate is published in H.15 under the caption "Bank Prime Loan" or, if not published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME1 Page (as hereinafter defined) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on the Reuters Screen US PRIME1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include affiliates of the Purchasing Agents) in The City of New York selected by Northwestern Mutual; *provided, however,* that if the banks so selected by Northwestern Mutual are not quoting as mentioned in this sentence, the Prime

Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"**Reuters Screen US PRIME1 Page**" means the display on the Reuters Money 3000 Service (or any successor service) on the "US PRIME1" page (or such other page as may replace the US PRIME1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

SOFR. "**SOFR**" means, with respect to any Interest Reset Date, the Secured Overnight Financing Rate in respect of such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or a successor administrator) on the Federal Reserve Bank of New York's Website at 3:00 p.m. (New York time) on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day. If the Secured Overnight Financing Rate does not appear on such U.S. Government Securities Business Day, unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, SOFR means the Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the Federal Reserve Bank of New York's Website.

Compounded SOFR. "**Compounded SOFR**" will be determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) x\ \frac{360}{d}$$

where:

"**SOFR Index** $_{\textbf{Start}}$" = For periods other than the initial Interest Period, the SOFR Index value on the preceding Interest Determination Date, and, for the initial Interest Period, the SOFR Index value on the Issue Date;

"**SOFR Index** $_{\textbf{End}}$" = The SOFR Index value on the Interest Determination Date relating to the applicable Interest Payment Date (or in the final Interest Period, relating to the Stated Maturity Date); and

"**d**" is the number of calendar days in the relevant Observation Period.

For purposes of determining Compounded SOFR, "**SOFR Index**" means, with respect to any U.S. Government Securities Business Day:

(1) the SOFR Index value as published by the Federal Reserve Bank of New York (or a successor administrator) as such index appears on the Federal Reserve Bank of New York's Website at 3:00 p.m. (New York time) on such U.S. Government Securities Business Day (the "**SOFR Index Determination Time**"); *provided* that:

(2) if a SOFR Index value does not so appear as specified in (1) above at the SOFR Index Determination Time, then: (i) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, then Compounded SOFR shall be the rate determined pursuant to the "SOFR Index Unavailable" provisions described below; or (ii) if Northwestern Mutual determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, then Compounded SOFR for such Interest Period and each subsequent Interest Period shall be the rate determined pursuant to the "Effect of a Benchmark Transition Event" provisions described below.

For the avoidance of doubt, in accordance with the benchmark replacement provisions set forth below, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the interest payable for each Interest Period on the Notes will be an annual rate equal to the sum of the Benchmark Replacement and the Spread specified in the applicable Pricing Supplement.

SOFR Index Unavailable Provisions

If a SOFR Index Start or SOFR Index End is not published on the associated Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, "Compounded SOFR" means, for the applicable Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the Federal Reserve Bank of New York's Website at https://www.newyorkfed.org/markets/treasury-repo-reference-rates-information. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "Observation Period" and the words "that is, 30-, 90-, or 180- calendar days" shall be removed. If the daily SOFR ("SOFRi") does not so appear for any day, "i" in the Observation Period, SOFRi for such day "i" shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the Federal Reserve Bank of New York's Website.

The following definitions apply to the preceding definitions of "SOFR" and "Compounded SOFR":

"**Federal Reserve Bank of New York's Website**" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor website of the Federal Reserve Bank of New York.

"**Observation Period**" means, in respect of each Interest Period, the period from, and including, the date two U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date two U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or in the final Interest Period, preceding the Stated Maturity Date).

"**Secured Overnight Financing Rate**" means the reference rate provided by the Federal Reserve Bank of New York, as the administrator of such reference rate (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"**SIFMA**" means the Securities Industry and Financial Markets Association.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities.

With respect to any Series of Floating Rate Notes for which the "Interest Rate" specified in the applicable Pricing Supplement is determined by reference to the "Accrued Interest Compounding Factor", the amount of interest accrued and payable for each Interest Period will be equal to the product of (i) the outstanding principal amount of such Series of Floating Rate Notes multiplied by (ii) the product of (a) the Interest Rate for the relevant Interest Period multiplied by (b) the quotient of the actual number of calendar days in such Interest Period divided by 360. The Accrued Interest Compounding Factor is a compounded average of SOFR calculated for each day during the relevant Observation Period, as determined for each Interest Period in accordance with the specific formula and other provisions set forth below.

Treasury Rate. "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Series of Floating Rate Notes for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Pricing Supplement under the caption "INVEST RATE" on the display on Reuters (or any successor service) on page USAUCTION10 (or any other page as may replace such page on such service) or page USAUCTION11 (or any other page as may replace such page on such service) or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as hereinafter defined) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the U.S. Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement is not so announced by the U.S. Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Supplement as published in H.15 under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source, and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three primary United States government securities dealers (which may include the Purchasing Agents or their affiliates) selected by Northwestern Mutual, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Supplement; *provided, however,* that if the dealers so selected by Northwestern Mutual are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Effect of Benchmark Transition Event

(a) Benchmark Replacement. If Northwestern Mutual determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the applicable Series of Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, Northwestern Mutual will have the right to make Benchmark Replacement Conforming Changes from time to time.

(c) Decisions and Determinations. Any determination, decision or election that may be made by Northwestern Mutual pursuant to the benchmark replacement provisions described herein, including any determination with respect to tenor, rate or adjustment (including Benchmark Replacement Conforming Changes) or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- will be conclusive and binding absent manifest error, may be made in Northwestern Mutual's sole discretion, and, notwithstanding anything to the contrary in this "Description of the Notes" and the applicable Pricing Supplement; and

- shall become effective without consent from any other party.

In addition, Northwestern Mutual may designate an entity (which may be its affiliate) to make any determination, decision or election that it has the right to make in connection with the benchmark replacement provisions set forth in this "Description of the Notes" and the applicable Pricing Supplement.

In accordance with the benchmark transition provisions, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the amount of interest that will be payable for each Interest Period will be an annual rate equal to the sum of the Benchmark Replacement, the Benchmark Replacement Adjustment and the Spread specified in the applicable Pricing Supplement. However, if Northwestern Mutual determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, but for any reason the Benchmark Replacement has not been determined as of the relevant Interest Determination Date, the interest rate for the applicable Interest Period will be equal to the interest rate for the immediately preceding Interest Period, as determined by Northwestern Mutual.

None of the Trust Beneficial Owner, the Series Beneficial Owner, the Indenture Trustee, the Calculation Agent, the Paying Agents, the Registrar, the Administrative Trustee or the Collateral Safekeeper shall have any duty or liability in connection with the determination of any Benchmark Transition Event, Benchmark Replacement, Benchmark Replacement Conforming Changes, or any other related matter as provided in this section. For the avoidance of doubt, none of the Indenture Trustee, the Paying Agents, the Registrar, the Administrative Trustee, the Collateral Safekeeper or the Calculation Agent shall be under any obligation to (i) monitor, determine or verify the unavailability or cessation of LIBOR (or other applicable Benchmark), or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any Benchmark Transition Event or Benchmark Replacement Date, or (ii) select, determine or designate any Benchmark Replacement, or other successor or replacement benchmark index, or whether any conditions to the designation of such a rate have been satisfied, or (iii) select, determine or designate any Benchmark Replacement Adjustment, or other modifier to any replacement or successor index, if any, in connection with any of the foregoing. None of the Indenture Trustee, the Paying Agents, the Registrar, the Administrative Trustee, the Collateral Safekeeper or the Calculation Agent shall be liable for any inability, failure or delay on its part to perform any of its duties as a result of the unavailability of LIBOR (or other applicable Benchmark) and absence of a designated replacement Benchmark, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party in providing any required or contemplated direction, instruction, notice or information and reasonably required for the performance of such duties.

"**Benchmark**" means, with respect to any Series of Notes, the relevant Initial Rate Basis in the Pricing Supplement; *provided,* that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to such Initial Rate Basis, then "Benchmark" means the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by Northwestern Mutual as of the Benchmark Replacement Date:

(1) the sum of: (a) an alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Index Maturity and (b) the Benchmark Replacement Adjustment;

(2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and

(3) *provided* that if (i) the Benchmark Replacement cannot be determined in accordance with clauses (1) or (2) above as of the Benchmark Replacement Date or (ii) Northwestern Mutual shall have determined that the ISDA Fallback Rate determined in accordance with clause (2) above is not an industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time, then the Benchmark Replacement shall be the sum of: (a) the alternate rate of interest that has been selected by Northwestern Mutual as the replacement for the then-current Benchmark for the applicable Corresponding Index Maturity giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for floating rate notes denominated in the relevant currency at such time and (b) the Benchmark Replacement Adjustment.

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by Northwestern Mutual as of the Benchmark Replacement Date:

(1) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by Northwestern Mutual giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for floating rate notes denominated in the relevant currency at such time.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of Interest Period, the timing and frequency of determining rates and making payments of interest, the rounding of amounts or changes to the definition of Index Maturity or Corresponding Index Maturity solely if such index maturity is longer than the Interest Period, and other administrative matters) that Northwestern Mutual decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if Northwestern Mutual decides that adoption of any portion of such market practice is not administratively feasible or if Northwestern Mutual determines that no market practice for use of the Benchmark Replacement exists, in such other manner as Northwestern Mutual determines is reasonably practicable).

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

For the avoidance of doubt, for purposes of the definitions of Benchmark Replacement Date and Benchmark Transition Event, references to the Benchmark also include any reference rate underlying such Benchmark.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, a Relevant Governmental Body, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"**Corresponding Index Maturity**" with respect to a Benchmark Replacement means an Index Maturity (including overnight) having approximately the same length (disregarding Business Day adjustment) as the applicable Index Maturity for the then-current Benchmark.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**ISDA Definitions**" means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"**ISDA Fallback Adjustment**" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable Index Maturity.

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable Index Maturity excluding the applicable ISDA Fallback Adjustment.

"**Reference Time**" with respect to any determination of the Benchmark means (1) with respect to any Initial Interest Rate, the relevant time specified with respect to such Interest Rate Basis, and (2) if a Benchmark Replacement Date has occurred with respect to such the Interest Rate Basis, the time determined by Northwestern Mutual in accordance with the Benchmark Replacement Conforming Changes.

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

For purposes of the preceding definitions of "Compounded SOFR" and "SOFR" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator), on the Federal Reserve Bank of New York's Website.

In connection with any issuance of Floating Rate Notes using Compounded SOFR as the Interest Rate Basis, the Issuer will appoint a Calculation Agent other than Citibank, N.A. for the purposes of calculating the interest on such Floating Rate Notes.

Discount Notes

The Issuer may issue one or more Series of Notes that have an Issue Price (as specified in the applicable Pricing Supplement) that is less than 100% of the principal amount thereof (*i.e.* par) by an amount that is equal to or greater than the product of 0.25% and the number of full years to the Stated Maturity Date ("**Discount Notes**"). A Series of Discount Notes may not bear any interest currently or may bear interest at a rate that is below market rates at the time of issuance. The difference between the Issue Price of a Series of Discount Notes and par is referred to as the "**Discount**." In the event of redemption or acceleration of maturity of a Series of Discount Notes, the amount payable to the Holders of such Discount Notes will be equal to the sum of:

- the Issue Price (increased by any accruals of Discount) and, in the event of any redemption of such Series of Discount Notes, if applicable, multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable); and

- any unpaid interest accrued on such Series of Discount Notes to the date of the redemption or acceleration of maturity, as the case may be.

For purposes of any Series of Discount Notes, "**Initial Redemption Percentage**" and "**Annual Redemption Percentage Reduction**" shall have the meaning as described in the applicable Pricing Supplement.

For purposes of determining the amount of Discount that has accrued as of any date on which a redemption or acceleration of maturity occurs for a Series of Discount Notes, a Discount will be accrued using a constant yield method. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates for the applicable Series of Discount Notes (with ratable accruals within a compounding period), a coupon rate equal to the initial coupon rate applicable to the applicable Series of Discount Notes and an assumption that the maturity of such Series of Discount Notes will not be accelerated. If the period from the date of issue to the first Interest Payment Date for a Series of Discount Notes (the "**Initial Period**") is shorter than the compounding period for such Series of Discount Notes, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then the period will be divided into a regular compounding period and a short period with the short period being treated as provided in the preceding sentence. The accrual of the applicable Discount may differ from the accrual of original issue discount for purposes of the Code, certain Series of Discount Notes may not be treated as having original issue discount within the meaning of the Code, and certain Series of Notes other than Discount Notes may be treated as issued with original issue discount for U.S. federal income tax purposes. *See* "Material U.S. Federal Income Tax Considerations."

Amortizing Notes

The Issuer may issue one or more Series of Notes with the amount of principal thereof and interest thereon payable in installments over their terms ("**Amortizing Notes**"). Subject to the provisions of the applicable Pricing Supplement, interest on each Series of Amortizing Notes will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to a Series of Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof.

Covenants

Under the Indenture, the Issuer has made certain covenants regarding payment of principal, any premium and interest, maintenance of offices or agencies, holding of trust money for Note payments, protection of the Series Collateral and delivery of an annual statement as to compliance with conditions, performance of obligations and adherence to covenants under the Indenture. Among other covenants, the Issuer has agreed that it will not, so long as any Notes of a Series are Outstanding (as defined in the Indenture):

- sell, transfer, exchange, assign, lease, convey or otherwise dispose of, or exercise any rights with respect to, any of its assets generally or assets of the relevant Series of the Issuer (whenever acquired), including, without limitation, any portion of the Series Collateral securing its obligations with respect to the Notes of such Series, except as otherwise permitted by the Trust Agreement, any Series Trust Agreement, the Indenture, any Series Indenture, the Purchase Agreement, any Terms Agreement, the Support Agreement, the License Agreement, the Calculation Agency Agreement, the Safekeeping Agreement and any Funding Agreement (the "**Program Documents**");

- engage in any business or activity other than in connection with, or relating to the execution and delivery of, and the performance of its obligations under, the Trust Agreement, any Series Trust Agreement, the Indenture, any Series Indenture, the Purchase Agreement, any Terms Agreement, the Support Agreement, the License Agreement and any Funding Agreement; the issuance and sale of any Notes pursuant to the Indenture and any Series Indenture; holding the Deposit (as defined in the Trust Agreement); and the transactions contemplated by, and the activities necessary or incidental to, any of the foregoing, except as otherwise permitted by the Program Documents;

- incur or otherwise become liable for, directly or indirectly, any debt except for the Notes or as otherwise contemplated under the Program Documents;

- permit the validity or effectiveness of the Indenture, the relevant Series Indenture, or the security interest in or assignment for collateral purposes of the applicable Series Collateral to be impaired, or permit such security interest to be amended, hypothecated, subordinated, terminated or discharged; permit any person to be released from any covenants or obligations under any relevant Funding Agreement securing the Notes of any Series, except as expressly permitted by the Indenture, the relevant Series Indenture, the Trust Agreement, the relevant Series Trust Agreement or any relevant Funding Agreement; create, incur, assume, or permit any lien or other encumbrance (other than a lien with respect to the Series Collateral securing the Notes of any Series) on any of its properties or assets owned on the date of the relevant Series Indenture or thereafter acquired, or any interest therein or the proceeds thereof; or permit the security interest granted to the Indenture Trustee with respect to the applicable Series Collateral not to constitute a valid first priority perfected security interest in the Series Collateral securing the Notes of such Series;

- amend, modify, fail to comply with or waive any material provision of the Trust Agreement or the relevant Series Trust Agreement except for any amendment, modification, failure to comply with or waiver of any material provision of the Trust Agreement or the relevant Series Trust Agreement permitted thereunder or under the Indenture or the relevant Series Indenture;

- own any subsidiary or lend or advance any funds to, or make any investment in, any person, except for the Funding Agreements and the investment of any of its funds held by the Indenture Trustee, a Paying Agent or the Administrative Trustee as provided in the Indenture, any Series Indenture, the Trust Agreement or any Series Trust Agreement;

- directly or indirectly declare or pay a distribution or make any distribution or other payment to the Trust Beneficial Owner or the Series Beneficial Owner, or redeem or otherwise acquire or retire for value any debt other than the Notes; *provided* that the Issuer may:

- declare or pay a distribution or make any distribution or other payment to the Trust Beneficial Owner or the Series Beneficial Owner in compliance with the Trust Agreement or any Series Trust Agreement if the Issuer has paid or made reasonable provision for the payment of all amounts due to be paid on the Notes of such Series prior to the next scheduled payment under the relevant Funding Agreement(s); and
- pay all of its debt, liabilities, obligations and expenses, the payment of which is provided for under the Program Documents or as required by law;

- become, or take any action that would cause it or the relevant Series of the Issuer to be, required to register as an "investment company" under, and as such term is defined in, the Investment Company Act;
- enter into any transaction of merger or consolidation, or liquidate or dissolve itself (or, to the fullest extent permitted by law, suffer any liquidation or dissolution), or acquire by purchase or otherwise all or substantially all the business or assets of, or any stock or other evidence of beneficial ownership of, any other person, except as otherwise permitted by the Program Documents;
- take any action that would cause the Issuer or any Series of the Issuer to not be either ignored or treated as a grantor trust (assuming the Issuer or such Series were not ignored) for U.S. federal income tax purposes;
- issue any Notes unless:
  - the Issuer has purchased or will simultaneously purchase one or more Funding Agreements from Northwestern Mutual;
  - Northwestern Mutual has affirmed in writing to the Issuer that it has made, or will simultaneously make, changes to its books and records to reflect the grant by the Issuer of a security interest in, and an assignment for collateral purposes by the Issuer of, the relevant Funding Agreement by the Issuer to the Indenture Trustee in accordance with the terms of such Funding Agreement; and
  - the Issuer has taken or will simultaneously take such other steps as may be necessary to cause the Indenture Trustee's security interest in, or assignment to the Indenture Trustee for collateral purposes of, the relevant Series Collateral to be perfected for purposes of the UCC, subject to no prior lien, encumbrance or claim or effective against the Issuer's creditors and subsequent purchasers of such Series Collateral pursuant to insurance or other state laws;
- have any employees or agents other than the Administrative Trustee, the Trust Beneficial Owner or any other persons necessary to conduct its business and enter into transactions contemplated under the Program Documents;
- have an interest in any bank account other than:
  - the accounts required under or permitted by the Program Documents; and
  - other accounts expressly permitted by the Indenture Trustee; *provided* that any such further accounts or such interest of the Series of the Issuer therein shall be charged or otherwise secured in favor of the Indenture Trustee on terms acceptable to the Indenture Trustee;
- permit any affiliate, employee or officer of Northwestern Mutual or any Purchasing Agent to be a trustee of the Issuer; or

- commingle the assets of any Series of the Issuer with its assets generally, any assets of any other Series of the Issuer or any assets of any of the Issuer's affiliates, or guarantee any obligation of any of the Issuer's affiliates.

"**UCC**" means, with respect to any applicable jurisdiction, the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

Merger, Consolidation or Sale of the Issuer

The Issuer may not consolidate with, or merge into, any person (whether or not affiliated with the Issuer), or sell, lease or convey the property of the Issuer as an entirety or substantially as an entirety, unless: (a) the entity formed by such consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer the properties and assets of the Issuer substantially as an entirety shall be a statutory trust organized in series under the laws of the State of Delaware or a corporation or other entity organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by a supplemental indenture, executed and delivered to the Indenture Trustee, in form satisfactory to the Indenture Trustee, the due and punctual payment of principal of, any premium and interest on, the Notes and the performance of every covenant of the Indenture and each applicable Series Indenture on the part of the Issuer to be performed or observed; (b) immediately after giving effect to such transaction, no Event of Default under the Notes, and no event which, after notice or lapse of time, or both, would become an Event of Default under the Notes, shall have happened and be continuing; (c) the Issuer has received written confirmation from any credit rating agency then rating the program or any Series of Notes at the request of the Issuer that such consolidation, merger, conveyance or transfer shall not cause the rating on the then outstanding Notes to be downgraded or withdrawn; and (d) the Issuer has delivered to the Indenture Trustee a certificate and legal opinion each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture complies with the Indenture and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

Events of Default

Each of the following events will be Events of Default under the Notes of a particular Series (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment when due and payable of the principal of, or any premium on, any Note of such Series and continuance of such default for a period of three Business Days;

(ii) default in the payment when due and payable of any interest on any Note of such Series and continuance of such default for a period of five Business Days;

(iii) any "Event of Default", as such term is defined in any Funding Agreement securing the Notes of such Series, by Northwestern Mutual under such Funding Agreement;

(iv) failure by the Issuer to observe or perform any covenant contained in the Notes of such Series, in the Indenture or in the applicable Series Indenture (other than a covenant, default in performance, or a breach, of which is specifically addressed elsewhere in this section) for a period of 30 days (or such other time period as specifically set forth in the Indenture or an applicable Note Certificate or Series Indenture) after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" thereunder and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer by the Indenture Trustee, or to the Issuer and the Indenture Trustee by the Holder or Holders of at least 25% of the aggregate principal amount of the Notes of all Series affected thereby at the time Outstanding;

(v) the Indenture or the applicable Series Indenture for any reason shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared null and void, or the Issuer shall fail to take such steps as may be necessary to cause the Indenture Trustee's security interest in the relevant Series Collateral to be a validly created and first priority perfected security interest (or the equivalent thereof) in the Series Collateral required to secure the Notes of such Series, except as expressly permitted by the Indenture or the applicable Series Indenture; or any person shall successfully claim, as finally determined in a court of competent jurisdiction, that any lien for the benefit of the Holder or Holders of the Notes of such Series and any other person for whose benefit the Indenture Trustee is or will be holding a security interest in the applicable Series Collateral is void, junior to any other lien or that the enforcement thereof is materially limited because of any preference, fraudulent transfer, conveyance or similar law;

(vi) an involuntary case or other proceeding shall be commenced against the Issuer seeking liquidation, reorganization or other relief with respect to the Issuer or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Issuer under the federal bankruptcy laws as now or hereafter in effect;

(vii) the Issuer shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, shall admit in writing any of the foregoing, or shall take any trust action to authorize any of the foregoing; or

(viii) any other Event of Default provided in any supplemental indenture or the applicable Series Indenture.

If one or more Events of Default shall have occurred and be continuing with respect to the Notes of such Series, then, and in every such event, unless the principal of all of the Notes of such Series shall have already become due and payable, then either the Indenture Trustee or the Holder or Holders of not less than 25% of the aggregate principal amount of the Notes of such Series then Outstanding (each such Series voting as a separate class) by notice in writing to the Issuer (and to the Indenture Trustee if given by such Holder or Holders), may declare the entire principal and premium (if any) of all the Notes of such Series and any interest accrued thereon, and any other amounts payable with respect thereto, to be due and payable immediately, and upon any such declaration, the same shall become immediately due and payable; *provided* that, if any Event of Default specified in clause (vi) or (vii) of the preceding paragraph occurs with respect to the Issuer, or if any Event of Default specified in clause (iii) of the preceding paragraph that would cause any Funding Agreement securing the Notes of a Series to become automatically and immediately due and payable occurs with respect to Northwestern Mutual, then without any notice to the Issuer (or the Indenture Trustee) or any other act by the Indenture Trustee or any Holder of any Notes of such Series, the entire principal and premium (if any) of all the Notes of such Series and any interest accrued thereon and any other amounts payable with respect thereto, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the Issuer under the Indenture; and *provided further* that, if any Event of Default specified in clause (iii) or (v) of the preceding paragraph shall have occurred and be continuing with respect to all Series of Notes then Outstanding, either the Indenture Trustee or the Holder or Holders of not less than 25% of the aggregate principal amount of the Notes of all Series then Outstanding (treated as a single class) by notice in writing to the Issuer (and to the Indenture Trustee if given by such Holder or Holders), may declare the entire principal and premium (if any) of all the Notes of all Series, any interest accrued thereon, and any other amounts payable with respect thereto to be due and payable immediately, and upon any such declaration, the same shall become immediately due and payable.

Notwithstanding the preceding paragraph, if at any time after the principal and premium (if any) of the Notes of such Series, any interest accrued and any other amounts payable with respect thereto (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) shall have been so declared due and payable and before any judgment or decree for the payment of the funds due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Indenture Trustee a sum sufficient to pay all due and payable interest on, and any other amounts payable with respect thereto, all the Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) and the principal and premium (if any) of any and all Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) which shall have become due and payable otherwise than by acceleration pursuant to the preceding paragraph (with interest on such principal and, to the extent that payment of such interest is enforceable under applicable law, on any overdue interest and any other amounts payable on the Notes, at the same rate as the rate of interest specified in the Note Certificates representing the Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of gross negligence or willful misconduct (as adjudicated in a court of competent jurisdiction), and if any and all Events of Default under the Indenture or any applicable Series Indenture, other than the non-payment of the principal of, and any premium on, the Notes of such Series (or all the Notes of all Series if the second proviso of the preceding paragraph is applicable) which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein, then and in every such case the Holder or Holders of a majority of the aggregate principal amount of the Notes of such Series then Outstanding (or all the Notes of all Series, all voting as a single class, if the second proviso of the preceding paragraph is applicable) by written notice to the Issuer and to the Indenture Trustee, may waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Any funds collected by the Indenture Trustee following an Event of Default, and any funds that may then be held or thereafter received by the Indenture Trustee as security with respect to the Notes of any Series will be applied first to the payment of First Priority Payments and then Second Priority Payments before any payment of the amounts then due and unpaid on the Notes of such Series. *See* "Risk Factors—Risk Factors Related to the Notes—Following an Event of Default under the relevant Series of Notes, payment of certain expenses will precede payments under the relevant Series of Notes."

Certain Rights of Holders

Except as otherwise described below, the Holder or Holders of a majority of the aggregate principal amount of the Notes of any Series at the time Outstanding (with each Series voting as a separate class) shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee by the Indenture or the applicable Series Indenture, *provided* that:

- such direction shall not be otherwise than in accordance with applicable law and the provisions of the Indenture or the applicable Series Indenture; and

- subject to the applicable provisions of the Indenture, the Indenture Trustee shall have the right to decline to follow any such direction if the Indenture Trustee (i) does not receive indemnity and/or security and/or pre-funding satisfactory to it against all costs, liability or expense to be incurred in compliance with such direction or (ii) shall determine that the action or proceeding so directed may not lawfully be taken or if the Indenture Trustee in good faith shall determine that the action or proceedings so directed would involve the Indenture Trustee in personal liability or if the Indenture Trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction shall be unduly prejudicial to the interests of any Holder of any Note of a Series so affected not joining in the giving of such direction, it being understood that subject to the applicable provisions of the Indenture, the Indenture Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such holder.

Nothing in the Indenture or any Series Indenture shall impair the right of the Indenture Trustee to take any action deemed proper by the Indenture Trustee and which is not inconsistent with such direction by the Holder or Holders of Notes.

No Holder of the Notes of a Series shall have any right by virtue of, or by availing of, any provision of the Indenture or applicable Series Indenture or any Note Certificate, to institute any action or proceeding at law or equity or in bankruptcy or otherwise, upon or under or with respect to the Indenture, the applicable Series Indenture or Note Certificate or any agreement or instrument included in the applicable Series Collateral, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy under the Indenture, unless:

- such Holder has previously given written notice to the Indenture Trustee of a continuing Event of Default with respect to such Series of Notes;
- the Holder or Holders of Notes representing not less than 25% of the aggregate principal amount of the Notes of such Series then Outstanding shall have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in its own name as the Indenture Trustee and shall have offered to the Indenture Trustee indemnity or security satisfactory to it against all costs, expenses and liabilities to be incurred in compliance with such request;
- such Holder or Holders have offered the Indenture Trustee indemnity or security satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;
- the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity and/or security has failed to institute any such proceeding; and
- no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Holder or Holders of Notes representing at least $66^2/_3$% of the aggregate principal amount of the Outstanding Notes of such Series;

it being understood and intended that no Holder or Holders of Notes of such Series shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture or the applicable Series Indenture or Note Certificate to affect, disturb or prejudice the rights of any other Holder of any Note of such Series or to obtain or to seek to obtain priority or preference over any other Holder of the relevant Series or to enforce any right under the Indenture or the applicable Series Indenture or Note Certificate, except in the manner provided in the Indenture or the applicable Series Indenture or Note Certificate and for the equal and ratable benefit of all the Holders of the Notes of the relevant Series.

Notwithstanding the foregoing, nothing in the Notes of the relevant Series or the Indenture will prevent any relevant Holder from enforcing its right to payment of the principal of and interest on such Notes or any other amount payable under such Notes or the Indenture, when and to the extent such payments become due and such rights will not be impaired without the consent of such Holder.

Application of Funds Collected Under the Indenture

Any funds collected by the Indenture Trustee upon the occurrence and during the continuation of an Event of Default under the Indenture and the applicable Series Indenture will be applied in the following order at the date or dates fixed by the Indenture Trustee and, in case of the distribution of such funds on account of principal and any premium and interest, upon presentation of the Note Certificate or Note Certificates representing the Notes of such Series and the notation thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

- *first*: to the payment of all costs and expenses, including, without limitation, reasonable compensation and indemnification to the Indenture Trustee and the Administrative Trustee and any of their predecessors and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except those adjudicated in a court of competent jurisdiction to be the result of any such Indenture Trustee's gross negligence or willful misconduct;

- *second:* to the payment of all costs and expenses, including, without limitation, reasonable compensation and indemnification to the Collateral Safekeeper and each Agent and any of their predecessors and their respective agents and attorneys;

- *third*: to the payment of any premium and interest, and any other amounts then due and owing on the Notes of such Series (other than principal) without preference or priority of any kind according to the aggregate principal amounts due and payable on such Notes;

- *fourth:* to the payment of principal then due and owing on the Notes of such Series without preference or priority of any kind, according to the aggregate principal amounts due and payable on such Notes;

- *fifth*: to the payment of any other obligations then due and owing with respect to such Series of Notes, ratably, without preference or priority of any kind; and

- *sixth*: to the payment of any remaining balance to the Issuer for distribution by the Administrative Trustee in accordance with the Trust Agreement and the applicable Series Trust Agreement.

If no Event of Default has occurred and is continuing, any funds collected by the Indenture Trustee under the Indenture and the applicable Series Indenture in respect of the Notes of a Series shall be applied in the following order at the date or dates fixed by the Indenture Trustee and, in case of the distribution of such funds on account of principal, any premium and interest upon presentation of the Note Certificate or Note Certificates representing the Notes of such Series and the notation thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

- *first*: to the payment of principal, any premium and interest and any other amounts then due and owing on the Notes of such Series, ratably, without preference or priority of any kind, according to the aggregate principal amounts due and payable on such Notes;

- *second*: to the reasonable compensation and indemnification to each of the Indenture Trustee, Administrative Trustee and Collateral Safekeeper, each Agent and any of their predecessors and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except those adjudicated in a court of competent jurisdiction to be the result of any such Indenture Trustee's gross negligence or willful misconduct (as adjudicated in a court of competent jurisdiction); and

- *third*: to the payment of any other Obligations (as defined in the Indenture) then due and owing with respect to such Series of Notes, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Obligations, respectively; and

- *fourth*: to the payment of any remaining balance to the Issuer for distribution by the Administrative Trustee in accordance with the Trust Agreement and the applicable Series Trust Agreement.

The Indenture Trustee may make distributions in cash or in kind or, on a ratable basis, in any combination thereof.

Modifications and Amendments of the Indenture

Modifications and Amendments Without Consent of Holders

The Issuer and, upon its receipt of a written direction from the Issuer therefor, the Indenture Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture, or the Indenture together with the applicable Series Indenture, in a form satisfactory to the Indenture Trustee, for one or more of the following purposes without the consent of any Holder:

- for the Issuer to convey, transfer, assign, mortgage or pledge to the Indenture Trustee as security for the Notes of one or more Series any property or assets;

- to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as the Issuer and the Indenture Trustee shall consider to be for the protection of each Holder, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Indenture or the applicable Series Indenture; *provided*, that, in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Indenture Trustee upon such an Event of Default or may limit the right of the Holder or Holders of a majority of the aggregate principal amount of the Notes of such Series to waive such an Event of Default;

- to (i) cure any ambiguity or to correct or supplement any provision contained in the Indenture, any supplemental indenture, any applicable Series Indenture or any Note Certificate which may be defective or inconsistent with any other provision contained in the Indenture, any supplemental indenture, any applicable Series Indenture or any Note Certificate or (ii) to make such other provisions in regard to matters or questions arising under the Indenture, any supplemental indenture, any applicable Series Indenture or any Note Certificate as the Issuer may deem necessary or desirable and, in the case of both (i) and (ii), which shall not adversely affect the interests of the Holders of the Notes in any material respect;

- to add additional Events of Default;

- to evidence and provide for the acceptance of appointment under the Indenture by a successor indenture trustee with respect to the Notes of one or more Series and to add to or change any of the provisions of the Indenture and any Series Indenture as shall be necessary to provide for or facilitate the administration of the trusts under the Indenture and any Series Indenture by more than one trustee pursuant to the applicable requirements of the Indenture;

- to conform the terms of the Indenture, any Series Indenture or any supplemental indenture to the description thereof contained in this Offering Memorandum or any Pricing Supplement used in connection with the initial offering and sale of the Notes of the applicable Series;

- to change or eliminate any of the provisions of the Indenture; *provided*, *however*, that any such change or elimination shall become effective only when there is no Note Outstanding of any Series created prior to the execution of such supplemental indenture which is entitled to the benefit of or bound by such provisions; or

- to effect any amendment or alteration of the terms and conditions of a Floating Rate Note contemplated under "—Floating Rate Notes—Benchmark Replacement," including an amendment of the amount of interest due on such Floating Rate Note.

The Issuer will not enter into any indenture or indentures supplemental to the Indenture, or the Indenture together with the applicable Series Indenture, that would cause the Issuer or any Series of the Issuer to not be either ignored or treated as a grantor trust (assuming the Issuer or such Series were not ignored) for U.S. federal income tax purposes.

Modifications and Amendments With Consent of Holders

With the consent of the Holder or Holders of not less than 66⅔% in aggregate principal amount of the Notes at the time Outstanding of all Series affected by such supplemental indenture (voting as a single class), the Issuer and the Indenture Trustee may, from time to time and at any time, enter into a supplemental indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture, any supplemental indenture, any Series Indenture or any Note Certificate or of modifying in any manner the rights of the Holders of Notes of each such Series; *provided*, that no such supplemental indenture shall:

- change the applicable Stated Maturity Date or reduce the principal amount thereof, reduce the rate or extend the time of payment of interest or any amount payable thereon, or modify any redemption or repayment provisions applicable to such Series of Notes, without the consent of the holder of each Note so affected;

- impair or affect the right of any Holder of Notes to institute suit for the payment thereof without the consent of the Holder of each Note so affected;

- reduce the percentage of Notes of any Series, the consent of which is required for any such supplemental indenture, without the consent of the Holder of each Note so affected;

- permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture or the applicable Series Indenture with respect to any part of the applicable Series Collateral or terminate the lien of the Indenture and the applicable Series Indenture on any of the applicable Series Collateral or deprive the Holder of any Note of such Series of the applicable Security Interest, without the consent of the holder of each Note so affected; or

- modify or alter the provisions of the definition of the term “Outstanding” (as such term is defined in the Indenture), without the consent of the holder of each Note so affected.

The Issuer will not enter into any indenture or indentures supplemental to the Indenture, or the Indenture together with the applicable Series Indenture, that would cause the Issuer or any Series of the Issuer to not be either ignored or treated as a grantor trust (assuming the Issuer or such Series were not ignored) for U.S. federal income tax purposes.

Indenture Trustee

Under the Indenture and each Series Indenture, if an Event of Default actually known to the Indenture Trustee with respect to any Series of Notes has occurred and is continuing (and has not been cured or waived), the Indenture Trustee is obligated to exercise such of the rights and powers vested in it by the Indenture and the applicable Series Indenture, and to use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Except if an Event of Default with respect to the Notes of any Series has occurred and is continuing (and has not been cured or waived), (i) the Indenture Trustee undertakes to perform such duties and only such duties with respect to such Series of Notes as are specifically set forth in the Indenture and the applicable Series Indenture and no implied covenants or obligations shall be read into the Indenture or the applicable Series Indenture against the Indenture Trustee and (ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of the Indenture and the applicable Series Indenture, but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

No provision of the Indenture or any Series Indenture shall be construed to relieve the Indenture Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its willful misconduct (as adjudicated in a court of competent jurisdiction), except that:

- this paragraph shall not be construed to limit the effect of the immediately preceding paragraph;

- the Indenture Trustee shall not be liable for any error of judgment made in good faith by any responsible officer of the Indenture Trustee, unless it shall be determined in a court of competent jurisdiction that the Indenture Trustee was grossly negligent in ascertaining the pertinent facts;

- the Indenture Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holder or Holders of not less than a majority of the aggregate principal amount of the Outstanding Notes of any affected Series relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under the Indenture or the applicable Series Indenture with respect to the Notes of such Series;

- no provision of the Indenture or any Series Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have grounds for believing that repayment of such funds or satisfactory indemnity and/or security against such liability is not assured to it; and

- the Indenture Trustee shall not be liable for the acts or omissions of its delegates, custodians, nominees, agents or attorneys appointed by it without gross negligence and in good faith (as adjudicated in a court of competent jurisdiction); *provided*, *however*, that the foregoing shall not be construed to relieve the Indenture Trustee from liability under the Indenture or the applicable Series Indenture for its own actions or omissions in serving as an Agent, if and to the extent it shall also serve as an Agent and subject to the rights, privileges, protections, immunities and benefits given to the Indenture Trustee under the Indenture which are extended to, and shall be enforceable by, the Indenture Trustee in its capacity as an Agent.

The Indenture Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the Indenture or any applicable Series Indenture at the request, order or direction of any Holder pursuant to the provisions of the Indenture or any applicable Series Indenture, unless such Holder shall have offered to the Indenture Trustee security and/or indemnity satisfactory to the Indenture Trustee against the costs, expenses (including reasonable fees of its counsel) and liabilities which might be incurred by it in compliance with such request, order or direction.

The Indenture Trustee may resign at any time with respect to one or more or all Series of Notes by giving not less than 90 days' prior written notice (which may be given in a supplemental indenture) thereof to the Issuer and to the Holders of such Notes as provided in the Indenture and each applicable Series Indenture. Upon receiving such notice of resignation, the Issuer shall promptly cause a successor indenture trustee with respect to the applicable Series to be appointed by written instrument in duplicate, executed by the Issuer, one copy of which instrument shall be delivered to the resigning Indenture Trustee and one copy to the successor indenture trustee of such Series. If no successor indenture trustee shall have been so appointed with respect to any Series and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor indenture trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor indenture trustee.

If at any time:

- the Indenture Trustee shall cease to be eligible to serve as Indenture Trustee under the requirements of the Indenture or the applicable Series Indenture and shall fail to resign with respect to the Notes of each applicable Series pursuant to the applicable provisions of the Indenture or after written request by the Issuer or any Holder of Notes, or

- the Indenture Trustee shall become incapable of acting with respect to the Notes of the applicable Series of Notes or shall be adjudged as bankrupt or insolvent, or a receiver or liquidator of the Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, except during the existence of an Event of Default, the Issuer may remove the Indenture Trustee with respect to the applicable Series and appoint a successor indenture trustee with respect to the applicable Series of Notes by written instrument, in duplicate, one copy of which instrument shall be delivered to the Indenture Trustee so removed and one copy to the successor indenture trustee. If an instrument of acceptance by a successor indenture trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor indenture trustee with respect to the Notes.

In addition to the right of petition given to the resigning Indenture Trustee and the right of removal given to the Issuer pursuant to the two preceding paragraphs, any Holder who has been a Holder of Notes for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor indenture trustee or the removal of the Indenture Trustee and the appointment of a successor indenture trustee, as the case may be. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor indenture trustee or remove the Indenture Trustee and appoint a successor indenture trustee, as the case may be.

The Holder or Holders of a majority of the aggregate principal amount of the Notes of each Series at the time Outstanding may at any time remove the Indenture Trustee with respect to the Notes of such Series and appoint a successor indenture trustee with respect to the Notes of such Series by delivering to the Indenture Trustee so removed, to the successor indenture trustee so appointed and to the Issuer the evidence required for such action by the Indenture and the applicable Series Indenture.

Any resignation or removal of the Indenture Trustee with respect to any Series and any appointment of a successor indenture trustee with respect to such Series shall become effective upon acceptance of appointment by the successor indenture trustee and the payment in full of all amounts then due and owing to the resigning or removed Indenture Trustee all in accordance with the applicable provisions of the Indenture.

The Issuer shall advise all rating agencies that are then rating the program or the Notes of any Series of any change in the identity of the Indenture Trustee.

The Indenture Trustee and each successor indenture trustee must be a United States person within the meaning of Section 7701(a)(30) of the Code.

The Indenture Trustee acknowledges and agrees in the Indenture (and each Holder, Entitlement Holder, transferee or pledgee of a Note, by virtue of its acceptance of such Note or pledge thereof acknowledges and agrees) that (a) the Issuer is a series trust as provided in Section 3806(b)(2) and 3804(a) of the Trust Act, (b) the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a Series of the Issuer shall be enforceable only against the assets of the related Series of the Issuer, and not against the assets of the Issuer generally or the assets of any other Series of the Issuer, (c) no creditor or holder of a claim relating to a particular Series of the Issuer or a particular Series of Notes shall be entitled to maintain any action against or recover any assets allocated to the Issuer generally or any other Series of the Issuer, (d) it hereby releases all claims to the assets of the Issuer generally and to the assets of each Series of the Issuer other than which it is a Holder or Entitlement Holder of a Note and, in the event that such release is not given effect, to fully subordinate all claims it may be deemed to have against the assets of the Issuer generally and the assets of each other Series of the Issuer, and (e) to the extent permitted by applicable law, hereby covenants and agrees that it will not institute against, or join with any other person in instituting against, the Issuer generally or with respect to any Series of the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any applicable bankruptcy or similar law.

The Issuer and Northwestern Mutual and its subsidiaries and affiliates maintain customary banking and other commercial relationships with the Indenture Trustee and its affiliates.

Meetings of Holders

A meeting of Holders of Notes of any Series may be called at any time and from time to time pursuant to the Indenture and any applicable Note Certificate or Series Indenture to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture or the applicable Series Indenture to be made, given or taken by such Holders of Notes of such Series.

Unless otherwise provided in a Note Certificate representing the Notes of a particular Series or the applicable Series Indenture, the Indenture Trustee may at any time call a meeting of Holders of Notes of any Series for any purpose specified in the preceding paragraph, to be held at such time and at such place in the City of New York or the city in which the Corporate Trust Office is located. Notice of every meeting of such Holders of Notes of any Series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, must be given not less than 21 days nor more than 180 days prior to the date fixed for the meeting.

Any resolution passed or decision taken at any meeting of Holders of Notes of a Series duly held in accordance with the Indenture and the applicable Series Indenture will be binding on all of the Holders of Notes of such Series, whether or not such Holders were present or represented at the meeting.

Non-Recourse Enforcement

Notwithstanding anything to the contrary contained in the Indenture, any supplemental indenture, any Series Indenture, any Pricing Supplement or any Note Certificate, other than as described below, none of Northwestern Mutual or any of its officers, directors, affiliates, employees or agents or any of the Administrative Trustee, the Trust Beneficial Owner, the Series Beneficial Owner or any Purchasing Agent, or any of their respective officers, directors, affiliates, employees or agents (the "**Non-Recourse Parties**"), will be personally liable for the payment of any principal, premium, interest or any other amounts at any time owing under the terms of any Notes. If any Event of Default shall occur with respect to any Notes of any Series, the right of the Holder or Holders of Notes of such Series and the Indenture Trustee on behalf of such Holder or Holders, in connection with a claim on the Notes of such Series shall be limited solely to a proceeding against the relevant Series Collateral.

Neither such Holder or Holders nor the Indenture Trustee on behalf of such Holder or Holders will have the right to proceed against the Non-Recourse Parties or the assets of any other Series or the general assets of the Issuer to enforce the Notes (except that to the extent they exercise their rights, if any, to seize the relevant Funding Agreement(s), they may enforce the relevant Funding Agreement(s) against Northwestern Mutual) or for any deficiency judgment remaining after foreclosure of any property included in the relevant Series Collateral.

Nothing contained in this section "—Non-Recourse Enforcement" shall in any manner or way constitute or be deemed a release of the debt or other obligations evidenced by the Notes of any Series or otherwise affect or impair the enforceability against the assets of the relevant Series of the Issuer of the liens, assignments, rights and Security Interests created by or pursuant to the Indenture, the applicable Series Indenture, the relevant Series Collateral or any other instrument or agreement evidencing, securing or relating to the indebtedness or the obligations evidenced by the Notes of a Series. Nothing in this section "—Non-Recourse Enforcement" shall preclude the Holders from foreclosing upon any property included in the relevant Series Collateral or any other rights or remedies in law or in equity against the assets of the Issuer with respect to the relevant Series of the Issuer.

Holders may not seek to enforce rights with respect to any Notes (i) by commencing any recovery or enforcement proceedings against the Issuer generally or with respect to the relevant Series of the Issuer, (ii) by applying to wind up the Issuer, (iii) otherwise than through the Indenture Trustee in exercise of powers, appointing a receiver or administrative trustee to the Issuer or any of the assets of the Issuer generally or with respect to the relevant Series of the Issuer, (iv) by making any statutory demand upon the Issuer generally or with respect to the relevant Series of the Issuer under applicable law, or (v) in any other manner except as may be provided in the Indenture, and any applicable Note Certificate or Series Indenture.

Notices

All notices regarding Notes of a Series will be mailed to the registered Holders thereof as their names appear in the applicable Note Register maintained by the Registrar.

All notices shall be deemed to have been given upon (i) in the case of Holders, the mailing by first class mail, postage prepaid, of such notices to each Holder entitled thereto at such Holder's registered address as recorded in the applicable Note Register, (ii)(a) so long as the Notes of a Series are admitted to the Official List and trading on the GEM, publication of such notice to each Holder of the Notes of such Series in the English language on the website of Euronext Dublin at www.ise.ie via the Companies Announcement Service (or otherwise in accordance with the requirements of Euronext Dublin) or (b) so long as the Notes of a Series are listed on a securities exchange other than Euronext Dublin or if the publication required in (ii)(a) is not practicable, in one leading English language daily newspaper with general circulation in Europe and in the Principal Financial Center with the greatest nexus to such other securities exchange, if such Series is so listed.

With respect to a Global Note or a Global Certificate held by or on behalf of a clearing corporation, notices to the Holders of such Global Note or Global Certificate may be given by delivery of the relevant notice to the clearing corporation for communication by it to entitled accountholders in substitution for publication or by delivery of the relevant notice to the Holder of the relevant Global Note or Global Certificate.

Neither the failure to give notice, nor any defect in any notice given, to any particular Holder of a Note will affect the sufficiency of any notice with respect to any other Holder of any Note.

Any such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Notes of a Series shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Governing Law; Submission to Jurisdiction

Pursuant to Section 5-1401 of the General Obligations Law of the State of New York, the Indenture, each Series Indenture and the Notes of each Series shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to its conflict of laws provisions, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the ownership of, and the security interest in, each applicable Funding Agreement constituting an asset of the relevant Series of the Issuer or remedies under the Indenture or the applicable Series Indenture in respect thereof may be governed by the laws of a jurisdiction other than the State of New York.

All judicial proceedings brought against the Issuer or the Indenture Trustee arising out of or relating to the Indenture, any Series Indenture, any Note or any portion of any Series Collateral or any assets of the Issuer generally or the applicable Series of the Issuer may be brought in a U.S. federal court located in the City of New York, the Borough of Manhattan; *provided* that a Note Certificate or any Series Indenture may specify other jurisdictions as to which the Issuer and the Indenture Trustee may consent to the exclusive jurisdiction of its courts with respect to such Series of Notes. Under the terms of the Indenture and each relevant Series Indenture, the Issuer and the Indenture Trustee will each accept generally and unconditionally the nonexclusive jurisdiction of such court, waive any defense of *forum non conveniens* and irrevocably agree to be bound by any judgment rendered thereby in connection with the Indenture, the applicable relevant Series Indenture, any Note or any portion of the relevant Series Collateral.

DESCRIPTION OF CERTAIN TERMS AND CONDITIONS OF THE FUNDING AGREEMENTS

This section provides an overview of certain terms and conditions of the Funding Agreements. This overview is not complete and investors should read the detailed provisions of the Funding Agreements. Capitalized terms used in this overview have the same meanings as those used in the Funding Agreements unless the context otherwise requires.

General

Funding Agreements are unsecured obligations of Northwestern Mutual. In connection with each Series of Notes, the Issuer will purchase from Northwestern Mutual, and will take delivery from Northwestern Mutual of, one or more Funding Agreements, as specified in each applicable Pricing Supplement. In connection with the offering and sale of a Series of Notes, the Issuer will pledge, collaterally assign and grant a security interest in the applicable Series Collateral, including each applicable Funding Agreement, to the Indenture Trustee as collateral to secure the Issuer's obligations under the applicable Series of Notes.

The Issuer will purchase one or more Funding Agreements that are supported solely by the general account of Northwestern Mutual, and not by any separate account (each, a "**Funding Agreement**"). Under the terms of a Funding Agreement, Northwestern Mutual will deposit the proceeds received from the Issuer for the purchase of the agreement into its general investment account, or the general account.

Amounts held in the general account are pooled and invested by Northwestern Mutual in accordance with applicable insurance laws. In the aggregate, general account assets support Northwestern Mutual's obligations under all of its general account insurance contracts, and are not segregated for the exclusive benefit of any particular policy or obligation. General account assets are also available to Northwestern Mutual for the conduct of routine business activities, such as the payment of dividends and business expenses.

Insolvency of Northwestern Mutual

In the event of Northwestern Mutual's insolvency, Funding Agreements will be subject to the provisions of Chapter 645 of the Wisconsin Insurance Law, which establish the priority of distributions from the estate of an insolvent Wisconsin life insurance company. Godfrey & Kahn, S.C., special Wisconsin counsel for Northwestern Mutual, has opined that in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Northwestern Mutual, under Wisconsin law as in effect on the date of this Offering Memorandum, the claims under each Funding Agreement with respect to payments of principal and interest should be accorded a priority equal to that of policyowners of Northwestern Mutual (*i.e.*, would rank *pari passu* with the claims of policyowners of Northwestern Mutual) and superior to the claims of general creditors of Northwestern Mutual.

Such opinion of counsel is based upon certain facts, assumptions and qualifications (as set forth therein), is only an opinion and does not constitute a guarantee, and is not binding upon any court, including without limitation a court presiding over any rehabilitation, liquidation, conservation, dissolution or reorganization of Northwestern Mutual under Chapter 645 of the Wisconsin Insurance Law. The obligations of Northwestern Mutual under the Funding Agreements are not guaranteed by any other persons, including, but not limited to, any of its subsidiaries or affiliates.

Payments

The terms of each Funding Agreement securing the obligations of the Issuer under a Series of Notes will be structured so that Northwestern Mutual will be obligated to make payments at such times and in such amounts as shall permit the Issuer to meet its scheduled obligations with respect to payments of interest, premium, if any, principal and any other amounts due under the applicable Series of Notes.

Tax, Fiscal or Other Law or Regulation

Each Funding Agreement is subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. Northwestern Mutual shall not be required to make any payment to the Issuer with respect to any Taxes.

Tax Redemption

If (a) Northwestern Mutual is obligated to withhold or deduct any Taxes with respect to any payment made under a Funding Agreement or any related contract between Northwestern Mutual and the Issuer, or (b) in the opinion of independent counsel selected by Northwestern Mutual, as a result of any change in, or amendment to, United States tax laws (or any regulations or rulings thereunder) or any change in position of the IRS regarding the application or interpretation thereof (including, but not limited to, Northwestern Mutual's receipt of a written adjustment from the IRS in connection with an audit), there is a material probability that (i) Northwestern Mutual will become obligated to withhold or deduct any Taxes with respect to any payment made under a Funding Agreement or any related contract between Northwestern Mutual and the Issuer or (ii) the Issuer is, or will be within 90 days of the date thereof, subject to more than a *de minimis* amount of Taxes, then Northwestern Mutual may terminate, with respect to (a) and (b)(i), the applicable Funding Agreement, and, with respect to (b)(ii), any Funding Agreement by giving not less than 30 and no more than 75 days prior written notice to the Issuer and by paying to the Issuer on the date specified in such notice the Redemption Amount as specified in the Term Sheet of such Funding Agreement, *provided* that in the case of clause (b)(i) no such notice of termination may be given earlier than 90 days prior to the earliest day when Northwestern Mutual would become obligated to withhold or deduct any such Taxes, assuming a payment in respect of such Funding Agreement or such contract were then due.

Other Terms

From time to time, the Issuer may purchase from Northwestern Mutual Funding Agreements with other terms, including the ability to extend the maturity date or redeem the applicable Funding Agreement at Northwestern Mutual's option.

Events of Default

Each Funding Agreement will provide that an Event of Default (as used therein) will occur upon the occurrence of one or any combination of the following:

- if Northwestern Mutual fails to make a payment of interest and such failure continues for a period of five Business Days (as defined in the relevant Funding Agreement);
- if Northwestern Mutual fails to make a payment of principal in accordance with the relevant Funding Agreement and such failure continues for a period of three Business Days; or
- if Northwestern Mutual is dissolved or has a resolution passed or proceeding instituted for its winding-up, liquidation, rehabilitation or similar arrangement (other than pursuant to a consolidation, amalgamation or merger).

Representations and Warranties of Northwestern Mutual and the Holder

Under each Funding Agreement, each of Northwestern Mutual and the holder of the Funding Agreement will make to the other party certain representations including, but not limited to the following, that:

- it has the power to enter into the relevant Funding Agreement and to consummate the transactions contemplated thereby;

- the Funding Agreement has been duly authorized, executed and delivered. The Funding Agreement constitutes a legal, valid and binding obligation. The Funding Agreement is enforceable in accordance with the terms thereof, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights, and subject as to enforceability of general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law; and

- the execution and delivery of the Funding Agreement and the performance of obligations thereunder do not and will not constitute or result in a default, breach, violation, or the creation of any lien or encumbrance on any of its property under its certificate, articles or charter of incorporation, trust agreement, by-laws, or any agreement, instrument, judgment, injunction or order by which it is bound, or by which its respective properties may be bound or affected.

Restrictions on Transfer

Each Funding Agreement will contain provisions prohibiting the holder thereof from transferring or assigning the Funding Agreement or any right to receive payments under the Funding Agreement to any other person without the express written consent of Northwestern Mutual and the written affirmation of Northwestern Mutual that it has changed its books and records to reflect the transfer or assignment or right to receive payments under the Funding Agreement.

The following additional conditions must be satisfied in order to effectuate any assignment of any Funding Agreement: (i) the Funding Agreement may only be transferred through a book entry system maintained by Northwestern Mutual within the meaning of U.S. Treasury Regulation Section 1.871-14(c)(1)(i) and (ii) Northwestern Mutual shall have received from the proposed assignee such representations, certificates, documentation and opinions as Northwestern Mutual may deem necessary and appropriate.

Supplemental Agreements

Northwestern Mutual may issue to the initial holder of the Funding Agreement one or more additional Funding Agreements and may provide in any such additional Funding Agreement that such additional Funding Agreement shall constitute part of the same obligation of Northwestern Mutual as the initial Funding Agreement (any such additional Funding Agreement, a "**Supplemental Agreement**"), and such Supplemental Agreement shall be subject to the same terms and conditions as the initial Funding Agreement (including those set forth in the Account Specification Appendix to the applicable Funding Agreement), except that the Effective Date, the Deposit Amount, the Net Deposit Amount, the amount of the first interest payment, if any, and any other different terms specified in each applicable Funding Agreement may be different with respect to such Supplemental Agreement; *provided* that the issuance of such Supplemental Agreement satisfies the conditions of U.S. Treasury Regulation Section 1.1275-2(k)(2)(ii) and constitutes a "qualified reopening" of the original issuance of the initial Funding Agreement as defined in U.S. Treasury Regulation Section 1.1275-2(k)(3) or is otherwise treated as part of the same issue of the previously issued Funding Agreement for U.S. federal income tax purposes.

Governing Law

Each Funding Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware.

Collateral Safekeeper

Each Funding Agreement relating to a Series of Notes will be held in an account for the Indenture Trustee in the State of Delaware by the Collateral Safekeeper or by such other party as may be specified in the applicable Pricing Supplement.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The information provided below does not purport to be a complete summary of the U.S. tax law and practice currently applicable. Prospective investors should consult with their own professional advisors.

The following is a discussion of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders and Non-U.S. Holders (each as defined below) that purchase the Notes at their issue price (generally the first price at which a substantial amount of the Notes of the applicable Series is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering and hold such Notes as capital assets. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific Holders (as defined below) in light of their particular circumstances (including Holders that are directly or indirectly related to Northwestern Mutual) or to Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, Holders that hold a Note as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a “functional currency” other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations or consequences from requirements under Section 451(b) of the Code to conform the timing of income accruals with respect to the Notes to the Holder’s financial statements.

This discussion is based on the Code, U.S. Treasury Regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not describe the U.S. federal income tax considerations relating to the purchase, ownership or disposition of an “equity-linked instrument” (as defined under applicable U.S. Treasury Regulations), a “contingent payment debt instrument” (as defined under applicable U.S. Treasury Regulations), certain “variable rate debt instruments” (as defined below), a Note with a maturity later than 30 years from its date of issuance, a Note that does not obligate the Issuer to repay an amount equal to at least the issue price of the Note or a Note with an extendable maturity. A general discussion of any materially different U.S. federal income tax considerations relating to any particular Series of Notes will be included in the applicable Pricing Supplement, if applicable to such Series.

As used in this discussion, the term “**U.S. Holder**” means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a U.S. person.

As used in this discussion, the term “**Non-U.S. Holder**” means a beneficial owner of a Note that is neither a U.S. Holder nor an entity or arrangement treated as a partnership for U.S. federal income tax purposes and the term “**Holder**” means a U.S. Holder or a Non-U.S. Holder.

If an entity or an arrangement treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity or arrangement and the particular partner. Any such entity or arrangement should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of a Note.

EACH PERSON CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME, ESTATE

AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.

Tax Treatment of the Issuer and the Notes

In the opinion of Willkie Farr & Gallagher LLP, special U.S. federal income tax counsel to Northwestern Mutual and the Issuer ("**Special Tax Counsel**"), under current law and assuming the Issuer is operated in accordance with its organizational documents and as described in this Offering Memorandum, and based upon certain facts and assumptions contained in such opinion, neither the Issuer nor any Series of the Issuer will be classified as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

Northwestern Mutual, the Issuer and each Series of the Issuer will treat the Notes as indebtedness of Northwestern Mutual for all U.S. federal, state and local income and franchise tax purposes. Each Holder of Notes, by acceptance of such Notes, will be deemed to have agreed to treat the Notes as indebtedness of Northwestern Mutual for all U.S. federal, state and local income and franchise tax purposes. The remainder of this discussion assumes the Notes are properly treated as indebtedness of Northwestern Mutual for all U.S. federal income tax purposes.

No statutory, judicial or administrative authority directly addresses the U.S. federal income tax treatment of securities similar to the Notes. An opinion of Special Tax Counsel is not binding on the IRS or the courts, and no ruling on any of the consequences or issues discussed herein will be sought from the IRS. Accordingly, persons considering the purchase of Notes should consult their own tax advisors about the U.S. federal income tax consequences of an investment in the Notes and the application of U.S. federal income tax laws, as well as the laws of any state, local or non-U.S. taxing jurisdictions, to their particular situations.

U.S. Holders

Stated Interest and Original Issue Discount

In general, interest payable on a Note that is "qualified stated interest" will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. "Qualified stated interest" is stated interest that is unconditionally payable at least annually at a single fixed rate over the entire term of a Note or, in the case of a variable rate debt instrument (as described below), at a single qualified floating rate or a single objective rate (as described below).

If the "stated redemption price at maturity" of a Note (generally the aggregate amount of payments, other than qualified stated interest, on the Note) exceeds the issue price of the Note by an amount that is equal to or greater than a *de minimis* amount, the Note will be treated as having been issued with original issue discount ("**OID**") for U.S. federal income tax purposes in the amount of such excess. In general, the *de minimis* amount is equal to ¼ of 1 percent of the stated redemption price at maturity multiplied by the weighted average number of complete years to maturity from the issue date of such Note (or in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note). A U.S. Holder generally will be required to include OID in gross income as ordinary interest income for U.S. federal income tax purposes as it accrues, before such U.S. Holder receives any cash payment attributable to such income and regardless of such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. Any amount not treated as OID because it is *de minimis* generally must be included in income (generally as gain from the sale of such Note) as principal payments are received on such Note in the proportion that each such payment bears to the original principal amount of such Note. Special rules apply to Notes with a fixed maturity of one year or less. *See* below under "Short-Term Notes."

A U.S. Holder generally will be required to include in gross income for U.S. federal income tax purposes an amount equal to the sum of the "daily portions" of the OID with respect to a Note for all days during the taxable year on which such U.S. Holder holds such Note. The "daily portions" of OID with respect to a Note will be determined by allocating to each day during the taxable year on which the U.S. Holder holds such Note a *pro rata* portion of the OID on such Note that is attributable to the "accrual period" in which such day is included.

The amount of the OID with respect to a Note attributable to an "accrual period" generally will be the excess of (A) the product of (i) the "adjusted issue price" of such Note at the beginning of such accrual period and (ii) the "yield to maturity" of such Note (stated in a manner appropriately taking into account the length of such accrual period) over (B) any qualified stated interest on the Note allocable to such accrual period. The "accrual period" for a Note may be of any length and may vary in length over the term of the Note, *provided* that each accrual period is no longer than one year and that each scheduled payment of interest or principal occurs on the first or final day of an accrual period. The "adjusted issue price" of a Note at the beginning of an accrual period generally is the issue price of such Note plus the aggregate amount of OID that accrued on such Note in all prior accrual periods, less any payments on such Note (other than payments of qualified stated interest). The "yield to maturity" of a Note is the discount rate that, when used in computing the present value of all payments required to be made under such Note, produces an amount equal to the issue price of such Note.

In the case of a variable rate debt instrument (as described below), the amount of qualified stated interest and the amount of OID, if any, that accrues during an accrual period is generally determined assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the debt instrument, and the qualified stated interest (or, if there is no qualified stated interest, OID) allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to clause (i) or (ii), as applicable. Special rules apply to a variable rate debt instrument that provides for stated interest at a fixed rate or at a rate other than a single qualified floating rate or a single objective rate.

A "variable rate debt instrument" is a debt instrument that (i) has an issue price that does not exceed the total principal payments by more than an amount equal to the lesser of (a) 0.015 multiplied by the product of such total principal payments and the number of complete years to maturity of the instrument (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note) or (b) 15 percent of the total principal payments, (ii) provides for stated interest (compounded or paid at least annually) at the current value of (A) one or more "qualified floating rates," (B) a single fixed rate and one or more qualified floating rates, (C) a single "objective rate" or (D) a single fixed rate and a single objective rate that is a "qualified inverse floating rate," and (iii) does not provide for any principal payments that are contingent. The current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A "qualified floating rate" is generally a floating rate under which variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which a debt instrument is denominated. A multiple of a qualified floating rate is not a qualified floating rate unless the relevant multiplier is (i) fixed at a number that is greater than 0.65 but not more than 1.35 or (ii) fixed at a number that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. A variable rate is not considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (*i.e.*, a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the debt instrument to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor, governor or similar restriction that is fixed throughout the term of the debt instrument).

An “objective rate” is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information, *provided*, *however*, that an objective rate will not include a rate based on information that is within the control of the issuer (or certain related parties of the issuer) or that is unique to the circumstances of the issuer (or certain related parties of the issuer), such as dividends, profits or the value of the issuer’s stock. A “qualified inverse floating rate” is an objective rate (i) that is equal to a fixed rate minus a qualified floating rate and (ii) the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate). Notwithstanding the first sentence of this paragraph, a rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the debt instrument’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the debt instrument’s term. The IRS may designate rates other than those specified above that will be treated as objective rates. As of the date of this Offering Memorandum, no other rates have been designated.

If interest on a Note is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. A fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentence if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 percentage points (25 basis points).

If a Floating Rate Note does not qualify as a variable rate debt instrument or otherwise provides for contingent payments, or if a Fixed Rate Note provides for contingent payments, such Note may constitute a “contingent payment debt instrument.” Interest payable on a contingent payment debt instrument is not treated as qualified stated interest. If applicable to any Note, the special rules applicable to contingent payment debt instruments will be described in the applicable Pricing Supplement.

In general, the following rules apply if (i) a Note provides for one or more alternative payment schedules applicable upon the occurrence of a contingency or contingencies and the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and (ii) either a single payment schedule is significantly more likely than not to occur or the Note provides the Issuer or the holder with an unconditional option or options exercisable on one or more dates during the term of the Note. If, based on all the facts and circumstances as of the issue date, a single payment schedule for a debt instrument, including the stated payment schedule, is significantly more likely than not to occur, then, in general, the yield and maturity of the Note are computed based on this payment schedule. If the Issuer or the holder has an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then (i) in the case of an option or options exercisable by the Issuer, the Issuer will be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on the Note and (ii) in the case of an option or options exercisable by the holder, the holder will be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on the Note. Notes subject to the above rules will not be treated as contingent payment debt instruments as a result of the contingencies described above. If a contingency (including the exercise of an option) actually occurs or does not occur contrary to an assumption made according to the above rules (a “**Change in Circumstances**”), then, except to the extent that a portion of the Note is repaid as a result of a Change in Circumstances and solely for purposes of the accrual of OID, the Note is treated as retired and then reissued on the date of the Change in Circumstances for an amount equal to the Note’s adjusted issue price on that date.

A U.S. Holder may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. The election must be made for the taxable year in which a U.S. Holder acquires a Note and may not be revoked without the consent of the IRS.

Premium on the Notes

If the amount paid by a U.S. Holder for a Note exceeds the stated redemption price at maturity of such Note, such U.S. Holder generally will be considered to have purchased such Note at a premium equal in amount to such excess. In this event, such U.S. Holder may elect to amortize such premium, based generally on a constant-yield basis, as an offset to interest income over the remaining term of such Note. In the case of a Note that may be redeemed prior to maturity, the premium amortization and redemption date are calculated assuming that Northwestern Mutual and the U.S. Holder will exercise or not exercise redemption rights in a manner that maximizes the U.S. Holder's yield. It is unclear how premium amortization is calculated when the redemption date or the amount of any redemption premium is uncertain. The election to amortize bond premium, once made, will apply to all debt obligations held or subsequently acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Short-Term Notes

Notes that have a fixed maturity of one year or less ("**Short-Term Notes**") will be treated as issued with OID. In general, an individual or other U.S. Holder that uses the cash method of accounting is not required to accrue such OID unless such U.S. Holder elects to do so. If such an election is not made, any gain recognized by such U.S. Holder on the sale, exchange, redemption or other disposition of a Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale, exchange, redemption or other disposition, and a portion of the deduction otherwise allowable to such U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income on such Short-Term Note is realized. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method of accounting and certain other U.S. Holders are required to accrue OID related to a Short-Term Note as ordinary income on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued qualified stated interest, which, if not previously included in such U.S. Holder's income, will be taxable as interest income to such U.S. Holder) and such U.S. Holder's "adjusted tax basis" in such Note. A U.S. Holder's adjusted tax basis in a Note generally is the amount such U.S. Holder paid for such Note, increased by the amount of any OID previously included in income (including in the year of disposition) with respect to such Note by such U.S. Holder and decreased by any amortized premium and the aggregate amount of payments (other than qualified stated interest) on such Note previously made to such U.S. Holder. Subject to the rules described below under "Foreign Currency Notes," any gain or loss so recognized generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such Note for more than one year at the time of such sale, exchange, retirement or other disposition. Net long-term capital gain of certain non-corporate U.S. Holders generally is subject to preferential rates of tax. The deductibility of capital losses is subject to limitations.

Foreign Currency Notes

The following discussion generally describes special rules that apply, in addition to the rules described above, to Foreign Currency Notes. The amount of qualified stated interest paid with respect to a Foreign Currency Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid, as determined on the date of actual or constructive receipt by such U.S. Holder, using the spot rate of exchange on such date. In the case of qualified stated interest on a Foreign Currency Note held by a U.S. Holder that uses the accrual method of accounting, and in the case of OID (other than OID on a Short-Term Note that is not required to be accrued) for every U.S. Holder, such U.S. Holder is required to include the U.S. dollar value of the amount of such interest income or OID (which is determined in the non-U.S. currency) that accrued during the accrual period. The U.S. dollar value of such accrued interest income or OID generally is determined by translating such income at the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such income at the spot rate of exchange on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange in effect on the last day of the taxable year). If the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognize, as ordinary income or loss, foreign currency gain or loss with respect to such accrued interest income or OID on the date the interest or OID is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income or OID for the relevant accrual period and the spot rate of exchange on the date such interest or OID is actually or constructively received.

A U.S. Holder will calculate the amortization of bond premium for a Foreign Currency Note in the applicable non-U.S. currency. Amortization deductions attributable to a period will reduce interest payments in respect of that period, and therefore are translated into U.S. dollars at the spot rate of exchange used for those interest payments. Foreign currency gain or loss will be realized with respect to amortized premium on a Foreign Currency Note based on the difference between the spot rate of exchange at which the amortization deductions were translated into U.S. dollars and the spot rate of exchange on the date such U.S. Holder acquired the Foreign Currency Note.

The amount realized with respect to a sale, exchange, redemption or other disposition of a Foreign Currency Note generally will be the U.S. dollar value of the payment received, determined on the date of disposition of such Foreign Currency Note (using the spot rate of exchange on such date). However, with respect to Foreign Currency Notes that are treated as traded on an established securities market, such amount realized will be determined using the spot rate of exchange on the settlement date in the case of (i) a U.S. Holder that is a cash method taxpayer or (ii) a U.S. Holder that is an accrual method taxpayer that elects such treatment. This election may not be changed without the consent of the IRS. Gain or loss that is recognized generally will be ordinary income or loss to the extent it is attributable to fluctuations in currency exchange rates between the date of purchase and the date of sale, exchange, redemption or other disposition. Such foreign currency gain or loss, together with any foreign currency gain or loss realized on such disposition in respect of accrued interest or OID, will be recognized only to the extent of the total gain or loss realized by such U.S. Holder on the sale, exchange, redemption or other disposition of the Foreign Currency Note. Any gain or loss realized by a U.S. Holder not treated as foreign currency gain or loss generally will be capital gain or loss (subject to the discussion above regarding Short-Term Notes).

A U.S. Holder that determines its amount realized in connection with the sale, exchange, redemption or other disposition of a Foreign Currency Note by reference to the spot rate of exchange on the date of such sale, exchange, redemption or other disposition (rather than on the settlement date) may recognize additional foreign currency gain or loss upon receipt of non-U.S. currency from such sale, exchange, redemption or other disposition.

A U.S. Holder will recognize an amount of foreign currency gain or loss on a sale or other disposition of any non-U.S. currency equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of any other property, received in such sale or other disposition and (ii) the tax basis of such non-U.S. currency. A U.S. Holder generally will have a tax basis in non-U.S. currency received from a sale, exchange, redemption or other disposition of a Foreign Currency Note equal to the U.S. dollar value of such non-U.S. currency on the date of receipt.

A Note that provides for payments in more than one currency generally will be treated as a “contingent payment debt instrument,” and the special rules applicable to such instruments will be described in the applicable Pricing Supplement.

Aggregation Rules

The U.S. Treasury Regulations relating to OID contain special aggregation rules stating in general that, subject to certain exceptions, debt instruments issued in the same transaction or related transactions to a single purchaser may be treated as a single debt instrument with a single issue price, maturity date, yield to maturity and stated redemption price at maturity for purposes of the OID rules. Under certain circumstances, these provisions could apply to a U.S. Holder that purchases Notes from more than one Series of Notes.

Medicare Tax

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income (including accrued OID) on a Note and net gain from the sale, exchange, retirement or other disposition of a Note.

Disclosure Requirements for Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in the U.S. Treasury Regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. Each U.S. Holder should consult its own tax advisor regarding the possible obligation to file IRS Form 8886 reporting foreign currency loss arising from the Notes or any amounts received with respect to the Notes.

Information Reporting and Backup Withholding

Information reporting generally will apply to payments to a U.S. Holder of interest (and accruals of OID) on, or proceeds from the sale, exchange, retirement or other disposition of, a Note, unless such U.S. Holder is an entity that is exempt from information reporting and, when required, demonstrates this fact. Any such payment to a U.S. Holder that is subject to information reporting generally will also be subject to backup withholding, unless such U.S. Holder provides the appropriate documentation (generally, IRS Form W-9) to the applicable withholding agent certifying that, among other things, its taxpayer identification number is correct, or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by such U.S. Holder on a timely basis to the IRS.

Non-U.S. Holders

General

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—FATCA Withholding":

(a) payments of principal, interest and premium with respect to a Note owned by a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax; *provided* that, in the case of amounts treated as payments of interest (which term, for purposes of this discussion of the tax consequences to Non-U.S. Holders, also includes any payment to the extent of any OID that accrued on such Note while held by such Non-U.S. Holder and that has not been previously taken into account for this purpose), (i) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of Northwestern Mutual or the applicable Series Beneficial Owner stock entitled to vote; (ii) such Non-U.S. Holder is not a controlled foreign corporation described in section 957(a) of the Code that is related to Northwestern Mutual or the applicable Series Beneficial Owner through stock ownership; (iii) such Non-U.S. Holder is not a bank whose receipt of such amounts is described in Section 881(c)(3)(A) of the Code; (iv) interest on the Note is not described in Section 871(h)(4)(A) of the Code; and (v) the certification requirements described below are satisfied; and

(b) a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on the sale, exchange, retirement or other disposition of a Note, unless (i) such gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder, in which event such gain generally will be subject to U.S. federal income tax in the manner described below, or (ii) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of such sale, exchange, retirement or other disposition and certain other conditions are met, in which event such gain (net of certain U.S. source losses) generally will be subject to U.S. federal income tax at a rate of 30% (except as provided by an applicable tax treaty).

The certification requirements referred to in clause (a)(vi) above generally will be satisfied if the Non-U.S. Holder provides the applicable withholding agent with a statement (generally on IRS Form W-8BEN or W-8BEN-E), signed under penalties of perjury, stating, among other things, that such Non-U.S. Holder is not a U.S. person. U.S. Treasury Regulations provide additional rules for a Note held through one or more intermediaries or pass-through entities.

If the requirements set forth in clause (a) above are not satisfied with respect to a Non-U.S. Holder and payments with respect to the Note are not effectively connected to a trade or business in the United States of such Non-U.S. Holder, payments with respect to a Note (including proceeds from the sale, exchange, retirement or other disposition thereof) generally will be subject to U.S. federal income tax in an amount equal to 30% of the interest and OID that accrued on such Note while held by such Non-U.S. Holder and that has not been taken into account previously for U.S. federal income tax purposes, unless another exemption is applicable. Such tax generally will be imposed by way of withholding in the case of payments on a Note (including payments from the retirement of such Note) or directly on the Non-U.S. Holder in the case of any other sale, exchange or other disposition of a Note. An applicable tax treaty may reduce or eliminate this tax.

If a Non-U.S. Holder is engaged in the conduct of a trade or business in the United States, and if amounts treated as interest on a Note or gain recognized on the sale, exchange, retirement or other disposition of a Note are effectively connected with such U.S. trade or business, such Non-U.S. Holder generally will not be subject to the 30% U.S. federal tax on such interest or gain described above; *provided* that, in the case of the above-described withholding tax on amounts treated as interest, such Non-U.S. Holder provides the appropriate documentation (generally, IRS Form W-8ECI) to the applicable withholding agent. Instead, such Non-U.S. Holder generally will be subject to U.S. federal income tax (but not the Medicare Tax described above) on such interest or gain in substantially the same manner as a U.S. Holder (except as provided by an applicable tax treaty). In addition, a Non-U.S. Holder that is treated as a corporation for U.S. federal income tax purposes may be subject to a branch profits tax at a rate of 30% (or a lower rate if provided by an applicable tax treaty) on its effectively connected income for the taxable year, subject to certain adjustments.

Information Reporting and Backup Withholding

Amounts treated as payments of interest on a Note to a Non-U.S. Holder and the amount of any U.S. federal tax withheld from such payments generally must be reported annually to the IRS and to such Non-U.S. Holder by the applicable withholding agent.

The information reporting and backup withholding rules that apply to payments of interest (and accruals of OID) to certain U.S. Holders generally will not apply to amounts treated as payments of interest to a Non-U.S. Holder if such Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E to the applicable withholding agent) or otherwise establishes an exemption.

Proceeds from the sale, exchange, retirement or other disposition of a Note by a Non-U.S. Holder effected outside the United States through a non-U.S. office of a non-U.S. broker generally will not be subject to the information reporting and backup withholding rules that apply to payments to certain U.S. persons; *provided* that the proceeds are paid to the Non-U.S. Holder outside the United States. However, proceeds from the sale, exchange, retirement or other disposition of a Note by a Non-U.S. Holder effected through a non-U.S. office of a non-U.S. broker with certain specified U.S. connections or of a U.S. broker generally will be subject to these information reporting rules (but generally not to these backup withholding rules), even if the proceeds are paid to such Non-U.S. Holder outside the United States, unless such Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E to the applicable withholding agent) or otherwise establishes an exemption. Proceeds from the sale, exchange, retirement or other disposition of a Note by a Non-U.S. Holder effected through a U.S. office of a broker generally will be subject to these information reporting and backup withholding rules, unless such Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (generally by providing an IRS Form W-8BEN or W-8BEN-E to the applicable withholding agent) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability if the required information is furnished by such Non-U.S. Holder on a timely basis to the IRS.

FATCA Withholding

Sections 1471 through 1474 of the Code, commonly referred to as Foreign Account Tax Compliance Act ("**FATCA**") provisions, generally impose a withholding tax of 30% on interest income (including OID) from debt obligations of U.S. issuers paid to a foreign financial institution (other than with respect to interest (including OID) that is effectively connected with the conduct of a trade or business within the United States), unless such institution either (i) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners) or (ii) in the event that an applicable intergovernmental agreement and implementing legislation are adopted, complies with modified requirements, including in some cases providing local revenue authorities with similar account holder information.

The FATCA legislation also generally imposes a withholding tax of 30% on interest income (including OID) from such obligations paid to a non-financial foreign entity (other than with respect to interest (including OID) that is effectively connected with the conduct of a trade or business within the United States) unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity or unless certain exceptions apply or they agree to provide certain information to other revenue authorities for transmittal to the IRS. Under certain circumstances (for example, if the recipient is resident in a country having a tax treaty with the United States), a holder of such obligation might be eligible for refunds or credits of such taxes.

Current provisions of the Code and U.S. Treasury Regulations that govern FATCA treat gross proceeds from the sale or other disposition of debt obligations that can produce U.S.-source interest (such as the Notes) as subject to FATCA withholding. However, under recently proposed U.S. Treasury Regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), such gross proceeds are not subject to FATCA withholding.

IRS Form W-8BEN-E generally requires certain non-U.S. entities to certify as to their FATCA status and, if applicable, provide their Global Intermediary Identification Number. Investors are urged to consult with their own tax advisors regarding the possible implications of FATCA provisions on their investment in the Notes.

THE PRECEDING U.S. FEDERAL INCOME TAX DISCUSSION IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE

TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES OR OTHER TAX LAWS.

ERISA AND OTHER BENEFIT PLAN CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase, holding and, to the extent relevant, disposition, of the Notes by (i) an employee benefit plan subject to Title I of ERISA, (ii) a plan described in and subject to Section 4975 of the Code, including an IRA and a Keogh plan, (iii) a plan, account or other arrangement subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**") and (iv) any entity whose underlying assets include "plan assets" by reason of the investment in such entity by any such employee benefit or retirement plan described above.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit employee benefit plans subject to ERISA ("**ERISA Plans**"), as well as IRAs and Keogh plans subject to Section 4975 of the Code (together with ERISA Plans, "**Plans**"), from engaging in certain transactions involving "plan assets" (within the meaning of ERISA) with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("**Parties in Interest**") with respect to such Plans. As a result of Northwestern Mutual's business, Northwestern Mutual may be a Party in Interest with respect to certain Plans. Where Northwestern Mutual is a Party in Interest with respect to a Plan (either directly or by reason of its ownership of its subsidiaries), the purchase and holding of the Notes by or on behalf of the Plan may be a prohibited transaction under Section 406 of ERISA and Section 4975 of the Code, unless exemptive relief were available under an applicable prohibited transaction exemption.

Accordingly, the Notes may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "**Plan Asset Entity**") or any person investing "plan assets" of any Plan, unless such purchaser or holder, and such purchase and holding, is eligible for the exemptive relief available under one or more PTCEs issued by the DOL, including PTCE 96-23 (relating to transactions determined by "in-house asset managers"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 91-38 (relating to transactions involving bank collective investment funds), PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts) or PTCE 84-14 (relating to transactions determined by independent "qualified professional asset managers"), or under the statutory exemption provided by Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions for "adequate consideration" with certain parties in interest that are not fiduciaries) (the "**Service Provider Exemption**"), or under another applicable prohibited transaction exemption. Any fiduciary or other Plan investor considering whether to purchase or hold Notes should consult with its counsel regarding the availability of exemptive relief under the foregoing exemptions. There can be no assurance that all of the conditions of any such exemptions or any other exemption will be satisfied at the time that the Notes are acquired, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change. Also, the scope of the exemptive relief provided by the exemption might not cover all acts which might be construed as prohibited transactions.

Each purchaser or Holder of the Notes or any beneficial interest therein will be deemed to have represented by its purchase and holding thereof that either (i) it is not a Plan or a Plan Asset Entity and is not acquiring the Notes on behalf of or with "plan assets" of a Plan or Plan Asset Entity or (ii) its purchase, holding and disposition of the Notes or any beneficial interest therein is exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code under DOL PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1or PTCE 84-14, the Service Provider Exemption or another applicable exemption. The determination of whether and to what extent the exemptive relief provided under the foregoing exemptions is available is the responsibility of the purchaser or Holder of the Notes.

Without regard to whether one of the above exemptions applies to a Plan's acquisition or holding of a Note, the Notes may not be purchased or held by any Plan, or any person investing Plan assets of any Plan, if Northwestern Mutual or any of its affiliates (i) has investment or administrative discretion with respect to the assets of the Plan used to effect such purchase; (ii) has authority or responsibility to give, or regularly gives, investment advice with respect to such assets, for a fee, subject to other requirements and conditions provided under ERISA and the regulations thereunder; or (iii) unless PTCE 95-60, PTCE 91-38 or PTCE 90-1 applies, is an employer maintaining or contributing to such Plan.

Plan Assets

The DOL has promulgated a regulation, 29 C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established either that the entity is an "operating company," as defined in the Plan Asset Regulation or less than 25% of the total value of each class of equity interest in the entity is held by "benefit plan investors," as defined in Section 3(42) of ERISA (the "**25% Test**").

It is not anticipated that (i) the Notes will constitute "publicly offered securities" for purposes of the Plan Asset Regulation, (ii) the Issuer will be an investment company registered under the Investment Company Act or (iii) the Issuer will qualify as an operating company within the meaning of the Plan Asset Regulation. In addition, there is no intent to monitor or take any other measures to assure satisfaction of the 25% Test, or any other exception to the treatment of the Plan's assets as being deemed to include both the equity interest itself and an individual interest in each of the entity's underlying assets.

The Plan Asset Regulation defines an "equity interest" as an interest other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. There is very little pertinent authority on the issue of what constitutes an equity interest for purposes of the Plan Asset Regulation. The DOL has stated in the Preamble to the Plan Asset Regulation (the "**Preamble**") that the reference to local law provides an initial frame of reference for determinations of whether an interest is indebtedness and the question of which law applies for purposes of determining whether an instrument is treated as equity or indebtedness should be made under the law governing questions regarding interpretation of the instrument. Moreover, the DOL stated in the Preamble that the determination of whether any particular investment has substantial equity features is an inherently factual question that must be resolved on a case-by-case basis but that it would be appropriate, in the DOL's view, to take into account whether the equity features of an instrument are such that a Plan's investment in the instrument would be a practical vehicle for the indirect provision of investment management services.

Even if the Notes were treated as equity interests for purposes of the Plan Asset Regulation, because (a) the Issuer expects that the Funding Agreements will be treated as debt, rather than equity, for U.S. federal income tax purposes and (b) the Funding Agreements should not be deemed to have any "substantial equity features," none of the assets underlying the Funding Agreements should be treated as Plan assets for purposes of the Plan Asset Regulation. Those conclusions are based, in part, upon the traditional debt features of the Funding Agreements including the reasonable expectation of purchasers of the Notes that the payments due under the Funding Agreements will be paid when due, as well as the absence of conversion rights, warrants and other typical equity features.

Whether the Notes should be treated as debt or equity for purposes of the Plan Asset Regulation is not certain. While the Notes will be treated as indebtedness for U.S. federal income tax purposes (as described in "Material U.S. Federal Income Tax Considerations"), such characterization is not conclusive that the Notes will be treated as debt under the Plan Asset Regulation. There is no legal authority that clarifies the relationship between the standards used for Plan Asset Regulation purposes and the standards used for U.S. federal income tax purposes in evaluating the proper characterization of a security as debt or equity. Each prospective investor should make its own assessment as to whether or not the Notes will be respected as debt for purposes of the Plan Asset Regulation, and should consult with its own legal advisers concerning the potential consequences under the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any applicable Similar Law of an investment in the offered Notes with the assets of a Plan. There can be no assurance that the Notes would be characterized by the DOL or others as indebtedness on the date of issuance or at any given time thereafter.

If the Notes were treated under the Plan Asset Regulation as equity interests, any assets held by the Issuer, including the Funding Agreements, would be treated as plan assets of Plans holding Notes if, immediately after the most recent acquisition (including any redemption) of the Notes (or any class of equity interest in the Issuer), the 25% Test is not satisfied and 25% or more of the total value of any class of equity interest in the Issuer is held by benefit plan investors. No assurance can be given that benefit plan investors will hold less than 25% of the total value of the Notes at the completion of an offering or thereafter.

If the assets of the Issuer were deemed to be plan assets under ERISA, then an investing Plan's assets would be considered to include an undivided interest in the Funding Agreements held by the Issuer. In addition, certain persons providing services to the Issuer could become Parties in Interest with respect to an investing Plan and could be subject to the fiduciary responsibility provisions of ERISA, the prohibited transaction provisions of ERISA and Section 4975 of the Code with respect to transactions involving the assets of the Issuer. In this regard, if any person were deemed to have discretionary authority or discretionary control respecting the management of the Issuer or exercises any authority or control respecting management or disposition of the Funding Agreements held by the Issuer, such person or persons could be deemed to be fiduciaries. A fiduciary of a Plan should consider whether the purchase or holding of Notes could result in a delegation of fiduciary authority if the Issuer were deemed to hold plan assets under ERISA, and, if so, whether such a delegation of authority is permissible under the Plan's governing instrument or any investment management agreement with the Plan. However, since the Administrative Trustee may be viewed as having no discretionary authority with respect to the Funding Agreements, even if the Funding Agreements were treated as Plan Assets of a Plan holding a Note, an investor may determine that the Administrative Trustee should be treated as having acted in an administrative or ministerial capacity, rather than a fiduciary capacity, with respect to the Funding Agreements. Each prospective investor should make its own assessment regarding whether the Administrative Trustee would constitute a fiduciary if the assets of the Issuer were considered to be plan assets under ERISA.

Neither Northwestern Mutual, the Issuer, the Arranger, the Purchasing Agents nor any of their respective affiliates, agents or employees (the "**Transaction Parties**") will act as a fiduciary to any Plan with respect to the Plan's decision to purchase the Notes, and none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with any Plan's acquisition of the Notes. Each fiduciary or other person with investment responsibilities over the assets of a Plan considering a purchase of the Notes must carefully consider the above factors before making an investment.

In addition, the person making the decision to acquire a Note on behalf of a Plan (the "**Plan Fiduciary**") from a Transaction Party will be deemed to have represented and warranted by its purchase and holding thereof that (a) none of the Transaction Parties has acted as the Plan's fiduciary, or has been relied upon for any advice or recommendations, with respect to the Plan Fiduciary's decision to acquire, hold, sell, exchange, vote or provide any consent with respect to the Note and none of the Transaction Parties or their respective affiliates has acted as, or shall at any time be relied upon as, the Plan's fiduciary with respect to any decision to acquire, continue to hold, sell, exchange, vote or provide any consent with respect to the Notes (unless an applicable prohibited transaction exemption is available to cover the purchase or holding of such Note or the transaction is not otherwise prohibited), and (b) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Note. Each Plan Fiduciary considering an investment in the Notes must carefully consider the above facts before making an investment.

The sale of any Notes to a Plan is in no respect a representation by any party or entity that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Non-ERISA Plans

Governmental plans (as defined in Section 3(32) of ERISA), church plans (as described in Section 3(33) of ERISA) for which no election has been made under Section 410(d) of the Code and foreign plans (as described in Section 4(b)(4) of ERISA) (collectively, "**Non-ERISA Plans**"), while not subject to Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. The fiduciary of (or other individual with similar discretionary authority and/or responsibilities with respect to) a Non-ERISA Plan considering an investment in the Notes must make its own determination that such investment is permissible under any applicable Similar Laws. Each purchaser or Holder of the Notes or any beneficial interest therein will be deemed to have represented by its purchase and holding thereof that either (i) it is not a Non-ERISA Plan or an entity the assets of which are treated as including the assets of a Non-ERISA Plan and is not acquiring the Notes on behalf or with the assets of any such Non-ERISA Plan or entity or (ii) its purchase, holding and disposition of the Notes or any beneficial interest therein will not violate any Similar Laws.

General Considerations

Notwithstanding the above, the sale of the Notes of a particular Series to Plans, or to persons acting on behalf of or investing "plan assets" of Plans, might not be allowed, or might only be allowed subject to certain additional conditions.

The considerations set forth above are only intended as an overview and may not be applicable depending upon a Plan's specific facts and circumstances. The discussion herein of ERISA, the Code and relevant DOL regulations is general in nature and is not intended to be complete. No view is expressed as to whether an investment in Notes (and any continued holding of the Notes) is appropriate or permissible for any Plan or Non-ERISA Plan. Plan fiduciaries should consult their own advisors with respect to the advisability of an investment in the Notes, and potentially adverse consequences of such investment, including without limitation, the possible effects of changes in applicable laws.

PLAN OF DISTRIBUTION

General

The Notes will be offered from time to time by the Issuer to or through the Purchasing Agents acting as principals. Pursuant to the Purchase Agreement, the Purchasing Agents, individually or in a syndicate, severally and not jointly, may purchase the Notes, as principals from the Issuer for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any such Purchasing Agent or, if so specified in the applicable Pricing Supplement, for resale at a fixed offering price.

Subject to the provisions of the applicable Pricing Supplement, any Note sold to a Purchasing Agent as principal will be purchased by that Purchasing Agent. A Purchasing Agent may sell Notes it has purchased from the Issuer as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with that purchase. A Purchasing Agent may allow, and dealers may reallow, a discount to certain other dealers. After the initial offering of Notes, the offering price, the concession and the reallowance may be changed.

Northwestern Mutual and the Issuer, severally and not jointly, have agreed to indemnify the Purchasing Agents against certain liabilities, as set forth in the Purchase Agreement.

The Purchasing Agents also may impose a penalty bid. This occurs when a particular Purchasing Agent repays to the Purchasing Agents a portion of the discount received by it because one of the Purchasing Agents or its affiliates have repurchased notes sold by or for the account of such Purchasing Agent in stabilizing or short covering transactions.

In connection with any Series of Notes, the Purchasing Agent or Purchasing Agents (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may cease at any time, but it shall, in any event, end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any such stabilizing or over-allotment shall be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in compliance with all applicable laws, guidelines and regulations.

Neither the Issuer nor any of the Purchasing Agents makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Issuer nor any of the Purchasing Agents makes any representation that the Purchasing Agents will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. These transactions may be affected in the over-the-counter market or otherwise.

None of the Purchasing Agents is under any obligation to make a market in the Notes and, to the extent that such market making is commenced by any of the Purchasing Agents, it may be discontinued at any time. Given the restrictions on and risks related to transfer, there is no assurance that a secondary market will develop or, if it does develop, that it will provide holders of Notes with liquidity or that it will be sustained. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until the Stated Maturity Date of such Notes.

With respect to all offers and sales made pursuant to Regulation S, each of the Purchasing Agents has represented, warranted and agreed with respect to offers and sales outside the United States that it will (to the best of its knowledge after due inquiry) comply with applicable laws and regulations in each country or jurisdiction outside of the United States in or from which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Memorandum for such Notes or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Issuer and Northwestern Mutual shall have no responsibility therefor. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Purchasing Agents or any affiliate of the Purchasing Agents is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Purchasing Agent or its affiliate on behalf of the Issuer in such jurisdiction.

The Notes have no established trading market. Although application will be made for the Notes to be admitted to the Official List and trading on the GEM, Notes may be listed on any other market or securities exchange or not listed on any market or securities exchange.

We are not, and the Purchasing Agents are not, soliciting or offering for sale these securities in any jurisdiction where such solicitation or offer is not permitted. The Purchasing Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Purchasing Agents and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer, Northwestern Mutual and to persons and entities with relationships with the Issuer or Northwestern Mutual, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Purchasing Agents and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. If any of the Purchasing Agents or their respective affiliates have a lending relationship with Northwestern Mutual, certain of the Purchasing Agents or their affiliates routinely hedge, and certain other of those Purchasing Agent may hedge, their credit exposure to Northwestern Mutual consistent with their customary risk management policies. Typically, such Purchasing Agents and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of Northwestern Mutual or its affiliates, including potentially the Notes offered hereby by the Issuer. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Purchasing Agents and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

United States

The Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. *See* “Purchase and Transfer Restrictions.”

Each of the Purchasing Agents has represented, warranted and agreed, and each further Purchasing Agent appointed under the Program will be required to represent, warrant and agree, that it will make offers and sales of the Notes only to persons whom it reasonably believes to be (i) qualified institutional buyers as defined in Rule 144A under the Securities Act or (ii) to persons other than “U.S. persons” in “offshore transactions” (each as defined in Regulation S). Each purchaser of Notes, in making its purchase, will be deemed to have made certain acknowledgments, representations and agreements as set forth herein under "Purchase and Transfer Restrictions."

The Issuer is not subject to the reporting requirements of the Exchange Act. The Issuer has agreed that, at any time while the Notes are outstanding, it will furnish the Holders of Notes and prospective purchasers designated by such Holders, upon request, the information required to be delivered by Rule 144A(d)(4) under the Securities Act.

Except as otherwise defined in the preceding paragraphs, terms used therein have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document (including as defined in the Corporations Act 2001 (Cth) ("**Corporations Act**")) has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other governmental agency, in relation to the offering. This Offering Memorandum does not constitute a prospectus, product disclosure statement or other disclosure document for the purposes of Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

The Notes may not be offered for sale, nor may application for the sale or purchase or any Notes be invited in Australia (including an offer or invitation which is received by a person in Australia) and neither this Offering Memorandum nor any other offering material or advertisement relating to the Notes may be distributed or published in Australia unless, in each case:

(a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the Notes or making the invitation or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;

(b) the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;

(c) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);

(d) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a "retail client" as defined for the purposes of Section 761G of the Corporations Act; and

(e) such action does not require any document to be lodged with ASIC or the ASX.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of NI 33-105, the Purchasing Agents are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Dubai International Financial Centre ("DIFC")

This Offering Memorandum relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Prohibition of Sales to EEA and United Kingdom Retail Investors

No Purchasing Agent has offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum, as completed by the applicable Pricing Supplement, to any retail investor in the EEA or the United Kingdom. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

  (a) a retail client as defined in point (11) of Article 4(1) of MiFID II;

  (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) not a qualified investor as defined in the Prospectus Regulation; and

(ii) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA or in the United Kingdom will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Hong Kong

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO"), other than (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the "CO") or which do not constitute an offer to the public within the meaning of the CO.

In addition, the Purchasing Agents have not issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Japan

The Notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Switzerland

The Notes will only be offered or sold in, into, or from Switzerland in compliance with all applicable laws and regulations in force in Switzerland, and each Purchasing Agent, as applicable, will to the extent necessary, obtain any consent, approval or permission required for the offer or sale by it of Notes under the laws and regulations in force in Switzerland.

This Offering Memorandum does not constitute a prospectus within the meaning of the Swiss Code of Obligations ("**CO**"), a prospectus or simplified prospectus within the meaning of the Swiss Collective Investment Schemes Act ("**CISA**") or, if and when entered into force, a prospectus within the meaning of the Swiss Financial Services Act ("**FinSA**").

Only the relevant Pricing Supplement, for the offering of Notes in, into, or from Switzerland, and any information required to ensure compliance with the CO or, if and when entered into force, the FinSA, and all other applicable laws and regulations of Switzerland (in particular, additional and updated corporate and financial information that shall be provided by the relevant Issuer) may be used in the context of a public offer in, into, or from Switzerland. Each Purchasing Agent has therefore represented and agreed, and each further Purchasing Agent appointed under the Program will be required to represent and agree, that the relevant Pricing Supplement and such information shall be furnished to any potential purchaser in Switzerland in such manner and at such times as required by the CO or, if and when entered into force, the FinSA, and all other applicable laws and regulations of Switzerland.

Until the entry into force of the FinSA, and if and to the extent the Notes qualify as structured products within the meaning of CISA, and unless the Notes are offered and distributed in, into or from Switzerland in compliance with CISA and its implementing ordinances, including that all relevant licenses have been obtained and that a simplified prospectus within the meaning of Article 5 CISA has been prepared to be furnished to any potential purchaser in Switzerland upon request in such manner and at such times as required by CISA and all other applicable laws and regulations of Switzerland, each Purchasing Agent has represented and agreed, and each further Purchasing Agent appointed under the Program will be required to represent and agree, that it will not, directly or indirectly, (i) publicly offer, sell, or advertise the Notes in, into, or from Switzerland, as such term is defined or interpreted under the CO, (ii) distribute the Notes in, into, or from Switzerland to non-qualified investors within the meaning of CISA, its implementing ordinance and any other applicable regulations and regulatory guidance, and (iii) distribute or otherwise make available this Offering Memorandum or any other document related to the Notes in Switzerland in a way that would constitute a public offering within the meaning of the CO of the Notes or a distribution of the Notes to non-qualified investors within the meaning of CISA.

Following the entry into force of the FinSA, and if and to the extent that the Notes qualify as financial instruments requiring a key information document within the meaning of the FinSA, its implementing ordinance and any other applicable regulations and regulatory guidance, each Purchasing Agent has represented and agreed, and each further Purchasing Agent appointed under the Program will be required to represent and agree, that it will not, directly or indirectly, (i) publicly offer or advertise the Notes in or into Switzerland, as such terms are defined or interpreted under the FinSA, its implementing ordinance and any other applicable regulations and regulatory guidance, (ii) offer or advertise the Notes to investors in Switzerland with respect to which a key information document within the meaning of the FinSA, its implementing ordinance and any other applicable regulations and regulatory guidance is required, and (iii) distribute or otherwise make available this Offering Memorandum, the relevant Pricing Supplement, or any other document related to the Notes in Switzerland, in a way that would constitute a public offering of the Notes within the meaning of the FinSA or an offering of the Notes to investors in Switzerland with respect to which a key information document is required.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

United Arab Emirates

The Notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Offering Memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

United Kingdom

Each Purchasing Agent represents and agrees, and each further Purchasing Agent appointed under the Program will be required to represent and agree that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business, and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

PURCHASE AND TRANSFER RESTRICTIONS

Other than with respect to the listing of certain Notes on the relevant securities exchange as may be specified in the applicable Pricing Supplement, no action has been or will be taken by the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Issuer, the Company and each Purchasing Agent has represented or covenanted that it has not or will not, as applicable, either directly or through any agent, solicit offers to purchase, or offer or sell, Notes by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. Persons into whose hands this Offering Memorandum, any applicable Pricing Supplement or any other offering material comes must comply with all applicable laws and regulations, including AML rules, applicable to the issuance and sale of securities in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute this Offering Memorandum, any applicable Pricing Supplement or any other offering material, in all cases at their own expense.

Selling and transfer restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the applicable Pricing Supplement (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this Offering Memorandum.

The Notes have not been and will not be registered under the Securities Act or any state or foreign securities laws and, unless so registered, may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state or foreign securities laws.

Each purchaser of a beneficial interest in the Notes will be deemed to have represented, warranted and agreed that:

- It understands that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person except in accordance with applicable laws and the following provisions.

- It understands that the Issuer has not been and will not be registered as an investment company under the Investment Company Act.

- Either (i) it is not, and is not acquiring the Notes or any beneficial interest therein on behalf of or with "plan assets" of a Plan, a Plan Asset Entity, a Non-ERISA Plan or an entity the assets of which are treated as including the assets of a Non-ERISA Plan or (ii)(A) in the case of a Plan or Plan Asset Entity, its purchase, holding and disposition of the Notes or any beneficial interest therein are exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code under DOL PTCE 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14, the Service Provider Exemption or another applicable exemption, or (B) in the case of a Non-ERISA Plan or entity the assets of which are treated as including the assets of a Non-ERISA Plan, its purchase, holding and disposition of the Notes or any beneficial interest therein will not violate any Similar Laws. This representation shall be deemed made on each day from the date on which the purchaser acquires the Notes through and including the date on which the purchaser disposes of the Notes.

- It understands that the Notes may not be transferred to, or acquired or held by, an insurer domiciled in the State of Arkansas, a health maintenance organization, farmers' mutual aid association or other Arkansas domestic company regulated by the Arkansas Insurance Department.

- It will treat and it understands it is the intent of the Issuer, for purposes of U.S. federal, state and local income and franchise taxes, to treat, each Series of the Notes of the Issuer as indebtedness of Northwestern Mutual.

- It understands that any offer, sale, pledge or other transfer of Notes is subject to the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes.

- It will inform each person to whom the Notes or any interests therein are offered, resold, pledged or otherwise transferred of the restrictions on the transfer of the Notes.

- It acknowledges that the Issuer, the Purchasing Agents and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

- It understands that, unless the Issuer determines otherwise in accordance with applicable law, certificates representing the Notes will bear a legend reflecting these representations and agreements.

Each purchaser of a beneficial interest in a Temporary Registered Global Note will be deemed to have represented, warranted and agreed that:

- It understands that such Notes may be offered, sold, pledged or otherwise transferred only (i)(a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) in compliance with Rule 144A to an institutional investor that the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Notes for its own account or for the account of a qualified institutional buyer, whom the transferor has informed, in each case, that the offer, sale, pledge or transfer is being made in reliance on Rule 144A, (ii) in accordance with all applicable laws and (iii) in accordance with the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes.

After the expiration of the applicable Distribution Compliance Period, any offer, sale, pledge and other transfer of the Regulation S Notes, within the United States or to, or for the benefit of a U.S. person, of any Notes initially sold pursuant to Regulation S, that is otherwise permitted by, and is in accordance with, all applicable laws and the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes, may be made only to an institutional investor that the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Notes for its own account or for the account of a qualified institutional buyer, whom the transferor has informed, in each case, that such offer, sale, pledge, or transfer is being made in reliance on Rule 144A.

Each purchaser of a beneficial interest in Notes sold pursuant to Rule 144A will be deemed to have represented, warranted and agreed that:

- If it should offer, sell, pledge or otherwise transfer the Notes it will only do so (i) in compliance with the Securities Act and other applicable laws, (ii) in accordance with the restrictions set forth in the Indenture, the applicable Series Indenture and the Notes and (iii) only (a) in compliance with Rule 144A to an institutional investor that the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A acquiring such Notes for its own account or for the account of a qualified institutional buyer, whom the transferor has informed, in each case, that the offer, sale, pledge or transfer is being made in reliance on Rule 144A or (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act.

- It is a qualified institutional buyer within the meaning of Rule 144A, it is acquiring such Notes for its own account or for the account of a qualified institutional buyer and it is aware, and each Beneficial Note Owner has been advised that the offer, sale, pledge or other transfer of such Notes to it is being made in reliance on Rule 144A.

- If it is acquiring any Notes for the account of one or more qualified institutional buyers, it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each such account.

In addition, each purchaser of a beneficial interest in the Notes will be deemed to have represented, warranted and agreed that:

- It understands that, in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Northwestern Mutual under Wisconsin law as in effect on the date of this Offering Memorandum, the claims under each Funding Agreement with respect to payments of principal and interest should be accorded a priority equal to that of policyowners of Northwestern Mutual (*i.e.,* should rank *pari passu* with the claims of policyowners of Northwestern Mutual) and superior to the claims of general creditors of Northwestern Mutual.

- It understands that the obligations of Northwestern Mutual under the Funding Agreements are not obligations of, and are not guaranteed by, any other person.

- It understands that no person is permitted to distribute, market, sell, represent or otherwise refer to the Notes as an insurance product, contract or policy or funding agreement or as a direct interest in any insurance product, contract or policy or funding agreement.

- It understands that because the primary assets of the Issuer will be one or more funding agreements issued by a life insurance company, there is a risk that the transfer of the Notes could subject the parties to such transfer to regulation under the insurance laws of jurisdictions implicated by the transfer. Among other things, it is likely that if the Notes were to be deemed to be contracts of insurance, the ability of a holder to sell the Notes in secondary market transactions or otherwise would be substantially impaired and, to the extent any such sales could be effected, the proceeds realized from any such sales would be materially and adversely affected.

LEGAL MATTERS

Certain matters regarding the Notes and their offering will be passed upon on the date hereof:

- for Northwestern Mutual and the Issuer by Willkie Farr & Gallagher LLP (as to New York law, U.S. federal securities law and U.S. federal tax law);
- for Northwestern Mutual by Godfrey & Kahn, S.C. (as to Wisconsin insurance law);
- for Northwestern Mutual by Chris Gawart, Vice President and General Counsel (as to Wisconsin law);
- for the Purchasing Agents by Sidley Austin LLP (as to New York law and U.S. federal law); and
- for the Issuer and the Administrative Trustee by Richards, Layton & Finger, P.A. (as to Delaware law).

GENERAL INFORMATION

Irish Listing

This Offering Memorandum has been approved by Euronext Dublin as a Listing Particulars. Application will be made to Euronext Dublin for the Notes issued during the period of 12 months from the date of this Offering Memorandum to be admitted to the Official List and trading on the GEM. However, Notes may also be (i) listed or admitted to trading on another securities exchange which is not a regulated market, or (ii) not listed or admitted to trading on any regulated market or any other securities exchange.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the GEM.

If any European and/or national legislation is adopted and is implemented or takes effect in Ireland in a form that would require either Northwestern Mutual or the Issuer to publish or produce its financial statements according to accounting principles that are materially different from WI SAP, in the case of Northwestern Mutual, or U.S. GAAP, in the case of the Issuer, or that would otherwise impose requirements on either of Northwestern Mutual or the Issuer that such entity in good faith determines are impracticable or unduly burdensome, Northwestern Mutual or the Issuer may elect to de-list the Notes. Each of Northwestern Mutual and the Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system outside the EU, as the Issuer and Northwestern Mutual may decide with the prior approval of the relevant Purchasing Agent(s). If such an alternative admission is not available to Northwestern Mutual or the Issuer, or is, in either such entity's opinion, unduly burdensome, an alternative admission may not be obtained. Prior notice of any delisting and/or alternative admission will be given by the Issuer or Northwestern Mutual to the relevant Purchasing Agent(s). Notice of any de-listing and/or alternative admission will be given as described in "—Notices" below.

Authorizations

The Issuer's participation in the Program, including updating Program documents, establishing additional Series and issuing additional Notes with respect to each such additional Series, is authorized under the Trust Agreement. Northwestern Mutual's acts in connection with the establishment of the Program and its ongoing acts thereunder were authorized pursuant to resolutions adopted by the Finance Committee of the Board of Trustees on September 18, 2020.

Clearance

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Issuer will make an application with respect to the Notes to be accepted for trading in book-entry form by DTC. With respect to each Series of Notes, any applicable CUSIP number, together with any applicable ISIN and/or common code will be specified in the applicable Pricing Supplement. The applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which are significant in the 12 months preceding the date of this Offering Memorandum which may have or have in such period had a significant effect on the financial condition or profitability of the Issuer.

Material pending litigation and regulatory matters affecting Northwestern Mutual and certain risks related to its business presented by such matters are discussed in Note 11 to Northwestern Mutual's Statutory Basis Financial Statements in this Offering Memorandum. Northwestern Mutual is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Northwestern Mutual is aware) which are significant in the 12 months preceding the date of this Offering Memorandum which may have or have in such period had a significant effect on the financial condition or profitability of Northwestern Mutual.

See Note 11 to Northwestern Mutual's Statutory Basis Financial Statements included in this Offering Memorandum.

Notices

All notices regarding Notes of a Series will be mailed to the registered Holders thereof as their names appear in the applicable Note Register maintained by the Registrar.

All notices shall be deemed to have been given upon (i) in the case of Holders, the mailing by first class mail, postage prepaid, of such notices to each Holder entitled thereto at such Holder's registered address as recorded in the applicable Note Register, and (ii)(a) so long as the Notes of a Series are admitted to the Official List and trading on the GEM, publication of such notice to each Holder of the Notes of such Series in the English language on the website of Euronext Dublin at www.ise.ie via the Companies Announcement Service (or otherwise in accordance with the requirements of Euronext Dublin) or (b) so long as the Notes of a Series are listed on a securities exchange other than Euronext Dublin or if the publication required in (ii)(a) is not practicable, in one leading English language daily newspaper with general circulation in Europe and in the Principal Financial Center with the greatest nexus to such other securities exchange, if such Series is so listed.

With respect to a Global Note or a Global Certificate held by or on behalf of a clearing corporation, notices to the Holders of such Global Note or Global Certificate may be given by delivery of the relevant notice to the clearing corporation for communication by it to entitled accountholders in substitution for publication or by delivery of the relevant notice to the Holder of the relevant Global Note or Global Certificate.

Foreign Language

The language of this Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language under "Plan of Distribution" in order that the correct technical meaning may be ascribed to them under applicable law.

Independent Auditors

The Statutory Basis Financial Statements as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report appearing herein.

No Material Adverse Change

There has been no material adverse change in the prospects of Northwestern Mutual since December 31, 2019 (the date of the last published annual audited financial statements of Northwestern Mutual) and no material adverse change in the prospects of the Issuer since its formation on November 12, 2020. There has been no significant change in the financial or trading position of Northwestern Mutual since September 30, 2020.

Transferability

Subject to the selling and transfer restrictions described under "Purchase and Transfer Restrictions" and "Plan of Distribution" and subject to the terms and conditions of the Notes, as described in "Description of the Notes", the Notes will be freely transferable.

Documents Available

For the life of this Offering Memorandum and for so long as the Notes are admitted to the Official List and to trading on the GEM, upon request the Issuer will provide without charge electronic and/or physical copies of the following documents:

(i) this Offering Memorandum;

(ii) the Indenture, each Series Indenture, the Trust Agreement, each Series Trust Agreement and the Certificate of Trust (all as defined herein);

(iii) the Amended and Restated Articles of Association and Bylaws, as amended and restated, of Northwestern Mutual;

(iv) any or all of the Financial Statements of Northwestern Mutual filed with the OCI;

(v) any amendments and supplements to this Offering Memorandum that remain in effect at the time of the offering of the Series of Notes and which have not been modified or superseded by any other amendment or supplement to this Offering Memorandum;

(vi) all financial statements of the Issuer generally and with respect to the applicable Series of the Issuer prepared after the date hereof, if any;

(vii) a copy of each Funding Agreement relating to any Series of Notes listed on any securities exchange (*provided*, that, with respect to the offering of any Series of Notes not listed on any securities exchange, a copy of each Funding Agreement relating to such Series of Notes will be available for inspection and can be obtained free of charge by a Holder of any Notes of such Series); and

(viii) all amendments and supplements to this Offering Memorandum and each Pricing Supplement relating to any Series of Notes listed on any securities exchange prepared by the Issuer from time to time (*provided*, that, with respect to the offering of any Series of Notes not listed on any securities exchange, a copy of each Pricing Supplement relating to such Series of Notes will be available for inspection and can be obtained free of charge by a Holder of any Notes of such Series).

Requests for available information may be made available by contacting the relevant offices of the Issuer and the applicable Paying Agent. Copies of such documents may also be inspected in physical format during normal business hours at the office of the Issuer located at c/o: Wilmington Trust, National Association, Wilmington, Delaware 19890. In addition, copies of such documents will be available in physical format free of charge from the principal corporate office of the relevant Paying Agent for Notes listed on Euronext Dublin and from the relevant Paying Agent(s) with respect to Notes not listed on any securities exchange.

This Offering Memorandum and any amendment or supplement to this Offering Memorandum or new Offering Memorandum, as the case may be, will be published on the website of Euronext Dublin at www.ise.ie.

The information on any web site mentioned in this Offering Memorandum or any web site directly or indirectly linked to any web site mentioned in this Offering Memorandum is not a part of, or incorporated by reference into, this Offering Memorandum and investors in the Notes should not rely on it.

Other than as set forth in this section or as provided in any supplement hereto, and any Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

FORM OF PRICING SUPPLEMENT

Pricing Supplement No. [●] dated [●]

Northwestern Mutual Global Funding
Legal Entity Identifier: 635400LZXFVELZDVP257
$10,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM
$[●] [●] Notes due [●] (the "Notes")

[Principal Amount of Notes]

This Pricing Supplement should be read in conjunction with the accompanying Offering Memorandum dated December 17, 2020 [and the supplement[s] to it dated [●] [and [●]]] (the "**Offering Memorandum**") relating to the $10,000,000,000 Global Debt Issuance Program of Northwestern Mutual Global Funding (the "**Issuer**").

[Neither the Offering Memorandum nor this Pricing Supplement is a prospectus for the purposes of the Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").]

[Prohibition of Sales to EEA and United Kingdom Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.]

[MIFID II product governance / target market – *appropriate target market legend to be included*.][1]

The Northwestern Mutual Life Insurance Company ("**Northwestern Mutual**") may from time to time make certain information available on its website at www.northwesternmutual.com. **The information contained on or connected to Northwestern Mutual's website is not a part of the Offering Memorandum, and you should not rely on any such information in making your decision whether to purchase Notes**.

PART A – CONTRACTUAL TERMS

Terms used herein and not otherwise defined herein shall have the meanings ascribed in the Offering Memorandum. [This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Memorandum].[2] Full information regarding the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing in physical format during normal business hours at the registered office of the Issuer located at c/o: Wilmington Trust, National Association, Wilmington, Delaware 19890. In addition, copies of the Offering Memorandum and this Pricing Supplement will be available in physical format free of charge from the applicable Paying Agent. In addition, the Offering Memorandum has been published on the website of Euronext Dublin at www.ise.ie.

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[1] Only to be included if there are any Purchasing Agents acting as "manufacturers."

[2] Remove if Series of Notes are unlisted.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.*]

[*For Notes admitted to the Official List and trading on the GEM or on any other securities exchange or regulated market, the minimum Authorized Denomination of the Notes must be €100,000 (or its equivalent in another currency) and integral multiples of €1,000 (or its equivalent in another currency) in excess thereof. In addition, for Notes denominated in sterling, if the Notes have a maturity of less than one year from the date of their issue, the minimum Authorized Denomination of the Notes must be £100,000 (or its equivalent in another currency).*]

Issuer:	Northwestern Mutual Global Funding
(i) Series Number:	[●]
(ii) Tranche Number: [*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).*]	[●]
Specified Currency or Currencies:	[●]
Redenomination:	[Not applicable][The Issuer may redenominate Notes issued in [●] into Euro.]
Principal Amount of Notes [admitted to trading]:	[●]
Issue Price:	[●] per cent of the Principal Amount of the Notes [plus accrued interest from [*insert date* (*in the case of fungible issues only if applicable*)]]
Authorized Denominations:	[●] and integral multiples of [●] in excess thereof
[(i)] Issue Date:	[●]
[(ii)] Interest Commencement Date if different from the Issue Date:	[[●]/Not Applicable]
Stated Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
Interest Rate Basis:	[[●] % Fixed Rate] [CMT Rate / Commercial Paper Rate / Money Market Yield / EURIBOR / Federal Funds Rate / LIBOR / Prime Rate / SOFR / Compounded SOFR / Treasury Rate / Bond Equivalent Yield +/– [●] % Floating Rate] [Discount Notes]
Amortization:	[●] [Not Applicable]
Redemption/Payment Basis:	[Redemption at par] [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]% of their nominal amount.]

Put/Call Options:		[●][Not Applicable]
Status of the Notes:		Secured Non-Recourse Notes
Method of distribution:		[Syndicated][Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

Fixed Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Rate[(s)] of Interest:	[●] per cent per annum [payable [annually/semi-annually/quarterly/monthly] in arrears]
(ii)	Interest Payment Date(s):	[●] in each year, commencing on [●] [adjusted in accordance with the Business Day Convention specified below / not adjusted] [*N.B. This will need to be amended in the case of long or short coupons*]
(iii)	Fixed Coupon Amount[(s)]:	[●] per [●] in Authorized Denomination
(iv)	Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
(v)	Day Count Fraction:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Actual/Actual (Bond)]
(vi)	Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / FRN Convention]
(vii)	Interest Determination Dates:	[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual/other*)
(viii)	Regular Interest Record Dates:	[*specify each Regular Interest Record Date, which date in respect of DTC Global Notes, Temporary Global Notes or Permanent Global Notes shall be the Business Day immediately prior to the applicable Interest Payment Date*]
Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Designation:	Regular Floating Rate Notes
(ii)	Interest Payment Dates:	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Center(s) for the definition of "Business Day"*]/not adjusted]
(iii)	Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / FRN Convention]

(iv)	Business Center(s):	[The financial center most closely connected to the Reference Rate – *specify if not New York*] *See* Reference Rate below
(v)	Initial Interest Rate:	[●] per cent per annum
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Calculation Agent:	[●] [In the event that appointment of the Calculation Agent is terminated by the Calculation Agent or Issuer, the Issuer shall appoint a successor Calculation Agent promptly and in no event later than the next succeeding date upon which the Rate(s) of Interest is/are to be determined.]
(viii)	Screen Rate Determination:	[●]
	- Reference Rate:	[CMT Rate / Commercial Paper Rate / Money Market Yield / EURIBOR / Federal Funds Rate / LIBOR / Prime Rate / SOFR / Compounded SOFR / Treasury Rate / Bond Equivalent Yield]
	- Index Maturity:	[●]
	- Interest Determination Date(s):	[●] (*Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR, two U.S. Government Securities Business Days before the applicable Interest Payment Date if SOFR or Compounded SOFR*)
	- Relevant Screen Page:	[*specify Relevant Screen Page*] (*In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(ix)	Spread:	[+/-][●] percent per annum
(x)	Day Count Fraction:	[Actual/365 / Actual/Actual (Historical) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Actual/Actual (Bond)]
(xi)	Interest Reset Dates:	[*specify each Interest Reset Date and note whether it is subject to adjustment*]
(xii)	Regular Interest Record Dates:	[*specify each Regular Interest Record Date, which date in respect of DTC Global Notes, Temporary Global Notes or Permanent Global Notes shall be the Business Day immediately prior to the applicable Interest Payment Date*]

Discount Notes Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) [Amortization/Accrual] Yield:	[●] per cent per annum
(ii) Reference Price:	[●]
(iii) Day Count Fraction:	[●]

PROVISIONS RELATING TO REDEMPTION

Early Redemption Amount:

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on an Event of Default:	[●] per Note of [●] authorized denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

Form of Notes:	[Rule 144A Global Notes: The Notes will initially be represented by one or more DTC Global Notes deposited with [●], as depositary for, and registered in the name of a nominee of, DTC as depositary. Regulation S Global Notes: Notes sold outside of the United States in accordance with Regulation S will initially be issued in the form of one or more Temporary Global Notes. Upon the expiration of the applicable Distribution Compliance Period, beneficial interests in a Temporary Global Note will be exchangeable for beneficial interests in one or more Permanent Global Notes, as and to the extent provided in the Temporary Global Note. The Temporary Global Notes and the Permanent Global Notes will be deposited [with [●] as depositary for, and registered in the name of a nominee of, DTC as depositary]/[with a common depositary and registered in the name of Citivic Nominees Limited as nominee for Euroclear and Clearstream, Luxembourg].]
Principal Financial Center(s) or other special provisions relating to Interest Payment Dates:	[New York, New York [and London]] [specify any additional Principal Financial Center]
Details relating to Amortizing Notes: amount of each installment, date on which each payment is to be made:	[Not Applicable/*give details*]
Definitive Notes at Request of Holder:	[Applicable/Not Applicable]

DISTRIBUTION

(i) If syndicated, names of Managers:	[Not Applicable/*give names*]

(ii) Stabilizing Manager(s) (if any):	[Not Applicable/*give names*]
(iii) If non-syndicated, name of Dealer:	[Not Applicable/*give names*]
(iv) Prohibition of sales to EEA and United Kingdom Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
If non-syndicated, name of Dealer:	[Not Applicable/*give names*]

INFORMATION RELATING TO THE FUNDING AGREEMENT

Funding Agreement Provider:	The Northwestern Mutual Life Insurance Company ("**Northwestern Mutual**")
Funding Agreement Number:	[●] (the "**Relevant Funding Agreement**")
Deposit Amount:	[●]
Effective Date:	[●]
Maturity Date:	[●]

RATINGS

Ratings:	[The Notes are expected to be rated: [Fitch: [●]] [Moody's: [●]] [S&P: [●]] The Program is rated: [Moody's: [●]] [[Insert credit rating agency/ies] [is/are] not established in the European Union or the United Kingdom and [has/have] not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit rating agency/ies] in accordance with Regulation (EC) No. 1060/2009.][3] The ratings of the Notes should be evaluated independently from similar ratings of other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.] [The Notes are not expected to be rated.]

[3] Delete if not applicable.

OPERATIONAL INFORMATION

CUSIP Number(s):	[●]
ISIN Code(s):	[●]
Common Code(s):	[●]
CFI:	[*See* the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable]
FISN:	[*See* the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN / Not Applicable] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
Relevant Clearing System(s):	[The Depository Trust Company/Euroclear and Clearstream, Luxembourg]
Delivery:	[Delivery [against/free of] payment]
Name and addresses of additional Paying Agent(s) (if any):	[●]
Tradeable Amount:	[●]

PART B – OTHER INFORMATION

LISTING

(i) Listing:	[Euronext Dublin / None]
(ii) Admission to trading:	[Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the GEM with effect from [●].] [Not Applicable]
(iii) Estimate of total expenses related to admission to trading:	[●]

USE OF PROCEEDS

The proceeds from the current sale of the Notes, net of discounts and commissions or similar applicable compensation, will be used by the Issuer to purchase the Relevant Funding Agreement from Northwestern Mutual.

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE AND THE OFFER OF THE NOTES

[Except as discussed in “Plan of Distribution” in the Offering Memorandum, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue and the offer of the Notes.]

[*Fixed Rate Notes only* **– YIELD**

Indication of yield:	[•] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

[**LISTING AND ADMISSION TO TRADING APPLICATION**

This Pricing Supplement comprises the pricing supplement required to list and have admitted to trading the issue of Notes described herein on Euronext Dublin pursuant to the Issuer’s $10,000,000,000 Global Debt Issuance Program.]

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Offering Memorandum referred to above, to the best of its knowledge, and belief in accordance with the facts, contains no omission likely to affect the import of such information.

This Pricing Supplement is executed and delivered by Wilmington Trust, National Association, not individually or personally but solely as Administrative Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it, (a) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust, National Association but is made and intended for the purpose of binding only the Issuer, (b) nothing herein contained shall be construed as creating any liability on Wilmington Trust, National Association, individually or personally, to perform any covenant either expressed or implied contained herein of the Issuer, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto, (c) Wilmington Trust, National Association has made no investigation as to the accuracy or completeness of any representations or warranties made by the Issuer in this Pricing Supplement and (d) under no circumstances shall Wilmington Trust, National Association be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Pricing Supplement or any other related documents.

[*Signature page follows*]

Signed on behalf of

Northwestern Mutual Global Funding,
with respect to Series [●]

By: Wilmington Trust, National Association,
not in its individual capacity
but solely as Administrative Trustee

By: ____________________________

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN WISCONSIN STATUTORY ACCOUNTING PRINCIPLES AND IFRS

Statutory financial information for Northwestern Mutual has been prepared in accordance with WI SAP. Statutory accounting practices differ in certain respects, which in some cases may be material, from IFRS. A description of significant differences between WI SAP and IFRS is provided below. This summary should not be construed as being exhaustive. Investors must rely on their own examination of Northwestern Mutual and its financial information. Investors should consult their own professional advisors for an understanding of the differences between WI SAP and IFRS and how these differences might affect the financial information included herein. In addition, no attempt has been made to identify all classification, disclosure and presentation differences between WI SAP and IFRS that would affect the manner in which transactions and events are presented in the financial statements or notes thereto. No attempt has been made to identify future differences between WI SAP and IFRS as the result of prescribed changes in standards and regulations. In addition, regulatory bodies that promulgate WI SAP and IFRS have significant projects ongoing that could affect future comparisons between WI SAP and IFRS. Finally, no attempt has been made to identify all future differences between WI SAP and IFRS that may affect Northwestern Mutual's financial statements as a result of transactions or events that may occur in the future.

Principles of Consolidation

- IFRS focuses on the concept of control to determine whether a subsidiary should be consolidated. Control exists when an entity has the power to direct and influence the activities that significantly affect the investee's returns from its involvement with investees and has the ability to effect those returns through its rights and power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Under WI SAP, subsidiaries and other controlled entities are not consolidated.

Financial Statement Presentation

- The statutory Statement of Cash Flow is prepared under a prescribed format, which differs from the format prescribed by IFRS.

- The statutory financial statements have no presentation of other comprehensive income.

Invested Assets

- Investments in bonds and preferred stocks are generally carried at amortized cost under statutory accounting practices with bonds in (or near) default carried at the lower of amortized cost or fair value. Under IFRS, investments in bonds are either designated as fair value, held-to-maturity, available-for-sale or loans and receivables.

- IFRS provides an irrevocable option to elect to carry certain financial assets and liabilities at fair value through the income statement. The fair value election must be made at the time of purchase and may not be revised until the disposal of the related asset or liability. Such an election is not available under WI SAP.

- For investments in limited partnerships and common stock in subsidiaries, under WI SAP, the reporting entity's proportionate share of undistributed earnings and losses of the investee are included as a direct adjustment to surplus. For IFRS reporting purposes, the reporting entity's proportionate share of the change in the investee's equity is recorded in profit and loss.

Investment Reserves

- Under WI SAP, an interest maintenance reserve (“**IMR**”) is established to capture realized investment gains and losses, net of tax, on the sale of fixed income investments resulting from changes in the general level of interest rates, and is amortized into income over the remaining years to expected maturity of the assets sold. Under IFRS, such gains and losses are recognized at the time of the sale.

- Under WI SAP, an asset valuation reserve (“**AVR**”) is established as a liability to offset potential credit related investment losses, and changes in AVR is recorded as a direct charge to surplus; whereas the AVR is not required under IFRS.

Impairment of Securities

- For both WI SAP and IFRS, the cost bases of debt and equity securities are adjusted for impairments in value deemed to be other than temporary, with the associated realized loss reported in net income. For both WI SAP and IFRS, this determination is based on a wide range of factors including the amount of the decline, the financial condition and near-term prospects of the issuer, the amount of time the fair value has been less than amortized cost and the ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value. Under IFRS, interest related other than temporary impairments are not recognized. The impairment amounts may be different under WI SAP and IFRS.

- IFRS requires that decreases in impairment losses on available-for-sale debt securities be recorded as recoveries of previous impairments in the income statement if the recovery relates to an event occurring after the impairment loss was recognized. Under WI SAP, recognition of market recoveries on previously impaired securities is prohibited.

Derivatives

- Under WI SAP, with respect to derivative instruments used for hedging purposes, carrying value, as well as the recognition of income and changes in fair value, are accounted for consistently with the hedged items; under IFRS, derivative instruments are carried at fair value with changes in fair value reflected in profit and loss.

- IFRS requires an embedded derivative to be separated from the host contract and accounted for separately except when the embedded derivative has characteristics and risks that are closely related to the host contract and for which the value is interdependent with the value of the insurance contract. WI SAP prohibits an embedded derivative from being separated from the host contract and accounted for separately.

- Assets and liabilities for certain derivative contracts are permitted to be reported net for WI SAP when certain criteria for offset are met; while IFRS only permit to report derivatives net when the parties have the ability to settle the agreements on a net basis.

Other Assets and Liabilities

- Under WI SAP, surplus notes are recorded as a component of surplus rather than as debt or a liability; while IFRS require surplus notes to be recorded as debt.

- Under WI SAP, certain assets are not considered available to settle policyowner obligations and are designated as non-admitted and are excluded from admitted assets by a direct charge to surplus; no such concept exist under IFRS.

Insurance Contracts

- Under IFRS, an insurance contract is defined as a "contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder." As a result, all products, except for certain institutional and immediate annuity business, are classified as insurance for IFRS purposes. Under WI SAP, contracts that have any mortality and morbidity risk, regardless of significance, and annuity contracts with life contingent guarantees, are classified as insurance contracts.

- Policy acquisition costs, such as commissions and other costs incurred in connection with acquiring new business, are expensed when incurred under WI SAP; under IFRS, such costs that are directly related to the sale are deferred and amortized either over the future expected gross profits or when premiums are earned for insurance contracts. Acquisition costs on non-insurance contracts (investment contracts) are limited to those costs that are incremental to the sale of the product and are included in the carrying amount of the liability.

- Premiums are generally recorded as revenue under WI SAP and the related benefits are recorded as an expense in the statement of income; under IFRS, only premiums and benefits on products designated as insurance products are reported as revenues and expenses. Certain contracts that have the form of insurance contracts but do not expose the insurer to significant insurance risk should be accounted for as investment contracts under IFRS.

- Under WI SAP, the statutory policy reserves are based on prescribed mortality and interest requirements and without consideration of withdrawals and are reported net of reinsurance reserve credits; under IFRS, the reserves are reported gross and reinsurance reserve credits are reported as a recoverable from reinsurers asset.

- Under WI SAP, separate account assets and liabilities, which represent assets and liabilities that are maintained by an insurance enterprise for the purpose of funding certain variable life and annuity contracts, pension plans and similar activities, are reported in the insurance enterprise's financial statements as summary totals. Under IFRS, separate account assets and liabilities are presented with the general account assets and liabilities based on the underlying characteristics of the related assets and liabilities.

Taxes

- Both WI SAP and IFRS use a similar balance sheet approach which distinguishes current taxes from the deferred income taxes that arise from temporary differences in carrying value between statutory and tax basis. WI SAP and IFRS differ over specific exceptions as well as certain recognition and measurement criteria. Under WI SAP, gross deferred tax assets are reduced by a statutory valuation allowance adjustment. Both current tax receivables and net deferred tax assets are subject to the admissibility test under WI SAP. Further, the change in net deferred tax asset or liability is recorded directly to surplus. For IFRS, the net deferred tax asset is only reduced to the extent that management does not expect sufficient taxable profit will be available against which the temporary difference could be utilized.

- Under WI SAP, the effect of a tax law or rate change is reflected in the period in which the change is enacted. Under IFRS, such changes are reported in the period that change is either enacted or "substantially enacted."

The Northwestern Mutual Life Insurance Company

Financial Statements and Supplementary Information
December 31, 2019, 2018 and 2017

Report of Independent Auditors

To the Board of Trustees of
The Northwestern Mutual Life Insurance Company

We have audited the accompanying statutory financial statements of The Northwestern Mutual Life Insurance Company (the "Company"), which comprise the statutory statements of financial position as of December 31, 2019 and 2018, and the related statutory statements of operations, changes in surplus and cash flows for each of the three years in the period ended December 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2019 and 2018, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2019.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in accordance with the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin described in Note 1.

PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
February 14, 2020

The Northwestern Mutual Life Insurance Company
Statements of Financial Position
(in millions)

	December 31, 2019	December 31, 2018
Assets:		
Bonds	$ 159,760	$ 153,713
Mortgage loans	39,771	36,755
Policy loans	17,829	17,693
Common and preferred stocks	4,677	5,574
Real estate	2,872	2,576
Other investments	20,962	17,048
Cash and short-term investments	2,408	1,899
Total investments	248,279	235,258
Due and accrued investment income	2,057	1,956
Net deferred tax assets	1,609	1,792
Deferred premium and other assets	3,541	3,444
Separate account assets	34,832	29,717
Total assets	$ 290,318	$ 272,167
Liabilities and surplus:		
Reserves for policy benefits	$ 211,100	$ 202,816
Policyowner dividends payable	5,995	5,635
Interest maintenance reserve	979	580
Asset valuation reserve	6,203	4,597
Income taxes payable	129	249
Other liabilities	6,864	6,439
Separate account liabilities	34,832	29,717
Total liabilities	266,102	250,033
Surplus:		
Surplus notes	3,568	2,948
Unassigned surplus	20,648	19,186
Total surplus	24,216	22,134
Total liabilities and surplus	$ 290,318	$ 272,167

The accompanying notes are an integral part of these financial statements.

The Northwestern Mutual Life Insurance Company
Statements of Operations
(in millions)

	For the years ended December 31,		
	2019	2018	2017
Revenue:			
Premiums	$ 19,010	$ 18,036	$ 17,897
Net investment income	10,149	9,791	9,541
Other income	696	655	649
Total revenue	29,855	28,482	28,087
Benefits and expenses:			
Benefit payments to policyowners and beneficiaries	11,515	11,436	10,332
Net additions to policy benefit reserves	9,451	8,079	8,700
Net transfers from separate accounts	(783)	(497)	(229)
Total benefits	20,183	19,018	18,803
Commissions and operating expenses	3,306	3,230	3,120
Total benefits and expenses	23,489	22,248	21,923
Gain from operations before dividends and taxes	6,366	6,234	6,164
Policyowner dividends	5,999	5,634	5,338
Gain from operations before taxes	367	600	826
Income tax benefit	(199)	(159)	(98)
Net gain from operations	566	759	924
Net realized capital gains	702	24	93
Net income	$ 1,268	$ 783	$ 1,017

The accompanying notes are an integral part of these financial statements.

The Northwestern Mutual Life Insurance Company
Statements of Changes in Surplus
(in millions)

	For the years ended December 31,		
	2019	2018	2017
Beginning of year balance	$ 22,134	$ 20,851	$ 20,230
Net income	1,268	783	1,017
Change in net unrealized capital gains and losses	1,141	(126)	822
Change in net deferred tax assets	(130)	(76)	(1,323)
Change in nonadmitted assets	(143)	169	(390)
Change in asset valuation reserve	(1,606)	(263)	(887)
Change in surplus notes	620	-	1,198
Other surplus changes	932	796	184
Net increase in surplus	2,082	1,283	621
End of year balance	$ 24,216	$ 22,134	$ 20,851

The accompanying notes are an integral part of these financial statements.

The Northwestern Mutual Life Insurance Company
Statements of Cash Flows
(in millions)

	For the years ended December 31, 2019	2018	2017
Cash flows from operating activities:			
Premiums and other income received	$ 13,864	$ 13,252	$ 12,957
Investment income received	9,518	9,202	9,012
Benefit and dividend payments to policyowners and beneficiaries	(10,660)	(10,513)	(9,506)
Net transfers from separate accounts	770	496	228
Commissions, expenses and taxes paid	(3,268)	(2,699)	(3,080)
Net cash provided by operating activities	10,224	9,738	9,611
Cash flows from investing activities:			
Proceeds from investments sold or matured:			
Bonds	41,841	33,279	44,511
Mortgage loans	3,078	3,167	2,581
Common and preferred stocks	5,461	4,886	2,750
Real estate	941	23	284
Other investments	2,235	2,831	2,193
Subtotal proceeds from investments	53,556	44,186	52,319
Cost of investments acquired:			
Bonds	(47,219)	(40,797)	(50,472)
Mortgage loans	(6,048)	(4,314)	(4,096)
Common and preferred stocks	(3,832)	(4,857)	(3,549)
Real estate	(841)	(168)	(148)
Other investments	(5,634)	(4,515)	(4,431)
Subtotal cost of investments acquired	(63,574)	(54,651)	(62,696)
Net inflows of policy loans	168	35	74
Net cash applied to investing activities	(9,850)	(10,430)	(10,303)
Cash flows from financing and miscellaneous sources:			
Surplus notes issuance	596	-	1,198
Net outflows on deposit-type contracts	(232)	(350)	(220)
Other cash provided (applied)	(229)	472	(117)
Net cash provided by (applied to) financing and miscellaneous sources	135	122	861
Net increase (decrease) in cash and short-term investments	509	(570)	169
Cash and short-term investments, beginning of year	1,899	2,469	2,300
Cash and short-term investments, end of year	$ 2,408	$ 1,899	$ 2,469

The accompanying notes are an integral part of these financial statements.

The Northwestern Mutual Life Insurance Company
Statements of Cash Flows (supplemental)
(in millions)

	For the years ended December 31, 2019	2018	2017
<u>Supplemental disclosures of cash flow information</u>			
Non-cash operating, investing and financing and miscellaneous sources not included in the statements of cash flows:			
Operating:			
Dividends used to pay premiums and loans	$ 5,453	$ 5,149	$ 5,025
Capitalized interest and payment in-kind investment income	870	776	729
Other policyowner contract activity	245	226	207
Employee benefit and compensation plan expenses	155	128	129
Investing:			
Bond refinancings and exchanges	13,075	2,116	1,826
Mortgage loan refinancings and transfers	731	1,377	845
Net policy loan activity	316	295	303
Other invested asset exchanges	270	103	88
Common stock exchanges	105	144	93
Net premium loan activity	125	139	48
Net asset transfers with affiliated entities	199	138	803
Financing and Miscellaneous:			
Deposit-type contract deposits and interest credited	505	391	439
Surplus note exchange	24	-	-

The accompanying notes are an integral part of these financial statements.

1. Basis of Presentation

The accompanying statutory financial statements include the accounts of The Northwestern Mutual Life Insurance Company (the Company). The Company offers life, annuity and disability insurance products to the personal, business and estate markets throughout the United States of America.

As part of an affiliated reinsurance agreement, the Company assumes all of the risks associated with the long-term care policies issued by its wholly-owned subsidiary, Northwestern Long Term Care Insurance Company (NLTC). See Note 9 for more information regarding reinsurance and its impacts on the Company's financial statements.

These financial statements were prepared in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (statutory basis of accounting or SAP), which are based on the *Accounting Practices and Procedures Manual* of the National Association of Insurance Commissioners (NAIC). Financial statements prepared on the statutory basis of accounting differ from financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), primarily because on a GAAP basis: (1) certain policy acquisition costs are deferred and amortized, (2) most bond and preferred stock investments are reported at fair value, (3) policy benefit reserves are established using different actuarial methods and assumptions, (4) deposit-type contracts, for which premiums, benefits and reserve changes are not included in revenue or benefits as reported in the Statements of Operations, are defined differently, (5) majority-owned subsidiaries are consolidated, (6) changes in deferred taxes are reported as a component of net income, (7) no deferral of realized investment gains and losses is permitted and (8) "nonadmitted" assets, required for the statutory basis of accounting, are included in total assets. The effects on the Company's financial statements attributable to the differences between the statutory basis of accounting and GAAP are material.

Reclassifications
Certain amounts in prior year financial statement balances and footnote disclosures have been reclassified to conform to the current year presentation.

2. Summary of Significant Accounting Policies

The preparation of financial statements in accordance with the statutory basis of accounting requires the Company to make estimates or assumptions about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the annual periods presented. Actual future results could differ from these estimates and assumptions.

Investments
See Notes 3, 4 and 14 regarding the statement value and fair value of the Company's investments in bonds, mortgage loans, common and preferred stocks, real estate and other investments, including derivative instruments.

Policy Loans
Policy loans represent amounts borrowed from the Company by life insurance and annuity policyowners, secured by the cash value of the related policies and are reported at the unpaid principal balance. Policy loans earn interest at either a fixed rate or at a variable rate based on an election that is made by the policyowner when applying for their policy. If a variable rate is elected, the rate will be reset annually. The Company considers the unpaid principal balance of policy loans to approximate fair value.

Cash and Short-term Investments
Short-term investments include securities that had maturities of one year or less at purchase, primarily money market funds and short-term commercial paper. These investments are reported at amortized cost, which approximates fair value.

Separate Accounts
Separate account assets and related reserve liabilities represent the segregation of balances attributable to variable life insurance and variable annuity products, as well as a group annuity separate account used to fund certain of the Company's employee and financial representative benefit plan obligations. All separate account assets are legally insulated from claims by the Company's general account policyowners and creditors. Variable product policyowners bear the investment performance risk associated with these products. Separate account assets related to variable products are invested at the direction of the policyowner in a variety of mutual fund options. Variable annuity policyowners also have the option to invest in fixed-rate investment options, which are supported by the assets held in the Company's general account. Separate account assets are generally reported at fair value primarily based on quoted market prices for the underlying investment securities. See Note 7 and Note 14 for more information regarding the Company's separate accounts and Note 8 for more information regarding the Company's employee and financial representative benefit plans.

Reserves for Policy Benefits
Reserves for policy benefits generally represent the net present value of future policy benefits less future policy premiums, calculated using actuarial methods, mortality and morbidity experience tables and valuation interest rates prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). These actuarial tables and methods include assumptions regarding future mortality and morbidity experience. Actual future experience could differ from the assumptions used to make these reserve estimates. See Note 5 and Note 14 for more information regarding the Company's reserves for policy benefits.

Policyowner Dividends
All life and disability insurance policies and certain annuity policies issued by the Company are participating. All long-term care insurance policies issued by NLTC are also participating. Annually, the Company's Board of Trustees (in its discretion) approves the amount and allocation of dividends among groups of policies issued by the Company, based on management's recommendation. Dividends are accrued and charged to operations when approved. The liability for policyowner dividends includes the estimated amount of annual dividends and termination dividends. Termination dividends are additional dividends payable upon surrender, maturity or, for policies issued in one state, death. Depending on the type of policy they own, participating policyowners generally have the option to receive their dividends in cash, use them to reduce future premiums due, use them to purchase additional insurance benefits, use them to repay policy loans or leave them on deposit with the Company to accumulate interest. Dividends used by policyowners to purchase additional insurance benefits or pay renewal premiums are reported as premiums in the statements of operations but are not included in premiums received or benefit and dividend payments to policyowners and beneficiaries in the statements of cash flows. The Company's annual approval and declaration of policyowner dividends includes a guarantee of a minimum aggregate amount of annual dividends to be paid to policyowners as a group in the subsequent calendar year. If this guaranteed amount is greater than the aggregate of annual dividends paid to policyowners in the subsequent year, the difference is paid in the immediately succeeding calendar year. The fact that the Company guarantees a minimum aggregate payment of annual dividends in one year does not obligate the Company to declare a dividend in future years or to guarantee any portion of dividends that may be declared in future years.

Interest Maintenance Reserve
The Company is required to maintain an interest maintenance reserve (IMR). The IMR is used to defer realized capital gains and losses, net of any income tax, on fixed income investments and derivatives that are attributable to changes in market interest rates, including both changes in risk-free market interest rates and market credit spreads. Net realized capital gains and losses deferred to the IMR are amortized into net investment income over the estimated remaining term to maturity of the investment sold or the asset/liability hedged by an interest rate-related derivative instrument.

Asset Valuation Reserve
The Company is required to maintain an asset valuation reserve (AVR). The AVR represents a reserve for invested asset valuation using a formula prescribed by the NAIC. The AVR is intended to protect surplus by absorbing declines in the value of the Company's investments that are not related to changes in interest rates. Increases or decreases in the AVR are reported as direct adjustments to surplus in the statements of changes in surplus.

Premium Revenue
Most life insurance premiums are recognized as revenue at the beginning of each respective policy year. Universal life insurance and annuity premiums are recognized as revenue when received. Considerations received on supplementary contracts and income annuities without life contingencies are deposit-type transactions and are excluded from revenue in the statements of operations. Disability and long-term care insurance premiums are recognized as revenue when due. Premium revenue is reported net of ceded reinsurance. See Note 9 for more information regarding the Company's use of reinsurance.

Net Investment Income
Net investment income primarily represents interest, dividends and prepayment fees received or accrued on bonds, mortgage loans, common and preferred stocks, policy loans and other investments. Net investment income also includes dividends and distributions paid to the Company from the accumulated earnings of joint ventures, partnerships and unconsolidated non-insurance subsidiaries. Net investment income is reduced by investment management expenses, real estate depreciation, interest costs associated with securities lending and repurchase agreements and interest expense related to the Company's surplus notes. See Note 3 for more information regarding net investment income and repurchase agreements and Note 13 for more information regarding the Company's surplus notes.

Other Income
Other income primarily represents ceded reinsurance expense allowances and various insurance policy charges. Ceded reinsurance expense allowances are recognized as revenue when due. See Note 9 for more information regarding the Company's use of reinsurance.

Benefit Payments to Policyowners and Beneficiaries
Benefit payments to policyowners and beneficiaries include death, surrender, maturity, disability and long-term care benefits, as well as payments on supplementary contracts and income annuities that include life contingencies. Benefit payments on supplementary contracts and income annuities without life contingencies are deposit-type transactions and are excluded from benefits in the statements of operations. Benefit payments are reported net of ceded reinsurance recoveries. See Note 9 for more information regarding the Company's use of reinsurance.

Commissions and Operating Expenses
Commissions and other operating expenses, including costs of acquiring new insurance policies, are generally charged to expense as incurred.

Federal Income Taxes
Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such

estimates from prior years. Deferred tax assets and liabilities represent the future tax recoveries or obligations associated with the accumulation of temporary differences between the tax and financial statement bases of the Company's assets and liabilities. Changes in deferred tax assets and liabilities related to unrealized capital gains and losses on investments are included in changes in net unrealized capital gains and losses in the statements of changes in surplus. Other net changes in deferred tax assets and liabilities are reported as direct adjustments to surplus in the statements of changes in surplus.

The statutory basis of accounting limits the amount of gross deferred tax assets that can be admitted to surplus to those for which ultimate recoverability can be demonstrated. This limit is based on a calculation that considers available tax loss carryback and carryforward capacity, the expected timing of reversal for accumulated temporary differences, gross deferred tax liabilities and the level of Company surplus.

A "more likely than not" standard is applied for financial statement recognition of contingent tax liabilities, whereby a liability is recorded only if the Company believes that there is a greater than 50% likelihood that the related tax position will not be sustained upon examination. In cases where liability recognition is appropriate, a best estimate of the ultimate tax liability is made. If this estimate represents 50% or less of the total amount of the tax contingency, the best estimate is established as a liability. If this best estimate represents more than 50% of the total tax contingency, the total amount is established as a liability. Changes in contingent tax liabilities are included in income tax benefit in the year that such determination is made by the Company. The Company reports interest accrued or released related to contingent tax liabilities in current income tax benefit.

See Note 10 for more information on the Company's income taxes.

Information Technology Equipment and Software
The cost of information technology (IT) equipment and operating system software is generally capitalized and depreciated over three years using the straight-line method. Non-operating system software is generally capitalized and depreciated over a maximum of five years using the straight-line method. IT equipment and operating software assets of $31 million and $56 million at December 31, 2019 and 2018, respectively, are included in other assets in the Statements of Financial Position and are net of accumulated depreciation of $428 million and $394 million, respectively. Non-operating software costs, net of accumulated depreciation, are nonadmitted assets and thereby excluded from assets and surplus in the statements of financial position. These amounts were $357 million and $305 million at December 31, 2019 and 2018, respectively. Depreciation expense for IT equipment and software totaled $146 million, $134 million and $115 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Furniture, Fixtures and Equipment
The cost of furniture, fixtures and equipment, including leasehold improvements, is generally capitalized and depreciated over the useful life of the assets using the straight-line method. Furniture, fixtures and equipment, net of accumulated depreciation, are nonadmitted assets and thereby excluded from assets and surplus in the statements of financial position. These amounts were $130 million and $145 million at December 31, 2019 and 2018, respectively. Depreciation expense for furniture, fixtures and equipment totaled $16 million, $16 million and $12 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Corporate Owned Life Insurance
Through a wholly-owned subsidiary, the Company indirectly holds corporate-owned life insurance ("COLI") to provide protection against key-person risk for certain qualified employees and to help fund certain future employee benefit expenses. See Note 3 for more information regarding COLI.

Nonadmitted Assets
Certain assets are designated as nonadmitted on the statutory basis of accounting. Such assets, principally related to defined benefit pension funding, amounts advanced to or due from the Company's financial

representatives, furniture, fixtures, equipment and non-operating software (net of accumulated depreciation), derivatives, and certain equity-method investments for which audits are not performed are excluded from assets and surplus in the statements of financial position. Changes in nonadmitted assets are reported as a direct adjustment to surplus in the statements of changes in surplus.

Foreign Currency Translation
All of the Company's insurance operations are conducted in the United States of America on a U.S. dollar-denominated basis. The Company invests in bonds, mortgage loans, equities, and other investments denominated in foreign currencies. Investments denominated in a foreign currency are translated to U.S. dollars at each reporting date using then-current foreign currency exchange rates. Translation gains or losses relating to fluctuations in exchange rates are reported as a change in net unrealized capital gains and losses until the related investment is sold, determined to be other-than-temporarily impaired or matures, at which time a realized capital gain or loss is reported. Transactions denominated in a foreign currency, such as receipt of foreign-denominated interest or dividends, are translated to U.S. dollars based on the actual exchange rate at the time of the transaction. See Note 4 for more information regarding the Company's use of derivatives to mitigate exposure to fluctuations in foreign currency exchange rates.

Subsequent Events
The Company has evaluated events subsequent to December 31, 2019 through February 14, 2020, the date these financial statements were available to be issued. Based on this evaluation, it is the Company's opinion that no events subsequent to December 31, 2019 have occurred that are material to the Company's financial position at that date or the results of its operations for the year then ended.

3. Investments

Bonds
The Securities Valuation Office (SVO) of the NAIC Investment Analysis Office evaluates the credit quality of the Company's bond investments and issues related credit ratings. Bonds rated at "1" (highest quality), "2" (high quality), "3" (medium quality), "4" (low quality) or "5" (lower quality) are reported in the financial statements at amortized cost less any other-than-temporary impairment. Bonds rated "6" (lowest quality) are reported at the lower of amortized cost or fair value. SVO-identified exchange-traded fund investments are reported at fair value. The interest method is used to amortize any purchase premium or discount, including estimates of future prepayments that are obtained from independent sources. Prepayment assumptions are updated at least annually, with the retrospective method used to adjust net investment income for changes in the estimated yield to maturity.

The disclosure of fair value for bonds is primarily based on independent pricing services or internally-developed pricing models utilizing observable market data. See Note 14 for more information regarding the fair value of the Company's investments in bonds.

Statement value and fair value of bonds at December 31, 2019 and 2018, summarized by asset categories required in the NAIC Annual Statement, were as follows:

December 31, 2019	Reconciliation to Fair Value			
	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in millions)			
U.S. Government	$ 2,701	$ 158	$ (5)	$ 2,854
States, territories and possessions	742	139	(1)	880
Special revenue and assessments	26,310	887	(48)	27,149
All foreign governments	4,531	350	(23)	4,858
Hybrid securities	473	28	(22)	479
SVO-identified funds	3	-	-	3
Industrial and miscellaneous	125,000	7,864	(358)	132,506
Total bonds	$ 159,760	$ 9,426	$ (457)	$ 168,729

December 31, 2018	Reconciliation to Fair Value			
	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in millions)			
U.S. Government	$ 4,747	$ 200	$ (15)	$ 4,932
States, territories and possessions	648	88	(2)	734
Special revenue and assessments	33,671	420	(788)	33,303
All foreign governments	2,011	10	(77)	1,944
Hybrid securities	540	16	(32)	524
SVO-identified funds	117	-	-	117
Industrial and miscellaneous	111,979	1,380	(3,348)	110,011
Total bonds	$ 153,713	$ 2,114	$ (4,262)	$ 151,565

Bonds classified by the NAIC as special revenue and assessments primarily consist of U.S. Government agency-issued residential mortgage-backed securities and municipal bonds issued by political subdivisions to finance specific public projects. Bonds classified as industrial and miscellaneous consist primarily of notes issued by public and private corporate entities and structured securities not issued by U.S. Government agencies.

Statement value of bonds by SVO rating category at December 31, 2019 and 2018 was as follows:

December 31, 2019	SVO Rating 1	2	3	4 (in millions)	5	6	Total
U.S. Government	$ 2,701	$ -	$ -	$ -	$ -	$ -	$ 2,701
States, territories and possessions	664	78	-	-	-	-	742
Special revenue and assessments	26,159	119	32	-	-	-	26,310
All foreign governments	1,472	2,903	65	40	51	-	4,531
Hybrid securities	-	270	173	30	-	-	473
SVO-identified funds	-	-	-	3	-	-	3
Industrial and miscellaneous	60,420	49,654	6,809	5,014	3,049	54	125,000
Total bonds	$ 91,416	$ 53,024	$ 7,079	$ 5,087	$ 3,100	$ 54	$ 159,760

December 31, 2018	SVO Rating 1	2	3	4 (in millions)	5	6	Total
U.S. Government	$ 4,747	$ -	$ -	$ -	$ -	$ -	$ 4,747
States, territories and possessions	596	52	-	-	-	-	648
Special revenue and assessments	33,550	121	-	-	-	-	33,671
All foreign governments	641	1,168	166	36	-	-	2,011
Hybrid securities	-	314	191	35	-	-	540
SVO-identified funds	-	-	-	117	-	-	117
Industrial and miscellaneous	52,858	45,684	5,826	4,934	2,645	32	111,979
Total bonds	$ 92,392	$ 47,339	$ 6,183	$ 5,122	$ 2,645	$ 32	$ 153,713

Based on statement value, 90% and 91% of the Company's bond portfolio was rated investment grade (i.e., rated 1 or 2 by the SVO) at December 31, 2019 and 2018, respectively.

The Company's bond investments include structured securities which include a significant concentration in residential mortgage-backed securities issued by U.S. Government agencies. Statement value and fair value of structured securities at December 31, 2019 and 2018, aggregated by investment grade or below investment grade (i.e., rated 3, 4, 5 or 6 by the SVO), were as follows:

December 31, 2019	Investment Grade		Below Investment Grade		Total	
	Statement Value	Fair Value	Statement Value	Fair Value	Statement Value	Fair Value
			(in millions)			
Residential mortgage-backed:						
U.S. Government agencies	$ 24,486	$ 24,947	$ -	$ -	$ 24,486	$ 24,947
Other prime	709	719	1	1	710	720
Other below-prime	357	362	2	3	359	365
Commercial mortgage-backed:						
U.S. Government agencies	64	66	-	-	64	66
Conduit	3,008	3,077	-	-	3,008	3,077
Other commercial mortgage-backed	2	2	-	-	2	2
Other asset-backed	8,420	8,574	98	107	8,518	8,681
Total structured securities	$ 37,046	$ 37,747	$ 101	$ 111	$ 37,147	$ 37,858

December 31, 2018	Investment Grade		Below Investment Grade		Total	
	Statement Value	Fair Value	Statement Value	Fair Value	Statement Value	Fair Value
			(in millions)			
Residential mortgage-backed:						
U.S. Government agencies	$ 31,654	$ 31,025	$ -	$ -	$ 31,654	$ 31,025
Other prime	602	597	1	1	603	598
Other below-prime	401	396	3	3	404	399
Commercial mortgage-backed:						
U.S. Government agencies	133	134	-	-	133	134
Conduit	1,972	1,945	-	1	1,972	1,946
Other commercial mortgage-backed	15	16	-	-	15	16
Other asset-backed	7,687	7,655	52	57	7,739	7,712
Total structured securities	$ 42,464	$ 41,768	$ 56	$ 62	$ 42,520	$ 41,830

Based on statement value, over 99% of the Company's structured securities portfolio was rated as investment grade at each of December 31, 2019 and 2018.

Statement value and fair value of bonds and short-term investments by contractual maturity at December 31, 2019 are summarized below. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment fees.

	Statement Value	Fair Value
	(in millions)	
Due in one year or less	$ 4,338	$ 4,362
Due after one year through five years	37,653	38,705
Due after five years through ten years	46,633	48,884
Due after ten years	72,735	78,377
Total	$ 161,359	$ 170,328

Mortgage Loans

Mortgage loans consist solely of commercial mortgage loans underwritten and originated by the Company and are reported at the unpaid principal balance, less any valuation adjustments or unamortized commitment or origination fees. Such fees are generally deferred upon receipt and amortized into net investment income over the life of the loan using the interest method. Affiliated mortgage loan investments were $163 million and $137 million at December 31, 2019 and 2018, respectively.

The statement value of mortgage loans by collateral property type and geographic location at December 31, 2019 and 2018 was as follows:

December 31, 2019	United States of America					
	East	Midwest	South	West	Foreign	Total
			(in millions)			
Apartment	$ 5,434	$ 1,915	$ 2,912	$ 7,411	$ -	$ 17,672
Office	3,617	897	1,293	3,263	-	9,070
Retail	2,593	535	1,670	2,052	-	6,850
Warehouse/Industrial	677	447	672	1,179	196	3,171
Manufactured housing	254	321	1,189	893	-	2,657
Other	126	59	28	138	-	351
Total	$ 12,701	$ 4,174	$ 7,764	$ 14,936	$ 196	$ 39,771

December 31, 2018	United States of America					
	East	Midwest	South	West	Foreign	Total
			(in millions)			
Apartment	$ 4,621	$ 1,620	$ 2,418	$ 6,290	$ -	$ 14,949
Office	3,640	921	1,242	3,399	-	9,202
Retail	2,709	550	2,000	2,229	-	7,488
Warehouse/Industrial	539	372	635	1,155	171	2,872
Manufactured housing	234	235	719	697	-	1,885
Other	140	52	30	137	-	359
Total	$ 11,883	$ 3,750	$ 7,044	$ 13,907	$ 171	$ 36,755

The Company has mortgage loans where co-lending or participation arrangements are in place with unaffiliated third parties. Mortgage loans with co-lending or participation arrangements totaled $3.5 billion and $3.6 billion at December 31, 2019 and 2018, respectively.

All mortgage loans were current on contractual interest and principal payments at each of December 31, 2019 and 2018. Interest rates and loan-to-value (LTV) ratio information for the Company's mortgage loans originated or refinanced during 2019 and 2018 is summarized below.

	2019	2018
Minimum interest rate	2.95%	3.19%
Maximum interest rate	11.75%	7.50%
Weighted-average LTV	57%	56%
Maximum LTV	74%	87%

LTV ratios are commonly used to assess the credit quality of commercial mortgage loans. A lower LTV ratio generally indicates a higher quality loan. At December 31, 2019 and 2018, the aggregate weighted-average LTV ratio for the mortgage loan portfolio was 52% and 51%, respectively. The statement value of mortgage loans by collateral property type and LTV ratio at December 31, 2019 and 2018 was as follows:

December 31, 2019	< 51%	51%-70%	71%-90%	> 90%	Total
			(in millions)		
Apartment	$ 5,628	$ 11,877	$ 167	$ -	$ 17,672
Office	5,977	2,704	318	71	9,070
Retail	3,179	3,370	258	43	6,850
Warehouse/Industrial	1,699	1,187	216	69	3,171
Manufactured housing	419	2,238	-	-	2,657
Other	222	54	59	16	351
Total	$ 17,124	$ 21,430	$ 1,018	$ 199	$ 39,771

December 31, 2018	< 51%	51%-70%	71%-90%	> 90%	Total
			(in millions)		
Apartment	$ 4,963	$ 9,862	$ 124	$ -	$ 14,949
Office	5,714	3,115	171	202	9,202
Retail	3,997	3,365	126	-	7,488
Warehouse/Industrial	1,313	1,318	241	-	2,872
Manufactured housing	639	898	348	-	1,885
Other	223	113	-	23	359
Total	$ 16,849	$ 18,671	$ 1,010	$ 225	$ 36,755

The aggregate statement value of mortgage loans with an LTV ratio in excess of 100% was $45 million at December 31, 2019. At December 31, 2018, the Company had no mortgage loans with an LTV ratio in excess of 100%.

The fair value of the collateral securing each commercial mortgage loan is updated at least annually by the Company. More frequent updates are performed if deemed necessary due to changes in market capitalization rates, borrower financial strength and/or property operating performance. Fair value of the collateral is estimated using the income capitalization approach based on stabilized property income and market capitalization rates. Stabilized property income is derived from actual property financial statements adjusted for non-recurring items, normalized market vacancy and lease rollover, among other factors. Other collateral, such as excess land and additional capital required to maintain property income, is also factored into fair value estimates. Both private market transactions and public market alternatives are considered in determining appropriate market capitalization rates. See Note 14 for more information regarding the fair value of the Company's investments in mortgage loans.

In the normal course of business, the Company may refinance or otherwise modify the terms of an existing mortgage loan, typically in reaction to a request by the borrower. These modifications can include a partial repayment of outstanding loan principal, changes to interest rates, extensions of loan maturity and/or changes to loan covenants. When such modifications are made, the statutory basis of accounting requires that the new terms of the loan be evaluated to determine whether the modification qualifies as a "troubled debt restructuring." If new terms are extended to a borrower that are less favorable to the Company than those currently being offered to new borrowers under similar circumstances in an arms-length transaction, a realized capital loss is reported for the estimated amount of the economic concessions made and the reported value of the mortgage loan is reduced. The Company recognized no capital losses related to troubled debt restructuring of mortgage loans for the years ended December 31, 2019, 2018 and 2017, respectively. The Company had no mortgage loans at December 31, 2019 that were considered "restructured." At December 31, 2018, the Company had $21 million of principal outstanding on mortgage loans that were considered "restructured."

In circumstances where the Company has deemed it probable that it will be unable to collect all contractual principal and interest on a mortgage loan, a valuation allowance is established to reduce the statement value of the mortgage loan to its net realizable value. Changes to mortgage loan valuation allowances are reported as a change in net unrealized capital gains and losses in the statements of changes in surplus. If the Company later determines that the decline in value is other-than-temporary, a realized capital loss is reported, and any temporary valuation allowance is reversed. The Company had no mortgage loan valuation allowance at December 31, 2019 or 2018.

Common and Preferred Stocks

Common stocks are generally reported at fair value, with $4,474 million and $5,366 million included in the statements of financial position at December 31, 2019 and 2018, respectively. The fair value for publicly-traded common stocks is primarily based on quoted market prices. For private common stocks without quoted market prices, fair value is primarily determined using a sponsor valuation or market comparables approach. The equity method is generally used to report investments in common stock of unconsolidated subsidiaries.

Preferred stocks rated 1, 2 or 3 by the SVO are reported at amortized cost. Preferred stocks rated 4, 5 or 6 by the SVO are reported at the lower of amortized cost or fair value. At December 31, 2019 and 2018, the statements of financial position included $203 million and $208 million, respectively, of preferred stocks. The fair value for preferred stocks is primarily determined using a sponsor valuation or market comparables approach.

See Note 14 for more information regarding the fair value of the Company's investments in common and preferred stock.

Real Estate

Real estate investments are reported at cost, less any encumbrances and accumulated depreciation of buildings and other improvements. Depreciation of real estate investments is recorded using a straight-line method over the estimated useful lives of the improvements. Fair value of real estate is estimated primarily based on the capitalization of stabilized net operating income.

The statement value of real estate investments by property type and U.S. geographic location at December 31, 2019 and 2018 was as follows:

December 31, 2019	East	Midwest	South	West	Total
			(in millions)		
Apartment	$ 277	$ 195	$ 178	$ 718	$ 1,368
Office	214	676	128	17	1,035
Warehouse/Industrial	118	-	38	205	361
Other	16	54	13	25	108
Total	$ 625	$ 925	$ 357	$ 965	$ 2,872

December 31, 2018	East	Midwest	South	West	Total
			(in millions)		
Apartment	$ 285	$ 201	$ 218	$ 526	$ 1,230
Office	-	693	131	18	842
Warehouse/Industrial	160	-	40	188	388
Other	28	48	13	27	116
Total	$ 473	$ 942	$ 402	$ 759	$ 2,576

The Company's home office properties are included above (Office/Midwest) and had an aggregate statement value of $676 million and $687 million at December 31, 2019 and 2018, respectively. The Company's other investments in real estate are held for the production of income.

Other Investments

Other investments primarily represent investments that are made through ownership interests in partnerships, joint ventures (JVs) and limited liability companies (LLCs). In some cases, these ownership interests are held directly by the Company, while in other cases these investments are held indirectly through wholly-owned non-insurance investment holding companies organized as LLCs. Whether held directly by the Company or indirectly through its investment holding companies, securities or real estate partnerships, JVs, and LLCs are reported in the statements of financial position using the equity method of accounting based on the Company's share of the underlying entities' audited GAAP-basis equity.

The statement value of other investments held directly or indirectly by the Company at December 31, 2019 and 2018 was as follows:

	December 31, 2019	December 31, 2018
	(in millions)	
Securities partnerships and LLCs	$ 7,581	$ 6,839
Bonds	3,571	3,196
Real estate JVs, partnerships and LLCs	2,697	2,115
Common and preferred stocks	2,030	1,253
Corporate-owned life insurance	1,043	-
Real estate	1,023	806
Structured settlements	800	527
Low income housing tax credit properties	662	598
Derivative instruments	546	695
Cash and short-term investments	444	392
Lease receivables	274	253
Other, net	291	374
Total	$ 20,962	$ 17,048

For securities partnerships and LLCs, bonds, common and preferred stocks, COLI, cash and short-term investments and derivative instruments, the underlying entity generally reports these investments at fair value. For real estate related investments (including JVs, partnerships and LLCs), structured settlements, tax credit properties and lease receivables, the underlying entity generally reports these investments at cost, reduced where appropriate by depreciation or amortization. Tax credit properties had 13 years of unexpired credits at December 31, 2019 and 2018, respectively. The required holding period for tax credit properties is 15 years. The amount of tax credits and other tax benefits recognized during 2019 and 2018 were $123 million and $119 million, respectively. See Note 10 for more information regarding the Company's use of tax credits.

See Note 4 for more information regarding the Company's use of derivatives.

Investments in Subsidiaries, Controlled and Affiliated Entities

The Company's investments in subsidiaries, controlled and affiliated entities (SCAs) are reported in the statements of financial position using the equity method of accounting based on the Company's share of the underlying entities' audited GAAP-basis equity. At December 31, 2019 and 2018, the value of wholly-owned SCA investments were as follows:

	December 31, 2019			December 31, 2018		
	Investment in SCA	Nonadmitted Asset (in millions)	Statement Value	Investment in SCA	Nonadmitted Asset (in millions)	Statement Value
NM Wealth Management Company	$ 237	$ -	$ 237	$ 172	$ -	$ 172
Bradford, Inc.	-	-	-	1	1	-
Total common stock SCAs [1]	237	-	237	173	1	172
NML Securities Holdings, LLC	8,485	-	8,485	5,714	-	5,714
NML Real Estate Holdings, LLC	2,404	-	2,404	1,803	-	1,803
NM Investment Holdings, LLC	1,334	-	1,334	1,286	-	1,286
NM Pebble Valley, LLC	128	-	128	204	-	204
NM Investment Services, LLC	124	-	124	110	-	110
NM GP Holdings, LLC	62	13	49	59	3	56
Northwestern Mutual Investment Management Company, LLC	44	44	-	42	42	-
Mason Street Advisors, LLC	36	36	-	35	35	-
NM QOZ FUND, LLC	16	-	16	16	9	7
NM-SAS, LLC	4	-	4	4	-	4
NM Career Distribution Holdings, LLC	4	4	-	2	2	-
GRO-SUB, LLC	1	1	-	1	1	-
GRO, LLC	1	1	-	1	1	-
Total other investment SCAs [2]	12,643	99	12,544	9,277	93	9,184
Total investments in SCAs	$ 12,880	$ 99	$ 12,781	$ 9,450	$ 94	$ 9,356

[1] Reported in common and preferred stocks in the statements of financial position.

[2] Reported in other investments in the statements of financial position.

Investment filings for all common stock SCAs were submitted to the NAIC during 2019. In all cases, the NAIC accepted the statement value.

Net Investment Income

The sources of net investment income for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the years ended December 31,		
	2019	2018 (in millions)	2017
Bonds	$ 6,400	$ 6,020	$ 5,738
Mortgage loans	1,676	1,573	1,590
Common and preferred stocks	146	210	118
Real estate	288	275	276
Other investments	1,205	1,184	1,216
Policy loans	1,180	1,164	1,149
Amortization of IMR	133	135	162
Gross investment income	11,028	10,561	10,249
Less: investment expenses	879	770	708
Net investment income	$ 10,149	$ 9,791	$ 9,541

For the years ended December 31, 2019 and 2018, bond investment income included $72 million and $42 million of prepayment fees, respectively, generated as a result of 108 and 83 securities, respectively, sold, disposed, or otherwise redeemed as a result of a callable feature. Accrued investment income more than ninety days past due is a nonadmitted asset. Changes in the nonadmitted amount are reported as direct adjustments to surplus in the statements of changes in surplus. Accrued investment income that is ultimately deemed uncollectible is included as a reduction of net investment income in the period that such determination is made.

Realized Capital Gains and Losses
Realized capital gains and losses are recognized based upon specific identification of investments sold. Realized capital losses also include valuation adjustments for impairment of bonds, mortgage loans, common and preferred stocks, real estate and other investments that have experienced a decline in fair value that the Company considers to be other-than-temporary. Realized capital gains and losses, as reported in the statements of operations, are net of any capital gains tax (or benefit) and exclude any deferrals to the IMR of interest rate-related capital gains or losses.

Realized capital gains and losses for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the year ended December 31, 2019			For the year ended December 31, 2018			For the year ended December 31, 2017		
	Realized Gains	Realized Losses	Net Realized Gains (Losses)	Realized Gains	Realized Losses	Net Realized Gains (Losses)	Realized Gains	Realized Losses	Net Realized Gains (Losses)
		(in millions)		(in millions)			(in millions)		
Bonds	$ 1,094	$ (369)	$ 725	$ 275	$ (543)	$ (268)	$ 755	$ (543)	$ 212
Mortgage loans	8	(3)	5	-	(2)	(2)	2	(5)	(3)
Common and preferred stocks	662	(291)	371	538	(147)	391	363	(29)	334
Real estate	502	(6)	496	12	(13)	(1)	101	-	101
Other investments	1,005	(1,053)	(48)	699	(952)	(253)	692	(786)	(94)
Subtotal	$ 3,271	$ (1,722)	1,549	$ 1,524	$ (1,657)	(133)	$ 1,913	$ (1,363)	550
Less: IMR net gains (losses) before taxes			674			(245)			389
Less: Capital gains tax expense (benefit)			173			88			68
Net realized capital gains (losses)			$ 702			$ 24			$ 93

Realized capital gains and losses are generally the result of normal investment trading activity. Proceeds from the sale of bonds totaled $30 billion, $22 billion, and $31 billion for the years ended December 31, 2019, 2018 and 2017, respectively.

On a quarterly basis, the Company performs a review of bonds, mortgage loans, common and preferred stocks, real estate and other investments to identify investments that have experienced a decline in fair value that is considered to be other-than-temporary. Factors considered include the duration and extent to which fair value was less than cost, the financial condition and near-term financial prospects of the issuer and the Company's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value. If the decline in an investment's fair value is considered to be other-than-temporary, the statement value of the investment is generally written down to fair value and a realized capital loss is reported.

For fixed income investments, the review focuses on the issuer's ability to remit all contractual interest and principal payments and the Company's ability and intent to hold the investment until the earlier of a recovery in value or maturity. The Company's intent and ability to hold an investment takes into consideration broad portfolio management parameters such as expected net cash flows and liquidity targets, asset/liability duration management and issuer and industry sector credit exposures. Mortgage loans considered to have experienced an other-than-temporary decline in value are written down to net realizable value based on the appraised value of the collateral property.

For equity securities, greater weight and consideration is given to the duration and extent of the decline in fair value and the likelihood that the fair value of the security will recover in the foreseeable future. A real estate equity investment is evaluated for an other-than-temporary impairment when the fair value of the property is lower than its depreciated cost.

For real estate and other investments that represent ownership interests in partnerships, JVs and LLCs, the review focuses on the likelihood that the Company will ultimately recover its initial investment, adjusted for its share of subsequent net earnings and/or distributions. The Company's review of securities partnerships will generally defer to GAAP-basis impairment reviews performed by the general partner absent compelling evidence of a permanent impairment of the Company's partnership interest.

Realized capital losses related to declines in fair value of investments that were considered to be other-than-temporary for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the years ended December 31,		
	2019	2018	2017
Bonds, common and preferred stocks:		(in millions)	
Structured securities	$ (1)	$ (1)	$ (1)
Financial services	-	(1)	(1)
Consumer discretionary	(84)	-	(63)
Industrials	(9)	(35)	(53)
Energy	(44)	(2)	(39)
Basic materials	(1)	-	(7)
Subtotal	(139)	(39)	(164)
Real estate	(6)	(13)	-
Other investments:			
Real estate JVs	-	-	(27)
Securities partnerships	(78)	(44)	(53)
Energy and transportation	-	(22)	-
Subtotal	(78)	(66)	(80)
Total	$ (223)	$ (118)	$ (244)

In addition to the realized capital losses above, $0.2 million, $22 million and $30 million of other-than-temporary impairments were recorded by the Company's unconsolidated non-insurance subsidiaries for the years ended December 31, 2019, 2018 and 2017, respectively. The decline in the Company's equity in these subsidiaries resulting from these impairments is reported in changes in net unrealized capital gains and losses in the statements of changes in surplus.

Unrealized Capital Gains and Losses

Unrealized capital gains and losses include changes in the fair value of common and some preferred stocks, other investments and currency translation adjustments on foreign-denominated bonds and mortgage loans and are reported net of any related changes in deferred taxes in the statements of changes in surplus. Changes in the Company's equity-method share of the undistributed earnings of partnerships, JVs, LLCs and unconsolidated subsidiaries are also reported as changes in unrealized capital gains and losses. If net earnings are distributed to the Company in the form of dividends, net investment income is recognized in the amount of the distribution and the previously unrealized net capital gains are reversed.

Changes in net unrealized capital gains and losses for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the years ended December 31,		
	2019	2018 (in millions)	2017
Bonds	$ 152	$ (376)	$ 564
Mortgage loans	11	(10)	13
Common and preferred stocks	304	(653)	529
Other investments	727	833	(230)
Subtotal	1,194	(206)	876
Change in deferred taxes	(53)	80	(54)
Change in net unrealized capital gains and losses	$ 1,141	$ (126)	$ 822

Changes in net unrealized capital gains and losses for the years ended December 31, 2019, 2018 and 2017 included the reversal of previously unrealized capital gains of $(369) million, $(602) million and $(489) million, respectively, related to distributions of accumulated net earnings made to the Company from unconsolidated non-insurance subsidiaries.

The amortized cost and fair value of bonds and common and preferred stocks for which fair value declined and remained below cost at December 31, 2019 and 2018 were as follows:

	December 31, 2019					
	Decline For Less Than 12 Months			Decline For Greater Than 12 Months		
	Amortized Cost	Fair Value	Difference	Amortized Cost	Fair Value	Difference
	(in millions)					
Bonds	$ 11,128	$ 10,947	$ (181)	$ 9,657	$ 9,139	$ (518)
Common and preferred stocks	495	430	(65)	374	307	(67)
Total	$ 11,623	$ 11,377	$ (246)	$ 10,031	$ 9,446	$ (585)

	December 31, 2018					
	Decline For Less Than 12 Months			Decline For Greater Than 12 Months		
	Amortized Cost	Fair Value	Difference	Amortized Cost	Fair Value	Difference
	(in millions)					
Bonds	$ 53,896	$ 51,789	$ (2,107)	$ 56,888	$ 54,284	$ (2,604)
Common and preferred stocks	2,609	2,267	(342)	265	192	(73)
Total	$ 56,505	$ 54,056	$ (2,449)	$ 57,153	$ 54,476	$ (2,677)

All of these bonds were current on contractual interest and principal payments at December 31, 2019. Based on the results of the impairment review process described above, the Company considers these declines in fair value to be temporary based on current facts and circumstances.

At December 31, 2019 and 2018, unrealized capital losses on structured securities in a loss position for greater than 12 months were $32 million and $856 million, respectively, while unrealized capital losses on structured securities in a loss position for less than 12 months were $34 million and $60 million, respectively.

For securities without a full SVO credit analysis performed, the statutory basis of accounting allows the Company to assign a NAIC designation of 5* to such securities for reporting purposes. At December 31, 2019 and 2018, the statement and fair values of NAIC 5* securities were as follows:

	December 31,					
	2019			2018		
	Number of Securities	Statement Value	Fair Value	Number of Securities	Statement Value	Fair Value
	($ in millions)					
Bonds	59	$ 1,471	$ 1,412	60	$ 1,587	$ 1,519
Loan-backed and structured securities	5	57	66	3	-	-
Preferred stock	5	79	83	7	74	80
Total	69	$ 1,607	$ 1,561	70	$ 1,661	$ 1,599

Repurchase Agreements

The Company participates in a bilateral repurchase program with U.S. domiciled unaffiliated third parties. The agreements under this program require the Company to sell securities and simultaneously agree to repurchase the same (or substantially the same) securities prior to the securities reaching their maturity. These repurchase agreements are intended to enhance the yield of the Company's investment portfolio. The agreements are accounted for as collateralized borrowings with the transferred security proceeds recorded as other liabilities in the statements of financial position while the underlying securities continue to be recorded as investments by the Company. Investment earnings are recorded as net investment income and the difference between the transferred security proceeds and the amount at which the securities will be subsequently reacquired is amortized into net investment income as interest expense in the statements of operations.

The Company manages counterparty and other risks associated with its repurchase program by adhering to guidelines that require counterparties to provide the Company with cash or other high-quality collateral of no less than 98% of the fair value of the securities on loan plus accrued interest and by setting conservative standards for the Company's reinvestment of cash collateral received. At December 31, 2019 and 2018, the liability to return the repurchase agreement cash collateral was $1.7 billion and $1.8 billion, respectively, and is reported as other liabilities in the statements of financial position.

During 2019 and 2018, cash collateral received, and the corresponding liability to return that collateral, had the following characteristics:

For the quarter ended:	Maximum Balance	Ending Balance
	(in millions)	
March 31, 2019	$ 1,867	$ 1,771
June 30, 2019	$ 1,798	$ 1,797
September 30, 2019	$ 1,833	$ 1,410
December 31, 2019	$ 1,718	$ 1,711
March 31, 2018	$ 485	$ 485
June 30, 2018	$ 1,514	$ 1,449
September 30, 2018	$ 1,519	$ 1,435
December 31, 2018	$ 1,763	$ 1,763

During 2019 and 2018, securities sold under repurchase agreements included the following characteristics:

For the quarter ended:	Maximum Balance (Fair Value)	Ending Balance (Fair Value)	Ending Balance (Statement Value)
		(in millions)	
March 31, 2019	$ 1,902	$ 1,799	$ 1,697
June 30, 2019	$ 1,835	$ 1,821	$ 1,697
September 30, 2019	$ 1,872	$ 1,434	$ 1,299
December 31, 2019	$ 1,754	$ 1,730	$ 1,600
March 31, 2018	$ 485	$ 492	$ 498
June 30, 2018	$ 1,514	$ 1,468	$ 1,396
September 30, 2018	$ 1,519	$ 1,456	$ 1,397
December 31, 2018	$ 1,763	$ 1,787	$ 1,696

The repurchase agreements have overnight contractual maturities. Securities sold under the repurchase agreements were all U.S. Treasury securities with a NAIC rating of 1.

The amortized cost, fair value and remaining term to maturity of reinvested repurchase agreement collateral held by the Company at December 31, 2019 and 2018 was as follows:

	December 31, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)		(in millions)	
30 days or less	$ 700	$ 700	$ 579	$ 579
31-60 days	9	9	215	215
61-90 days	30	30	199	199
91-120 days	60	60	73	73
121-180 days	117	118	355	355
181-365 days	258	258	46	46
1-2 years	486	486	253	252
2-3 years	45	45	-	-
Over 3 years	9	9	35	34
Total	$ 1,714	$ 1,715	$ 1,755	$ 1,753

If the securities sold under the repurchase agreements or the reinvested collateral become less liquid, the Company has the liquidity resources within its general account available to meet any potential cash demands when securities are required to be repurchased.

Restricted Assets
Certain of the Company's investments are either pledged as collateral or are otherwise held beyond the exclusive control of the Company ("restricted assets"). These restrictions are generally the result of collateral support agreements with counterparties in connection with repurchase agreements and derivative transactions.

At December 31, 2019 and 2018, collateral held by counterparties was primarily in the form of cash, short-term investments and bonds, including U.S. Government securities. See Note 4 for more information regarding the Company's derivative portfolio.

The statement value of restricted assets at December 31, 2019 and 2018, summarized by type of restriction, was as follows:

	December 31, 2019	December 31, 2018
	(in millions)	
Loaned securities - repurchase agreements	$ 1,600	$ 1,696
Derivative transactions	67	48
Securities on deposit with states	4	4
Total restricted assets	$ 1,671	$ 1,748

Collateral Assets Received
The statement and fair values of collateral received at December 31, 2019 and 2018 were as follows:

	December 31, 2019		December 31, 2018	
	Statement Value	Fair Value	Statement Value	Fair Value
	(in millions)			
Repurchase agreement collateral	$ 1,711	$ 1,711	$ 1,763	$ 1,763
Derivative collateral	642	642	510	510
Mortgage loan escrow	59	59	58	58
Real estate escrow and security deposits	5	5	6	6
Total collateral assets	$ 2,417	$ 2,417	$ 2,337	$ 2,337

At December 31, 2019 and 2018, derivative collateral received included less than $1 million related to separate accounts and the obligation to return this collateral is reported in separate account liabilities in the statements of financial position. The obligation to return all other collateral received is reported as other liabilities in the statements of financial position.

4. Derivative Financial Instruments

The Company enters into derivative transactions, generally to mitigate the risk to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates, credit conditions and other market risks. Derivatives may be exchange traded, cleared or executed in the over-the-counter market. A majority of the Company's over-the-counter derivatives are bilateral contracts between two counterparties.

The Company's remaining over-the-counter derivatives are cleared and settled through central clearing exchanges.

Derivatives that are designated as hedges for accounting purposes and meet the qualifications for statutory hedge accounting are reported on a basis consistent with the asset or liability being hedged (i.e., at amortized cost or fair value). Derivatives that are used to mitigate risk but are not designated as hedges for accounting purposes or otherwise do not meet the qualifications for statutory hedge accounting are reported at fair value.

To qualify for hedge accounting, the hedge relationship must be designated and formally documented at inception. This documentation details the risk management objective and strategy for the hedge, the derivative used in the hedge and the methodology for assessing hedge effectiveness. The hedge must also be "highly effective," with an assessment of its effectiveness performed both at inception and on an ongoing basis over the life of the hedge.

The fair value of derivative instruments is based on quoted market prices when available. In the absence of quoted market prices, fair value is estimated using industry-standard models utilizing market observable inputs.

Derivative transactions expose the Company to the risk that a counterparty may not be able to fulfill its obligations under the contract. The Company manages this risk by dealing only with counterparties that maintain a minimum credit rating, by performing ongoing review of counterparties' credit standing and by adhering to established limits for credit exposure to any single counterparty. The Company also utilizes collateral support arrangements that require the daily exchange of collateral assets if counterparty credit exposure exceeds certain limits. The Company does not offset the statement values for derivatives executed with the same counterparty, even if a master netting arrangement is in place. The Company also does not offset the right to claim collateral against the obligation to return such collateral.

The fair value of collateral held by the Company under derivative support agreements at December 31, 2019 and 2018 was as follows:

	December 31, 2019	December 31, 2018
	(in millions)	
Bonds:		
General Account	$ 71	$ 5
Separate Accounts	-	-
Total bond collateral	$ 71	$ 5
Cash:		
General Account	$ 642	$ 509
Separate Accounts	-	1
Total cash collateral	$ 642	$ 510

Bond collateral held in the general account is not reported in the statements of financial position. Cash collateral held in the general account is reported as cash and short-term investments in the statements of financial position, while the Company's obligation to return the collateral is reported as other liabilities. Separate account cash collateral assets and related liabilities is reported in the separate account assets and liabilities, respectively, in the statements of financial position.

The fair value of collateral posted by the Company at December 31, 2019 and 2018 was as follows:

	December 31, 2019	December 31, 2018
	(in millions)	
Bonds posted for derivative support agreements:		
General Account	$ 7	$ 13
Separate Accounts	-	-
Bonds posted for futures agreements:		
General Account	34	24
Separate Accounts	10	11
Total bond collateral	$ 51	$ 48
Cash posted for derivative support agreements:		
General Account	$ 12	$ -
Separate Accounts	-	-
Cash posted for futures agreements:		
General Account	1	-
Separate Accounts	3	-
Total cash collateral	$ 16	$ -

Bonds posted as collateral are reported as bonds and cash posted as collateral is reported as a receivable included in other investments in the statements of financial position.

The Company has no embedded credit derivatives that expose it to the possibility of being required to make future payments.

Hedging - Designated as Hedging Instruments
The Company designates and accounts for the following derivative types as cash flow hedges, with the related derivative instrument reported at amortized cost in the statements of financial position. No component of these derivatives' economic gain or loss was excluded from the assessment of hedge effectiveness.

Interest rate floors are used to mitigate the asset/liability management risk of a significant and sustained decrease in interest rates for certain of the Company's insurance products. Interest rate floors entitle the Company to receive payments from a counterparty if market interest rates decline below a specified level. Amounts received on these contracts are reported as net investment income.

Interest rate swaps are used to mitigate interest rate risk for investments in variable interest rate and fixed interest rate bonds over a period of up to 12 years. Interest rate swaps obligate the Company and a counterparty to exchange amounts based on the difference between a variable interest rate index and a specified fixed rate of interest applied to the notional amount of the contract. Amounts received or paid on these contracts are reported as net investment income.

Foreign currency swaps are used to mitigate the foreign exchange risk for investments in bonds and mortgage loans denominated in foreign currencies over a period of up to 30 years. Foreign currency swaps obligate the Company and a counterparty to exchange the foreign currency-denominated interest and principal payments receivable on foreign bonds and mortgage loans for U.S. dollar-denominated payments based on currency exchange rates specified at trade inception. Foreign exchange gains or losses on these contracts are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recognized. Amounts received or paid on these contracts are reported as net investment income.

Hedging - Not Designated as Hedging Instruments
The Company enters into other derivative transactions that mitigate economic risks but are not designated as a hedge for accounting purposes or otherwise do not qualify for statutory hedge accounting. These instruments are reported in the statements of financial position at fair value. Changes in the fair value of these instruments are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recognized.

The average fair value of outstanding derivative assets not designated as hedging instruments was $136 million and $121 million for the years ended December 31, 2019 and 2018, respectively. The average fair value of outstanding derivative liabilities not designated as hedging instruments was $18 million and $6 million for the years ended December 31, 2019 and 2018, respectively.

Interest rate caps and floors are used to mitigate the risk of a significant and sustained increase or decrease in interest rates for certain of the Company's debt instruments and insurance and annuity products. Interest rate caps and floors entitle the Company to pay or receive payments from a counterparty if market interest rates rise above or decline below a specified level. Amounts paid or received on these contracts are reported as net investment income.

Interest rate swaps are used to mitigate interest rate risk for investments in variable interest rate and fixed interest rate bonds over a period of up to 10 years. Interest rate swaps obligate the Company and a counterparty to exchange amounts based on the difference between a variable interest rate index and a specified fixed rate of interest applied to the notional amount of the contract. Amounts received or paid on these contracts are reported as net investment income.

Swaptions are used to mitigate the asset/liability management risk of a significant and sustained increase in interest rates for certain of the Company's insurance products. Swaptions provide the Company an option to enter into an interest rate swap with a counterparty on specified terms.

Fixed income futures are used to mitigate interest rate risk for investments in portfolios of fixed income securities. Fixed income futures obligate the Company to sell to or buy from a counterparty a specified number of contracts at a specified price at a future date.

Fixed income forwards are used to gain exposure to the investment risk and return of mortgage-backed securities by utilizing "to-be-announced" (TBA) forward contracts. The Company also uses TBA forward contracts to hedge interest rate risk and participate in the mortgage-backed securities market in an efficient and cost-effective way. Additionally, pursuant to the Company's mortgage dollar roll program, TBAs or mortgage-backed securities are transferred to counterparties with a corresponding agreement to purchase a substantially similar security for later settlement. These transactions do not qualify as secured borrowings and are accounted for as derivatives.

Foreign currency forwards are used to mitigate the foreign exchange risk for investments in bonds denominated in foreign currencies or common stock or other equity investments in companies operating in foreign countries. Foreign currency forwards obligate the Company to pay to or receive from a counterparty a specified amount of a foreign currency at a future date.

Foreign currency swaps are used to mitigate the foreign exchange risk for investments in bonds denominated in foreign currencies over a period of up to 15 years. Foreign currency swaps obligate the Company and a counterparty to exchange the foreign currency-denominated interest and principal payments receivable on foreign bonds and mortgage loans for U.S. dollar-denominated payments based on currency exchange rates specified at trade inception. Foreign exchange gains or losses on these contracts are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recognized. Amounts received or paid on these contracts are reported as net investment income.

Equity and fixed income total return swaps are used to mitigate market risk for investments in portfolios of common stocks, other equity securities, and fixed income investments. Total return swaps obligate the Company and a counterparty to exchange amounts based on the difference between the return on a specified security, basket of securities or index and a specified short-term funding rate, typically London Interbank Offered Rate (LIBOR) plus or minus a spread, applied to the notional amount of the contract.

Equity index futures are used to mitigate market risk for investments in portfolios of common stock. Equity index futures obligate the Company to pay to or receive from a counterparty an amount based on a specified equity market index as of a future date applied to the notional amount of the contract.

Warrants are acquired through the purchase of private bonds. Warrants provide the Company the right to purchase an underlying financial instrument at a given price and time. Changes in the value of the underlying financial instrument are reported as a change in unrealized capital gains or losses. When the warrant is exercised, the derivative is terminated, and the current value becomes the basis for the new financial instrument.

The effects of the Company's use of derivative instruments on the Statements of Financial Position at December 31, 2019 and 2018 were as follows:

	December 31, 2019				
	Notional	Statement Value		Fair Value	
	Amount	Assets	Liabilities	Assets	Liabilities
			(in millions)		
Derivatives designated as hedging instruments:					
Interest rate contracts:					
Interest rate floors	$ 600	$ 3	$ -	$ 27	$ -
Interest rate swaps	56	-	-	5	-
Foreign exchange contracts:					
Foreign currency swaps	10,962	468	(168)	590	(142)
Derivatives not designated as hedging instruments:					
Interest rate contracts:					
Interest rate caps	998	2	-	2	-
Interest rate floors	2,252	32	(2)	32	(2)
Interest rate swaps	150	2	(0)	2	-
Swaptions	3,559	31	-	31	-
Fixed income futures	7,370	-	-	-	-
Fixed income forwards	-	-	-	-	-
Foreign exchange contracts:					
Foreign currency forwards	1,092	1	(15)	1	(15)
Foreign currency swaps	121	7	(4)	7	(4)
Equity contracts:					
Equity total return swaps	-	-	-	-	-
Equity index futures	-	-	-	-	-
Fixed contracts:					
Fixed income total return swaps	-	-	-	-	-
Warrants	-	-	-	-	-
Total derivatives		$ 546	$ (189)	$ 697	$ (163)

	December 31, 2018				
	Notional	Statement Value		Fair Value	
	Amount	Assets	Liabilities	Assets	Liabilities
			(in millions)		
Derivatives designated as hedging instruments:					
Interest rate contracts:					
Interest rate floors	$ 600	$ 3	$ -	$ 22	$ -
Interest rate swaps	56	-	-	1	(1)
Foreign exchange contracts:					
Foreign currency swaps	8,671	567	(80)	522	(163)
Derivatives not designated as hedging instruments:					
Interest rate contracts:					
Interest rate caps	807	5	-	5	-
Interest rate floors	1,026	18	(1)	18	(1)
Interest rate swaps	500	11	-	11	-
Swaptions	3,385	63	-	63	-
Fixed income futures	2,670	-	-	-	-
Fixed income forwards	25	-	-	-	-
Foreign exchange contracts:					
Foreign currency forwards	466	4	(1)	4	(1)
Foreign currency swaps	89	8	(2)	8	(2)
Equity contracts:					
Equity total return swaps	-	-	-	-	-
Equity index futures	-	-	-	-	-
Fixed contracts:					
Fixed income total return swaps	-	-	-	-	-
Warrants	1	16	-	16	-
Total derivatives		$ 695	$ (84)	$ 670	$ (168)

The notional amounts shown above are used to denominate the derivative contracts and do not represent amounts exchanged between the Company and the derivative counterparties. Derivative instruments are reported as other investments or other liabilities in the statements of financial position.

The effects of the Company's use of derivative instruments on the statements of operations and changes in surplus for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the year ended December 31, 2019		
	Change in Net Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income
		(in millions)	
Derivatives designated as hedging instruments:			
Interest rate contracts:			
Interest rate floors	$ -	$ -	$ 8
Interest rate swaps	-	-	-
Foreign exchange contracts:			
Foreign currency swaps	(188)	(3)	139
Derivatives not designated as hedging instruments:			
Interest rate contracts:			
Interest rate caps	(3)	-	(2)
Interest rate floors	11	-	(1)
Interest rate swaps	(9)	4	1
Swaptions	(34)	-	(9)
Fixed income futures	7	(123)	-
Fixed income forwards	-	4	-
Foreign exchange contracts:			
Foreign currency forwards	(17)	46	-
Foreign currency swaps	(1)	-	1
Equity contracts:			
Equity total return swaps	-	68	(9)
Equity index futures	-	-	-
Fixed contracts:			
Fixed income total return swaps	-	-	-
Warrants	26	-	-
Total derivatives	$ (208)	$ (4)	$ 128

	For the year ended December 31, 2018		
	Change in Net Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income
		(in millions)	
Derivatives designated as hedging instruments:			
Interest rate contracts:			
Interest rate floors	$ -	$ -	$ 6
Interest rate swaps	-	-	-
Foreign exchange contracts:			
Foreign currency swaps	376	30	107
Derivatives not designated as hedging instruments:			
Interest rate contracts:			
Interest rate caps	-	-	(2)
Interest rate floors	(1)	-	-
Interest rate swaps	7	12	(1)
Swaptions	8	-	(9)
Fixed income futures	(9)	(32)	-
Fixed income forwards	(4)	(8)	-
Foreign exchange contracts:			
Foreign currency forwards	12	24	-
Foreign currency swaps	5	-	-
Equity contracts:			
Equity total return swaps	-	-	-
Equity index futures	-	-	-
Fixed contracts:			
Fixed income total return swaps	-	-	-
Warrants	16	-	-
Total derivatives	$ 410	$ 26	$ 101

	For the year ended December 31, 2017		
	Change in Net Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income
		(in millions)	
Derivatives designated as hedging instruments:			
Interest rate contracts:			
Interest rate floors	$ -	$ -	$ 12
Interest rate swaps	-	-	2
Foreign exchange contracts:			
Foreign currency swaps	(522)	24	69
Derivatives not designated as hedging instruments:			
Interest rate contracts:			
Interest rate caps	(6)	-	(1)
Interest rate floors	1	-	-
Interest rate swaps	4	-	(8)
Swaptions	(28)	-	(9)
Fixed income futures	(4)	10	-
Fixed income forwards	(1)	6	-
Foreign exchange contracts:			
Foreign currency forwards	(21)	(26)	-
Foreign currency swaps	-	-	-
Equity contracts:			
Equity total return swaps	1	(5)	-
Equity index futures	1	1	-
Fixed contracts:			
Fixed income total return swaps	-	1	-
Warrants	-	-	-
Total derivatives	$ (575)	$ 11	$ 65

Changes in net unrealized gains or losses resulting from derivatives that no longer qualify for hedge accounting were $0 million, $5 million and $0 for the years ended December 31, 2019, 2018 and 2017, respectively.

5. Reserves for Policy Benefits

General account reserves for policy benefits at December 31, 2019 and 2018 were as follows:

	December 31, 2019	December 31, 2018
	(in millions)	
Life insurance reserves	$ 185,991	$ 179,987
Annuity reserves	10,887	9,979
Deposit funds	3,580	3,307
Disability and long-term care unpaid claims and claim reserves	5,200	5,012
Disability and long-term care active life reserves	5,442	4,531
Total reserves for policy benefits	$ 211,100	$ 202,816

See Note 9 for more information regarding the Company's use of reinsurance and the related impact on policy benefit reserves.

Life Insurance Reserves

Policy and contract reserves are determined in accordance with standard valuation methods approved by the OCI and are computed in accordance with standard actuarial methodology based on the Commissioners' Reserve Valuation Method (CRVM) or the net level premium method. The reserves are based on assumptions for interest, mortality and other risks insured.

Life insurance and annuity reserve calculations, using basic data, determine tabular interest, tabular cost, and tabular cost less actual reserves released. Tabular interest on funds not involving life contingencies is calculated as the product of the valuation interest rate times the mean of the amount of funds subject to such rate held at the beginning and end of the year of valuation.

As of December 31, 2019, the Company had $1.9 trillion of total life insurance in force, including $32.3 billion of life insurance in force for which gross premiums were less than net premiums according to the standard valuation methods and assumptions prescribed by the OCI. Gross premiums are calculated using mortality tables that reflect both the Company's actual experience and the potential transfer of risk to reinsurers. Net premiums are determined in the calculation of statutory reserves, which must be based on industry-standard mortality tables.

Additional premiums or charges are assessed for substandard lives on policies issued after January 1, 1956. Net level premium or CRVM mean reserves for these policies are based on multiples of mortality tables or one-half the net flat or other extra mortality charge. The Company waives deduction of fractional premiums upon death of an insured and returns any portion of the final premium beyond the date of death. Cash values are not promised in excess of the legally computed reserves.

At December 31, 2019 and 2018, the account and cash values related to the Company's general account life reserves were as follows:

	Account Value		Cash Value		Reserves	
	December 31,					
	2019	2018	2019	2018	2019	2018
	(in millions)					
Subject to discretionary withdrawal, surrender values, or policy loans:						
Universal life	$ 7,602	$ 6,486	$ 7,319	$ 6,201	$ 7,346	$ 6,230
Universal life with secondary guarantees	14	14	11	11	26	23
Other permanent cash value life insurance	-	-	164,904	159,258	168,377	162,517
Variable life	-	-	-	-	941	918
Variable universal life	4	2	4	2	27	23
Not subject to discretionary withdrawal or no cash value:						
Term policies without cash value	-	-	-	-	4,556	4,218
Accidental death benefits	-	-	-	-	12	13
Disability - active lives	-	-	-	-	1,032	951
Disability - disabled lives	-	-	-	-	1,243	1,194
Miscellaneous reserves	-	-	-	-	2,774	4,181
Total gross life reserves	7,620	6,502	172,238	165,472	186,334	180,267
Reinsurance ceded	-	-	-	-	1,223	1,188
Total net life insurance	$ 7,620	$ 6,502	$ 172,238	$ 165,472	$ 185,111	$ 179,079

At December 31, 2019 and 2018, the withdrawal characteristics of the Company's separate account life reserves were as follows:

	Account Value		Cash Value		Reserves	
	December 31,					
	2019	2018	2019	2018	2019	2018
	(in millions)					
Subject to discretionary withdrawal, surrender values or policy loans:						
Variable life	$ -	$ -	$ 8,162	$ 6,913	$ 7,281	$ 6,061
Variable universal life	1,093	824	1,043	788	1,020	767
Total gross life reserves	$ 1,093	$ 824	$ 9,205	$ 7,701	$ 8,301	$ 6,827
Reinsurance ceded	-	-	-	-	-	-
Total net life insurance	$ 1,093	$ 824	$ 9,205	$ 7,701	$ 8,301	$ 6,827

Following are amounts reported as net life insurance reserves in the Company's Annual Statement, which agree with the amounts reported as net life insurance reserves in the table above at December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018
	($ in millions)	
From Life, Accident & Health Annual Statement:		
Life insurance	$ 182,519	$ 176,700
Accidental death benefits	12	13
Disability - active lives	1,032	951
Disability - disabled lives	1,243	1,194
Miscellaneous reserves	305	222
Subtotal net life insurance	185,111	179,079
From Separate Accounts Annual Statement:		
Life insurance	8,301	6,827
Combined Total	$ 193,412	$ 185,907

During 2019 and 2018, the methodology and mortality assumptions used in certain life insurance reserve calculations were reviewed and updated, and the corresponding reserves were reduced by $1.6 billion and $627 million, net of reinsurance, respectively. This was accounted for as a change in valuation basis and is included in other surplus changes in the statements of changes in surplus.

Annuity Reserves and Deposit Funds

For annuities and supplementary contracts, policy and contract reserves are calculated using Commissioners' Annuity Reserve Valuation Method (CARVM), Actuarial Guideline 43 for variable annuity products and Actuarial Guideline 33 for all other products. Other deferred annuity reserves are based on policy value, with additional reserves held to reflect guarantees under these contracts. Immediate annuity reserves are based on the present value of expected benefit payments. Changes in future policy benefit reserves on supplementary contracts and income annuities without life contingencies are deposit-type transactions and are excluded from net additions to policy benefit reserves in the statements of operations.

Deposit funds primarily represent reserves for supplementary contracts and income annuities without life contingencies and amounts left on deposit with the Company by beneficiaries or policyowners. Beneficiaries of the Company's life insurance policies can choose to receive their death benefit in a single lump sum payment or through a supplementary contract consisting of a series of scheduled payments. If the beneficiary does not affirmatively choose a supplementary contract, the proceeds are automatically paid to the beneficiary in a single lump sum.

Prior to November 1, 2013, beneficiaries of the Company's life insurance policies also could choose to receive their death benefit by deposit of the proceeds (if $20,000 or more) into an interest-bearing retained asset account ("Northwestern Access Fund"). Funds held on behalf of Northwestern Access Fund account holders are segmented in the Company's general account and are invested primarily in short-term, liquid investments and high quality corporate bonds. Northwestern Access Fund accounts are credited with interest at short-term market rates, with certain accounts subject to guaranteed minimum crediting rates. The total reserve liability for Northwestern Access Fund account balances held by the Company was $328 million and $346 million at December 31, 2019 and 2018, respectively. Accounts were credited with interest at annual rates ranging from 1.28% to 3.50% and 0.90% to 3.50% during 2019 and 2018, respectively. The crediting interest rates changed 45 times and 44 times during 2019 and 2018, respectively.

At December 31, 2019 and 2018, the withdrawal characteristics of the Company's general account and separate account annuity reserves and deposit funds were as follows:

	General Account		Separate Account		Total	
	December 31,					
	2019	2018	2019	2018	2019	2018
	(in millions)					
Individual Annuities						
Subject to discretionary withdrawal						
- with market value adjustment	$ 85	$ 111	$ -	$ -	$ 85	$ 111
- at book value less surrender charge of 5% or more	80	76	-	-	80	76
- at fair value	-	-	20,535	17,714	20,535	17,714
Total with market value adjustment or at fair value	165	187	20,535	17,714	20,700	17,901
- at book value without adjustment	1,893	2,035	-	-	1,893	2,035
Not subject to discretionary withdrawal	6,984	6,025	271	238	7,255	6,263
Total gross individual annuities	9,042	8,247	20,806	17,952	29,848	26,199
Reinsurance ceded	-	-	-	-	-	-
Total net individual annuities	$ 9,042	$ 8,247	$ 20,806	$ 17,952	$ 29,848	$ 26,199
Group Annuities						
Subject to discretionary withdrawal						
- at fair value	$ -	$ -	$ 21	$ 21	$ 21	$ 21
Total with market value adjustment or at fair value	-	-	21	21	21	21
Not subject to discretionary withdrawal	1,845	1,732	5,577	4,732	7,422	6,464
Total gross group annuities	1,845	1,732	5,598	4,753	7,443	6,485
Reinsurance ceded	-	-	-	-	-	-
Total net group annuities	$ 1,845	$ 1,732	$ 5,598	$ 4,753	$ 7,443	$ 6,485
Deposit-Type Contracts						
Subject to discretionary withdrawal						
- with market value adjustment	$ 112	$ 121	$ -	$ -	$ 112	$ 121
- at fair value	-	-	31	27	31	27
Total with market value adjustment or at fair value	112	121	31	27	143	148
- at book value without adjustment	3,133	2,922	-	-	3,133	2,922
Not subject to discretionary withdrawal	335	264	-	-	335	264
Total gross deposit-type contracts	3,580	3,307	31	27	3,611	3,334
Reinsurance ceded	-	-	-	-	-	-
Total net deposit-type contracts	$ 3,580	$ 3,307	$ 31	$ 27	$ 3,611	$ 3,334
Total annuity reserves and deposit funds	$ 14,467	$ 13,286	$ 26,435	$ 22,732	$ 40,902	$ 36,018

Of the individual annuity reserves at book value less surrender charge of 5% or more noted above, the Company expects that $11 million will have less than a 5% surrender charge and be reported with the amounts at book value without adjustment in 2020.

Following are amounts reported as net annuity reserves in the Company's Annual Statement, which agree with the amounts reported as net annuity reserves in the table above at December 31, 2019 and 2018.

	December 31,	
	2019	2018
	($ in millions)	
From Life, Accident & Health Annual Statement:		
Annuities	$ 9,469	$ 8,700
Supplementary contracts with life contingencies	1,418	1,279
Deposit-type contracts	3,580	3,307
Subtotal net annuity reserves	14,467	13,286
From Separate Accounts Annual Statement:		
Annuities	26,133	22,467
Supplementary contracts	271	238
Other contract deposit funds	31	27
Subtotal net annuity reserves	26,435	22,732
Combined Total	$ 40,902	$ 36,018

Disability and Long-Term Care Reserves

Unpaid claims and claim reserves for disability and long-term care policies are based on the present value of expected benefit payments. The changes in reserves for unpaid claims, losses and loss adjustment expenses on disability and long-term care policies for the years ended December 31, 2019 and 2018 were as follows:

	For the years ended December 31,	
	2019	2018
	(in millions)	
Balance at January 1	$ 5,012	$ 4,939
Incurred related to:		
Current year	845	796
Prior years	57	(39)
Total incurred	902	757
Paid related to:		
Current year	(34)	(34)
Prior years	(680)	(650)
Total paid	(714)	(684)
Balance at December 31	$ 5,200	$ 5,012

Changes in reserves for incurred claims related to prior years are generally the result of differences between assumed claim experience at the time reserves were originally estimated and subsequent actual claim experience.

Active life reserves are based on the net level premium method for disability policies issued prior to 1987 and the two-year preliminary term method for those issued after 1987. Active life reserves are mean reserves for disability policies issued through 2000 and mid-terminal plus unearned premium reserves for policies issued after 2000. Active life reserves for long-term care policies consist of mid-terminal reserves and unearned premiums. Mid-terminal reserves are based on the one-year preliminary term method and industry-based morbidity experience.

During 2019, the morbidity assumptions used in certain long-term care insurance active life reserve calculations were reviewed and updated, and the corresponding reserves were increased by $340 million. This was accounted for as a change in valuation basis and is included in other surplus changes in the statements of changes in surplus.

Additional Actuarial Reserves
Each year, the Company must perform asset adequacy testing (AAT) to demonstrate that reserves make adequate provision for the anticipated cash flows required by contractual obligations and related expenses, in light of assets held for the reserves. Asset adequacy testing is performed in accordance with presently accepted actuarial standards and must include assumptions necessary to determine the adequacy of reserves under moderately adverse conditions. At December 31, 2019 and 2018, reserves required as a result of AAT were as follows:

	December 31, 2019	December 31, 2018
	(in millions)	
Annuities and deposit funds	$ 260	$ 140
Life insurance	2	2
Total reserves	$ 262	$ 142

Statutory Minimum Reserves
The Company has the option to establish reserves for policy benefits using a standard of valuation that produces higher reserves than those calculated according to the minimum standard provided in the statutory regulations. For contracts issued January 1, 2001 and later, excess reserves over the statutory minimums were $549 million and $507 million at December 31, 2019 and 2018, respectively.

6. Premium and Annuity Considerations Deferred and Uncollected

Gross deferred and uncollected insurance premiums represent life insurance premiums due to be received from policyowners through the next respective policy anniversary dates. Net deferred and uncollected premiums represent only the portion of gross premiums related to mortality charges and interest and are reported in deferred premium and other assets in the statements of financial position.

Deferred and uncollected premiums at December 31, 2019 and 2018 were as follows:

	December 31, 2019		December 31, 2018	
	Gross	Net	Gross	Net
	(in millions)			
Ordinary new business	$ 252	$ 156	$ 244	$ 88
Ordinary renewal	2,806	2,240	2,740	2,205
Total deferred and uncollected premiums	$ 3,058	$ 2,396	$ 2,984	$ 2,293

7. Separate Accounts

Separate account liabilities at December 31, 2019 and 2018 were as follows:

	Variable Life		Variable Annuities		Total	
	December 31,					
	2019	2018	2019	2018	2019	2018
	(in millions)					
Separate account reserves	$ 8,301	$ 6,828	$ 26,435	$ 22,732	34,736	$ 29,560
Non-policy liabilities					96	157
Total separate account liabilities					$ 34,832	$ 29,717

While separate account liability values are not guaranteed by the Company, variable annuity and variable life insurance products do include guaranteed minimum death benefits (GMDB) underwritten by the Company. The maximum potential cost of these guarantees at December 31, 2019 and 2018 was $62 million and $165 million, respectively, which represents the aggregate difference between guaranteed values and otherwise available values for all variable products for which the guaranteed value was greater at the respective reporting dates. These benefits are only available upon the death of the annuitant or insured, and reserves for these benefits are based upon NAIC-prescribed actuarial methods that take into account, among other factors, the likelihood of death based on standard mortality tables. General account reserves for policy benefits included $5 million and $6 million attributable to GMDB at December 31, 2019 and 2018, respectively.

Premiums and other considerations received from variable annuity and variable life insurance policyowners were $1.5 billion and $1.6 billion for the years ended December 31, 2019 and 2018, respectively. These amounts are reported as premiums in the statements of operations. The subsequent transfer of these premiums to the separate accounts, net of amounts received from the separate accounts to provide for policy benefit payments to variable product policyowners, is reported as net transfers to separate accounts in the statements of operations.

Following are amounts reported as transfers to and from separate accounts within the Company's Separate Account Annual Statement, which agree with the amounts reported as net transfers to (from) separate accounts within these financial statements:

	At and for the years ended December 31,		
	2019	2018	2017
		(in millions)	
From Separate Account Annual Statement:			
Transfers to separate accounts	$ 1,522	$ 1,696	$ 1,726
Transfers from separate accounts	(2,305)	(2,193)	(1,955)
Net transfers to (from) separate accounts	$ (783)	$ (497)	$ (229)

8. Employee and Financial Representative Benefit Plans

The Company provides defined pension benefits for all eligible employees and financial representatives. This includes sponsorship of noncontributory defined benefit pension plans that are "qualified" under the terms of the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code ("Code"), as well as "nonqualified" plans that provide benefits to certain participants in excess of limits set by ERISA and the Code for the qualified plans. The Company's funding policy for the qualified plans is to make annual contributions that are no less than the minimum amount needed to comply with the requirements of ERISA and no greater than the maximum amount deductible for federal income tax purposes. The Company made no contributions to the qualified retirement plans during either of the years ended December 31, 2019 and 2018 and does not expect to make a contribution to the plans during 2020.

The Company's defined benefit pension plans for employees contains two different benefit formulas – a formula based on the final average pay of the participant that was frozen as of December 31, 2013 and one that awards cash balance credits based on each participant's age and years of service that became effective on January 1, 2014. Benefits accrued under the final average pay formula remain available to participants upon retirement. Accumulated cash balance credits earn interest based on market rates and are subject to a minimum crediting rate. The Company's defined benefit pension plans for financial representatives utilize a formula that is based on the participant's estimated annual income earned over their career.

In addition to defined pension benefits, the Company provides certain health care and life insurance benefits ("postretirement benefits") to retired employees, retired financial representatives and their eligible dependents. Participants are eligible for retirement health care coverage if they meet eligibility requirements for age and length of service and were either active or retired as of July 31, 2013 for employees and as of December 31, 2013 for financial representatives. Employees or financial representatives hired or contracted after the above dates are not eligible for coverage under the postretirement health plans.

Medicare-eligible retirees and their dependents are offered health care options provided under an independent third-party health care marketplace ("marketplace"). Retirees and dependents that are not yet Medicare-eligible retain the historical health care benefits offered by the Company. Medicare-eligible retirees and dependents are provided with a pre-funded retiree health reimbursement account and access to third-party advisors to purchase health benefits through the marketplace. Non-Medicare-eligible retirees and dependents are provided premium assistance based on the retirees' years of service with the Company. The Company pays the entire cost of retiree life insurance coverage.

Benefit Plan Assets

Aggregate plan assets of the defined benefit pension plans and postretirement benefit plans at December 31, 2019 and 2018, and changes in these assets for the years then ended, were as follows:

	Defined Benefit Plans		Postretirement Benefit Plans	
	2019	2018	2019	2018
	(in millions)			
Fair value of plan assets at January 1	$ 4,621	$ 5,012	$ 73	$ 82
Changes in plan assets:				
Actual return on plan assets	988	(250)	15	(4)
Actual plan benefits paid	(150)	(141)	(4)	(5)
Fair value of plan assets at December 31	$ 5,459	$ 4,621	$ 84	$ 73

Plan assets consist of group annuity contracts issued by the Company that are funded by a Group Annuity Separate Account, which primarily invests in a diversified portfolio of public and private common stocks and corporate, government and mortgage-backed debt securities. The overall investment objective of the plans is to maximize long-term total rate of return, consistent with prudent standards for investment and asset/liability risk management and in accordance with ERISA requirements. Plan investments are managed with a long-term perspective and for the sole benefit of the plans' participants.

Plan asset allocations are rebalanced regularly to maintain holdings within desired asset allocation ranges and to reposition the portfolio based upon perceived market opportunities and risks. Diversification, both by and within asset classes, is a primary risk management consideration. Assets are invested across various asset classes, sectors, industries and geographies. The measurement date for plan assets was December 31 of the respective period with the fair value of plan assets primarily based on quoted market prices.

The target asset allocations and the actual allocation of the plans' investments based on fair value at December 31, 2019 and 2018 were as follows:

	Target Allocation		Actual Allocation	
	2019	2018	2019	2018
Bonds	64%	56%	62%	56%
Equity investments	35%	43%	36%	43%
Other investments	1%	1%	2%	1%
Total assets	100%	100%	100%	100%

At each of December 31, 2019 and 2018, other investments were comprised of cash and short-term investments.

Benefit Plan Obligations

Aggregate projected benefit obligations (PBOs) of the defined benefit pension plans and postretirement benefit plans at December 31, 2019 and 2018 and changes in these obligations for the years then ended were as follows:

	Defined Benefit Plans		Postretirement Benefit Plans	
	2019	2018	2019	2018
	(in millions)			
Projected benefit obligation at January 1	$ 4,970	$ 5,373	$ 610	$ 724
Changes in benefit obligation:				
Service cost of benefits earned	129	146	16	20
Interest cost on projected obligations	204	180	23	21
Projected gross plan benefits paid	(168)	(158)	(22)	(22)
Experience (gains)/losses	915	(571)	116	(133)
Plan amendments and other	-	-	-	-
Projected benefit obligation at December 31	$ 6,050	$ 4,970	$ 743	$ 610

The PBO represents the estimated net present value of estimated future benefit obligations. For defined benefit plans, the PBO includes assumptions for future compensation increases for active participants. The accumulated benefit obligation (ABO) is similar to the PBO but is based only on current compensation with no assumption of future compensation increases. The aggregate ABO for the defined benefit plans was $5.7 billion and $4.7 billion for the years ended December 31, 2019 and 2018, respectively. Experience (gains)/losses for each of the years ended December 31, 2019 and 2018 primarily reflect the impact of changes in the PBO discount rate.

Benefit Plan Assumptions

The assumptions used in estimating the projected benefit obligations at December 31, 2019 and 2018 and the net periodic benefit cost for the years ended December 31, 2019, 2018 and 2017 were as follows:

	Defined Benefit Plans		Postretirement Benefit Plans	
	2019	2018	2019	2018
Projected benefit obligation:				
Weighted average discount rate	3.17%	4.18%	3.18%	4.18%
Annual increase in compensation	3.75%	3.75%	3.75%	3.75%
Cash balance plan interest crediting rate	3.14%	4.16%	n/a	n/a

	Defined Benefit Plans			Postretirement Benefit Plans		
	2019	2018	2017	2019	2018	2017
Net periodic benefit cost:						
Weighted average discount rate	4.18%	3.57%	4.10%	4.18%	3.57%	4.10%
Annual increase in compensation	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Long-term rate of return on plan assets	6.25%	6.25%	6.50%	6.25%	6.25%	6.50%
Cash balance plan interest crediting rate	4.16%	3.54%	4.10%	n/a	n/a	n/a

The expected long-term rate of return on plan assets is estimated in consideration of historical financial market performance, internal and third-party capital market expectations and the long-term target asset allocation.

The assumed annual increase in future retiree medical costs used in measuring the obligation for postretirement benefits were as follows:

	December 31, 2019	December 31, 2018
Assumed annual increase	5.00%	5.50%
Ultimate rate of annual increase	5.00%	5.00%
Year in which ultimate rate is reached	2020	2019

Effective January 1, 2019, the Company's exposure to medical inflation will be limited to a maximum annual increase of 3% with any annual increase in excess of that rate passed on to the plan's participants in the form of increased premiums.

Benefit Plan Funded Status

Following is an aggregate reconciliation of the funded status of the plans to the related financial statement liabilities reported by the Company at December 31, 2019 and 2018.

	Defined Benefit Plans		Postretirement Benefit Plans	
	2019	2018	2019	2018
	(in millions)			
Fair value of plan assets	$ 5,459	$ 4,621	$ 84	$ 73
Projected benefit obligation	6,050	4,970	743	610
Funded status	(591)	(349)	(659)	(537)
Nonadmitted asset	(485)	(597)	-	-
Financial statement liability	$ (1,076)	$ (946)	$ (659)	$ (537)

The PBO for defined benefit plans above included $1,076 million and $946 million related to nonqualified, unfunded plans at December 31, 2019 and 2018, respectively. In the aggregate, the fair value of qualified defined benefit plan assets represented 110% and 115% of the projected benefit obligations of these plans at December 31, 2019 and 2018, respectively.

Statutory accounting guidance requires that changes in plan funded status be recognized immediately as a direct adjustment to surplus, subject to limitations such as admissibility of net pension assets. These adjustments are included in changes in nonadmitted assets and other in the statements of changes in surplus. Aggregate defined benefit pension and postretirement plan surplus impacts were as follows for the years ended December 31, 2019 and 2018:

	For the year ended December 31, 2019				
	Defined Benefit Plans			Postretirement Benefit Plans	
	Net experience gains (losses)	Prior service (costs) credits	Net initial asset	Net experience gains (losses)	Prior service (costs) credits
			(in millions)		
Balance at January 1	$ (1,113)	$ 190	$ 314	$ 42	$ (50)
Amortization from surplus into net periodic benefit cost	53	(25)	(15)	(1)	5
Changes in plan assets and benefit obligations recognized in surplus	(229)	-	-	(104)	-
Balance at December 31	$ (1,289)	$ 165	$ 299	$ (63)	$ (45)

	For the year ended December 31, 2018				
	Defined Benefit Plans			Postretirement Benefit Plans	
	Net experience gains (losses)	Prior service (costs) credits	Net initial asset	Net experience gains (losses)	Prior service (costs) credits
			(in millions)		
Balance at January 1	$ (1,151)	$ 215	$ 314	$ (77)	$ (60)
Amortization from surplus into net periodic benefit cost	42	(25)	-	-	5
Changes in plan assets and benefit obligations recognized in surplus:	(4)	-	-	119	5
Balance at December 31	$ (1,113)	$ 190	$ 314	$ 42	$ (50)

Benefit Plan Costs

The components of net periodic benefit cost for the years ended December 31, 2019, 2018 and 2017 were as follows:

	Defined Benefit Plans			Postretirement Benefit Plans		
	2019	2018	2017	2019	2018	2017
			(in millions)			
Components of net periodic benefit cost:						
Service cost of benefits earned	$ 129	$ 146	$ 128	$ 16	$ 20	$ 22
Interest cost on projected obligations	204	180	179	23	21	23
Amortization of experience losses	53	42	54	(1)	-	-
Amortization of prior service costs/(credits)	(25)	(25)	(25)	5	5	5
Amortization of initial net asset	(15)	-	(9)	-	-	-
Expected return on plan assets	(284)	(309)	(291)	(4)	(5)	(5)
Other	-	-	1	-	-	-
Net periodic benefit cost	$ 62	$ 34	$ 37	$ 39	$ 41	$ 45

The expected benefit payments by the defined benefit plans and the postretirement benefit plans for the years 2020 through 2029 are as follows:

	Defined Benefit Plans	Postretirement Benefit Plans
	(in millions)	
2020	$ 173	$ 24
2021	201	24
2022	210	25
2023	220	26
2024	230	26
2025-2029	1,275	141
Total	$ 2,309	$ 266

The Company sponsors a contributory 401(k) plan for eligible employees, for which the Company provides a matching contribution, and a noncontributory defined contribution plan for financial representatives. In addition, the Company sponsors nonqualified plans that provide related benefits to certain participants in excess of limits set by ERISA for qualified defined contribution plans. For the years ended December 31, 2019, 2018 and 2017, the Company expensed total contributions to these plans of $53 million, $50 million and $50 million, respectively.

9. Reinsurance

The Company limits its exposure to life insurance death benefits by ceding coverage to various reinsurers. In 1999, the Company ceased reinsuring new individual disability policies, but has maintained a portion of the reinsurance ceded on policies issued prior to 1999. The Company cedes between 60 - 80% of the morbidity risk on group disability and 60% of the mortality risk on group life policies.

As part of an affiliated reinsurance agreement, the Company assumes 100% of the net risk associated with NLTC's long-term care business. At December 31, 2019 and 2018, the net amount due from NLTC under this agreement was $48 million and $44 million, respectively.

During 2017, the Company and NLTC amended the affiliated reinsurance agreement. Under the terms of the amendment, the Company assumed 100% of the risks associated with a block of long-term care business NLTC recaptured from an un-affiliated reinsurer. This transaction qualified for reinsurance accounting under the SSAP No. 61R – *Life, Deposit-Type and Accident and Health Reinsurance*, given the complete transfer of risk from NLTC. As part of the reinsurance amendment, the Company received invested assets with a fair value of $228 million as consideration from NLTC. The consideration was reflected as an increase to premiums and other income of $167 million and $21 million, respectively, in the statements of operations and as an increase to unassigned surplus of $40 million that was reflected in the statement of changes in surplus. In addition, reserves for policy benefits were increased by $167 million and IMR liabilities of $17 million were transferred to the Company and reported as an increase to commissions and operating expenses in the statements.

Amounts in the financial statements are reported net of the impact of reinsurance. Reserves for policy benefits at December 31, 2019 and 2018 were reported net of ceded reserves of $1.7 billion and $1.6 billion, respectively. The Company has reinsured all risks disclosed in the financial statements under Actuarial Guideline 48.

The effects of reinsurance on premium revenue and total benefits for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the years ended December 31,		
	2019	2018	2017
		(in millions)	
Direct premium revenue	$ 19,197	$ 18,231	$ 17,994
Premiums assumed	763	711	810
Premiums ceded	(950)	(906)	(907)
Premium revenue	$ 19,010	$ 18,036	$ 17,897
Direct benefit expense	$ 20,158	$ 19,037	$ 18,557
Benefits assumed	830	680	902
Benefits ceded	(805)	(699)	(656)
Total benefits	$ 20,183	$ 19,018	$ 18,803

In addition, the Company received $135 million, $129 million and $146 million in allowances from reinsurers for reimbursement of commissions and other expenses on ceded business for the years ended December 31, 2019, 2018 and 2017, respectively. These amounts are reported in other income in the statements of operations. For the years ended December 31, 2019, 2018 and 2017, the Company incurred $136 million, $138 million and $119 million, respectively, in expense allowances on reinsurance assumed from NLTC.

Reinsurance contracts do not relieve the Company from its obligations to policyowners. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company mitigates this counterparty risk by dealing only with reinsurers that meet its financial strength standards while adhering to concentration limits for counterparty exposure to any single reinsurer. Most significant reinsurance treaties contain financial protection provisions that take effect if a reinsurer's credit rating falls below a prescribed level. There were no reinsurance recoverables at December 31, 2019 and 2018 that were considered by the Company to be uncollectible.

10. Federal Income Taxes

The Company files a consolidated federal income tax return including the following subsidiaries:

- Northwestern Mutual Investment Services, LLC
- NML Real Estate Holdings, LLC and subsidiaries
- NML Securities Holdings, LLC and subsidiaries
- Northwestern Mutual MU TLD Registry, LLC
- Northwestern Mutual Wealth Management Company
- NM Investment Holdings, LLC
- GRO, LLC and GRO-SUB, LLC
- NM Career Distrib. Holdings, LLC and subsidiaries
- NM Investment Management Company, LLC
- Bradford, Inc. and subsidiaries
- Mason Street Advisors, LLC
- NM GP Holdings, LLC and subsidiaries
- NM Pebble Valley, LLC
- Northwestern Mutual Registry, LLC
- NM QOZ Fund, LLC
- Northwestern Long Term Care Ins. Co
- NM SAS, LLC

The Company collects from or refunds to these subsidiaries their share of consolidated federal income taxes determined pursuant to written tax-sharing agreements, which generally require that these subsidiaries determine their share of consolidated tax payments or refunds as if each subsidiary filed a separate federal income tax return on a stand-alone basis.

On December 22, 2017, H.R. 1, informally known as the Tax Cuts and Jobs Act ("the Act" or "Tax Reform") was signed into law, effective for tax years beginning on or after January 1, 2018. The Act reduced the maximum federal corporate income tax rate from 35% to 21%. The statutory basis of accounting requires the 21% corporate tax rate to be applied to deferred tax balances at December 31, 2017, which resulted in a net reduction to statutory surplus of $1.2 billion. The change in net deferred tax assets was reduced by $1.4 billion and the change in net unrealized capital gains and losses was increased by $0.2 billion in the statement of changes in surplus for the year ended December 31, 2017. The Company began to benefit from the lower federal income tax rate in 2018.

The components of current income tax expense (benefit) in the Statements of Operations for the years ended December 31, 2019, 2018 and 2017 related to "ordinary" taxable income (loss) were as follows:

	For the years ended December 31,		
	2019	2018	2017
		(in millions)	
Tax payable on ordinary income	$ 103	$ 110	$ 40
Low income housing tax credits	(123)	(119)	(107)
Other tax credits	(49)	(23)	(21)
Decrease in contingent tax liabilities	(130)	(127)	(10)
Total current tax benefit	$ (199)	$ (159)	$ (98)

In addition to current income tax benefit related to ordinary taxable income or loss as summarized above, the Company is subject to federal income tax on "capital" gains and losses that generally result from investment transactions. Investment capital gains and losses resulting from changes in market interest rates or credit spreads are deferred to the IMR net of any related tax expense or benefit. Current tax expense (benefit) of $141 million, $(49) million and $136 million was included in net IMR deferrals for the years ended December 31, 2019, 2018 and 2017, respectively. In addition, net realized capital gains and losses as reported in the statements of operations included current tax expense (benefit) of $173 million, $88 million and $68 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The table below shows how the Company's income tax expense or benefit for the years ended December 31, 2019, 2018 and 2017 differs from the amount obtained by applying the statutory rate of 21%, 21% and 35%, respectively, to gain from operations before taxes, including net realized capital gains (losses) before IMR and capital gain tax (benefit):

	For the years ended December 31,		
	2019	2018	2017
	(in millions)		
Provision computed at statutory rate	$ 402	$ 98	$ 482
Adjustments to the statutory rate:			
Revaluation of net deferred tax assets (excluding taxes on net unrealized capital gains) - tax reform	-	-	1,406
Subsidiary distributions	(73)	(115)	(162)
Tax credits	(172)	(142)	(128)
Amortization of IMR	(28)	(28)	(57)
Dividends received deduction	(33)	(26)	(37)
Employee benefits	(12)	(17)	(24)
Deferred adjustments	183	214	(36)
Other	(21)	(28)	-
Total statutory income tax expense (benefit)	$ 246	$ (44)	$ 1,444
Federal income tax expense (benefit) reported on statements of operations	$ (199)	$ (159)	$ (98)
Capital gains tax expense, net of IMR transfers	315	39	204
Change in net deferred tax assets	130	76	1,338
Total statutory income tax expense (benefit)	$ 246	$ (44)	$ 1,444

During the year, the Company may make payments to or receive refunds from the Internal Revenue Service (IRS) for federal income taxes that are applicable to current or previous tax years. The Company made or received net income tax payments, including subsidiaries, of $410 million, $150 million and $356 million to the IRS during the years ended December 31, 2019, 2018 and 2017, respectively.

Federal income taxes available for recoupment in the case of future tax losses are limited to amounts reported on previous tax returns. Total capital gain taxes paid for tax years 2019, 2018 and 2017 that are available for recoupment are $486 million, $247 million and $323 million, respectively.

Federal income tax returns for 2013 and prior years are closed as to further assessment of tax. Income taxes payable in the statements of financial position represents an estimate of taxes payable, including additional taxes that may become due with respect to tax years that remained open to examination by the IRS ("contingent tax liabilities") at the respective reporting date.

Changes in contingent tax liabilities for the years ended December 31, 2019 and 2018 were as follows:

	For the years ended December 31, 2019	For the years ended December 31, 2018
	(in millions)	
Balance at January 1	$ 283	$ 410
Reductions for tax positions of prior years	(130)	(127)
Balance at December 31	$ 153	$ 283

Included in contingent tax liabilities at December 31, 2019 and 2018 were $138 million and $265 million, respectively, of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of the deductions. Because of the impact of deferred taxes for amounts other than interest, the timing of the ultimate deduction may affect the effective tax rate in future periods. The Company has no tax positions for which the ultimate deductibility is not certain.

For the years ended December 31, 2019, 2018 and 2017, the Company recognized $(3) million, $(9) million and $1 million, respectively, of interest-related tax expense.

The components of net deferred tax assets reported in the statements of financial position at December 31, 2019 and 2018 were as follows:

	December 31, 2019	December 31, 2018	Change
	(in millions)		
Deferred tax assets:			
Policy acquisition costs	$ 942	$ 868	$ 74
Investments	259	337	(78)
Policy benefit liabilities	1,656	1,638	18
Benefit plan obligations	573	516	57
Other	115	83	32
Gross deferred tax assets	3,545	3,442	103
Nonadmitted deferred tax assets	-	-	-
Gross admitted deferred tax assets	3,545	3,442	103
Deferred tax liabilities:			
Investments	822	749	73
Other	1,114	901	213
Gross deferred tax liabilities	1,936	1,650	286
Net deferred tax assets	$ 1,609	$ 1,792	$ (183)

All gross deferred tax liabilities have been recognized at December 31, 2019 and 2018. The Company did not employ tax planning strategies in its valuation allowance assessment or deferred tax asset admissibility calculations at either December 31, 2019 or 2018.

The Company exceeded the minimum risk-based capital (RBC) level of 300%, which is necessary to apply the maximum admissibility thresholds, based on authorized control level RBC computed without net deferred tax assets at December 31, 2019 and 2018.

Significant components of the calculation of net admitted deferred tax assets at December 31, 2019 and 2018 were as follows (in millions):

	December 31, 2019			December 31, 2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	$ 3,287	$ 258	$ 3,545	$ 3,105	$ 337	$ 3,442	$ 182	$ (79)	$ 103
Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	3,287	258	3,545	3,105	337	3,442	182	(79)	103
Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
Subtotal net admitted deferred tax asset	3,287	258	3,545	3,105	337	3,442	182	(79)	103
Deferred tax liabilities	1,114	822	1,936	901	749	1,650	213	73	286
Net admitted deferred tax asset/(liability)	$ 2,173	$ (564)	$ 1,609	$ 2,204	$ (412)	$ 1,792	$ (31)	$ (152)	$ (183)

	December 31, 2019			December 31, 2018			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ 147	$ 147	$ -	$ 197	$ 197	$ -	$ (50)	$ (50)
Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets above) after application of the threshold limitation (lesser of a. or b. below)	1,695	-	1,695	1,625	-	1,625	70	-	70
Adjusted gross deferred tax assets (excluding the amount of deferred tax assets offset by gross deferred tax liabilities)	1,592	112	1,704	1,480	140	1,620	112	(28)	84
Total deferred tax assets admitted as the result of application of SSAP No. 101	$ 3,287	$ 259	$ 3,545	$ 3,105	$ 337	$ 3,442	$ 182	$ (78)	$ 103

	December 31, 2019	December 31, 2018	Change
a. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	$ 1,695	$ 1,625	$ 70
b. Adjusted gross deferred tax assets allowed per limitation threshold	$ 3,386	$ 3,043	$ 343
Ratio percentage used to detemine recovery period and threshold limitation amount	1010%	976%	
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	$ 22,576	$ 20,286	

11. Commitments and Contingencies

Commitments

In the normal course of its investment activities, the Company makes commitments to fund private equity investments, real estate, mortgage loans and other investments. These forward commitments aggregated to $10.1 billion and $9.4 billion at December 31, 2019 and 2018, respectively, and were extended at market rates and terms.

Contingencies

The Company is engaged in various legal actions in the normal course of its insurance and investment operations. The status of these legal actions is actively monitored by the Company. If the Company believes, based on available information, that an adverse outcome upon resolution of a given legal action is probable and the amount of that adverse outcome is reasonably estimable, a loss is recognized and a related liability reported. Legal actions are subject to inherent uncertainties, and future events could change the Company's assessment of the probability or estimated amount of potential losses from pending or threatened legal actions. Based on available information, it is the opinion of the Company that the ultimate resolution of pending or threatened legal actions, both individually and in the aggregate, will not result in losses that would have a material effect on the Company's financial position at December 31, 2019.

Guarantees

In the normal course of business, the Company makes guarantees to third parties on behalf of wholly-owned subsidiaries (e.g., debt guarantees) and financial representatives (e.g., the guarantee of office lease payments), or directly to financial representatives (e.g., future minimum compensation payments). If the financial representatives are not able to meet their obligations or these minimum compensation thresholds are not otherwise met, the Company would be required to make payments to fulfill its guarantees. For certain of these guarantees, the Company has the right to pursue recovery of payments made under the agreements. The terms of these guarantees range from less than one year to twenty-one years at December 31, 2019.

Following is a summary of the guarantees provided by the Company that were outstanding at December 31, 2019 and 2018, including both the maximum potential exposure under the guarantees and the financial statement liability reported based on fair value of the guarantees.

	December 31, 2019		December 31, 2018	
Nature of guarantee	Maximum potential amount of future payments	Financial statement liability	Maximum potential amount of future payments	Financial statement liability
	(in millions)		(in millions)	
Guarantees of future minimum compensation - financial representatives	$ 67	$ 1	$ 96	$ 1
Guarantees of real estate obligations	418	4	382	4
Guarantees issued on behalf of wholly-owned subsidiaries	19	-	39	-
Total guarantees	$ 504	$ 5	$ 517	$ 5

No material payments have been required under these guarantees to date, and the Company believes the probability that it will be required to perform under these guarantees in the future is remote. Performance under these guarantees would require the Company to recognize additional operating expense or increase the amount of its equity investment in the affiliate or subsidiary on behalf of which the guarantee was made.

12. Related Party Transactions

The Company has a capital support and guarantee of benefits agreement that requires it to maintain the capital and surplus (as defined) of NLTC at a minimum level based upon a formula applied to NLTC's earned premium and policy benefit reserves, or 150% of its company action level of RBC as prescribed by the NAIC, whichever is lower. In addition, NM guarantees NLTC's policyowners its' ability to pay all policy benefits due and owed pursuant to contracts of insurance sold by NLTC during the term of the agreement. This agreement was amended during 2017 to extend the length of the agreement through December 31, 2022 and lower the aggregate capital contribution limit from $800 million to $200 million. The Company contributed capital to NLTC of $25 million and $35 million for the years ended December 31, 2019 and 2018, respectively. The Company has contributed a total of $190 million to NLTC through December 31, 2019.

The Company reported a payable to NLTC of $56 million and $50 million at December 31, 2019 and 2018, respectively, which is reported in other liabilities in the statements of financial position at each of those dates. Intercompany balances are settled in cash, generally within thirty days of the respective reporting date.

13. Surplus Notes

The following table summarizes the surplus notes issued by the Company and are outstanding at December 31, 2019:

Description	Issue date	Principal amount	Statement value	Interest paid current year	Cumulative interest paid	Interest rate	Maturity date
				($ in millions)			
2010 Notes	3/26/2010	$ 1,224	$ 1,224	$ 105	$ 1,008	6.063%	3/30/2040
2017 Notes	9/26/2017	$ 1,200	$ 1,198	$ 46	$ 93	3.850%	9/30/2047
2019 Notes	9/20/2019	$ 1,347	$ 1,146	$ -	$ -	3.625%	9/30/2059
	Total	$ 3,771	$ 3,568	$ 151	$ 1,101		

Each series of notes was distributed pursuant to Rule 144A under the Securities Act of 1933, as amended. Interest on each of the above notes is payable semi-annually on March 30 and September 30, subject to approval by the OCI. SAP requires recognition of interest expense on the notes upon OCI approval of semi-annual interest payments.

On September 20, 2019, the Company issued $1,347 million of 2019 notes. A portion of the issuance was comprised of $600 million new principal, issued at a discount, with net proceeds of $597 million. The remaining $747 million of principal was used to redeem 2010 notes with a principal balance of $526 million as part of a surplus note exchange transaction. Of the $221 million of discount at the time of the exchange, $22 million was related to an inducement for noteholders to exchange their 2010 notes, and was recorded as a reduction to net investment income within the statement of operations. Since this exchange transaction did not meet the "substantially different" criteria within SSAP No. 103R, *Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, the remaining discount of $199 million will be amortized and charged to the statement of operations over the remaining life of the 2019 notes.

The notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company and do not repay principal prior to maturity, with principal payment at maturity subject to the prior approval of the OCI. The notes are not redeemable at the option of any note holder but are redeemable, in whole or in part, at the option of the Company at any time, subject to the prior approval of the OCI, at a "make whole" redemption price equal to the greater of the principal amount of the notes to be redeemed or the sum of the present value of the remaining scheduled payments of principal and interest on the notes to be redeemed, excluding accrued interest as of the date on which the notes are to be redeemed, discounted on a semi-annual basis at a defined U.S. Treasury rate plus 0.20% (2017 notes) and 0.25% (2010 and 2019 notes). The entire amount of the 2017 and 2019 notes are redeemable, at par, in the event of certain defined tax events.

No affiliates of the Company hold any portion of the notes, which are generally held of record at the Depository Trust Company by bank custodians on behalf of investors. No single investor holds 10% or more of the 2017 notes or the 2019 notes. The largest holder of the 2010 notes is Nippon Life Insurance Company of Japan, which held $250 million in principal amount of notes at each of December 31, 2019 and 2018.

14. Fair Value of Financial Instruments

Certain of the Company's assets and liabilities are considered "financial instruments" as defined by Statement of Statutory Principles No. 100, *Fair Value Measurements* (SSAP 100). The Company's estimation of fair value for financial instruments uses a hierarchy that, where possible, makes use of quoted market prices from active and transparent markets for assets that are identical to those being valued, typically obtained from independent pricing services ("level 1"). In the absence of quoted market prices for identical assets, fair value is estimated by these pricing services using relevant and observable market-based inputs for substantially similar securities ("level 2"). Financial instruments for which no quoted market prices or observable inputs are available are generally valued using internally-developed pricing models or indicative (i.e., non-binding) quotes from independent securities brokers ("level 3").

The Company actively monitors fair value estimates received from independent pricing services at each financial reporting date, including analysis of valuation changes for individual securities compared to overall market trends and validation on an exception basis with internally-developed pricing models. The Company also performs periodic reviews of the information sources, inputs and methods used by its independent pricing services, including an evaluation of their control processes. Where necessary, the Company will challenge third-party valuations or methods and require more observable inputs or different methodologies.

For financial instruments included in the scope of SSAP 100, the statement value and fair value at December 31, 2019 and 2018 were as follows:

	December 31, 2019					
	Statement Value	Fair Value	Quoted prices in active markets for identical assets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Net Asset Value (NAV)
			(in millions)			
General account investment assets:						
Bonds	$ 159,760	$ 168,729	$ 2,605	$ 151,243	$ 14,881	$ -
Mortgage loans	39,771	41,784	-	-	41,784	
Common and preferred stocks	4,267	4,290	3,671	78	541	
Policy loans	17,829	17,829	-	-	17,829	
Derivative assets	546	697	-	697	-	
Surplus note investments	111	144	-	144	-	-
Cash and short-term investments	2,408	2,408	809	1,599	-	-
Separate account assets	34,832	34,832	31,092	3,017	617	106
General account liabilities:						
Investment-type insurance reserves	$ 5,242	$ 5,189	$ -	$ -	$ 5,189	$ -
Liabilities for repuchase agreements	1,711	1,711	-	1,711	-	-
Derivative liabilities	189	163	-	163	-	-
Separate account liabilities	34,832	34,832	31,092	3,017	617	106

	December 31, 2018					
	Statement Value	Fair Value	Quoted prices in active markets for identical assets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Net Asset Value (NAV)
			(in millions)			
General account investment assets:						
Bonds	$ 153,713	$ 151,565	$ 4,164	$ 132,645	$ 14,756	$ -
Mortgage loans	36,755	37,143	-	-	37,143	
Common and preferred stocks	5,260	5,279	4,669	77	533	
Policy loans	17,693	17,693	-	-	17,693	
Derivative assets	695	670	-	654	16	
Surplus note investments	108	131	-	131	-	-
Cash and short-term investments	1,899	1,899	525	1,374	-	-
Separate account assets	29,717	29,717	26,954	2,231	532	
General account liabilities:						
Investment-type insurance reserves	$ 5,187	$ 5,022	$ -	$ -	$ 5,022	
Liabilities for repuchase agreements	1,763	1,763	-	1,763	-	-
Derivative liabilities	84	168	-	168	-	-
Separate account liabilities	29,717	29,717	26,954	2,231	532	-

Bonds

Bonds classified as level 1 financial instruments are generally limited to U.S. Treasury securities. Most bonds, including U.S. and foreign public and private corporate bonds, municipal bonds and structured securities, are classified as level 2 financial instruments and are valued based on prices obtained from independent pricing services or internally-developed pricing models using observable inputs. Typical market-observable inputs include benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds. Level 3 bonds are typically privately-placed and relatively illiquid, with fair value based on non-binding broker quotes or internally-developed pricing models utilizing unobservable inputs. See Note 3 for more information regarding the Company's investments in bonds.

Mortgage Loans

Mortgage loans consist solely of commercial mortgage loans underwritten and originated by the Company. Fair value of these loans is estimated using a discounted cash flow approach based on market interest rates for commercial mortgage debt with comparable credit risk and maturity. See Note 3 for more information regarding the Company's investments in mortgage loans.

Common and Preferred Stock

Common and preferred stocks classified as level 1 financial instruments are limited to those actively traded on a U.S. or foreign stock exchange. Level 2 securities are stocks for which market quotes are available but are not considered to be actively traded. Common and preferred stocks classified as level 3 are generally privately-placed with fair value primarily based on a sponsor valuation or market comparables approach utilizing unobservable inputs. See Note 3 for more information regarding the Company's investments in common and preferred stocks.

Policy Loans

See Note 2 for information regarding policy loans, for which the Company considers the unpaid principal balance to approximate fair value.

Derivative Instruments
The Company's derivative investments are generally traded in over-the-counter markets with fair value estimated using industry-standard models with market-observable inputs such as swap yield curves, LIBOR basis curves, foreign currency spot rates, foreign currency basis curves, option volatilities and credit spreads. Warrants classified as level 3 are generally privately-placed with fair value primarily based on a sponsor valuation or market comparables approach utilizing unobservable inputs. See Note 4 for more information regarding the Company's derivative investments.

Surplus Note Investments
The Company invests in surplus note issuances of other mutual insurance companies. These bond-like instruments are classified as level 2 financial instruments and are valued based on prices obtained from independent pricing services or internally-developed pricing models using observable inputs. Typical market-observable inputs include benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Cash and Short-term Investments
Cash and short-term investments include cash deposit balances, money market mutual funds, short-term commercial paper and other highly-liquid debt instruments, for which the Company considers net asset value or amortized cost to approximate fair value.

Separate Account Assets and Liabilities
See Note 2 and Note 7 for information regarding the Company's separate accounts, for which fair value is primarily based on quoted market prices for the related common stocks, preferred stocks, bonds, derivative instruments and other investments. Separate account assets classified as level 3 financial instruments are primarily securities partnership investments that are valued based on the Company's underlying equity in the partnerships, which the Company considers to approximate fair value.

General Account Insurance Reserves
The Company's general account insurance liabilities defined as financial instruments under SSAP 100 are limited to "investment-type" products such as fixed-rate annuity policies, supplementary contracts without life contingencies and amounts left on deposit. The fair value of investment-type insurance reserves is estimated based on future cash flows discounted at market interest rates for similar instruments with comparable maturities.

Repurchase Agreement Liabilities
See Note 3 for information regarding repurchase agreement activity, for which the Company considers the liability to return collateral to approximate the fair value of collateral originally received.

Assets and Liabilities Reported at Fair Value

The following tables summarize assets and liabilities measured and reported at fair value in the statements of financial position at December 31, 2019 and 2018.

	December 31, 2019				
	Quoted prices in active markets for identical assets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Net Asset Value (NAV)	Total
		(in millions)			
General account:					
Bonds	$ 3	$ 37	$ 5	$ -	$ 45
Common and preferred stocks	3,671	-	458	-	4,129
Money market mutual funds	668	-	-	-	668
Derivative assets	-	75	-	-	75
Derivative liabilities	-	21	-		21
Total general account	$ 4,342	$ 133	$ 463	$ -	$ 4,938
Separate accounts:					
Mutual fund investments	$ 29,245	$ -	$ -	-	$ 29,245
Other benefit plan assets/liabilities	21	18	4	1	44
Pension and postretirement assets:					
Bonds	226	2,887	119	-	3,232
Common and preferred stock	1,462	1	46	105	1,614
Cash and short-term securities	34	105	-	-	139
Other assets/liabilities	104	6	448	-	558
Subtotal pension and postretirement assets	1,826	2,999	613	105	5,543
Total separate accounts	$ 31,092	$ 3,017	$ 617	$ 106	$ 34,832

	December 31, 2018				
	Quoted prices in active markets for identical assets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Net Asset Value (NAV)	Total
		(in millions)			
General account:					
Bonds	$ 117	$ -	$ 5	$ -	$ 122
Common and preferred stocks	4,669	1	455		5,125
Money market mutual funds	427	-	-		427
Derivative assets	-	109	16		125
Derivative liabilities	-	4	-		4
Total general account	$ 5,213	$ 114	$ 476	$ -	$ 5,803
Separate accounts:					
Mutual fund investments	$ 24,892	$ -	$ -		$ 24,892
Other benefit plan assets/liabilities	109	19	4		132
Pension and postretirement assets:					
Bonds	333	2,167	106		2,606
Common and preferred stock	1,644	1	40	-	1,685
Cash and short-term securities	28	42	-	-	70
Other assets/liabilities	(52)	3	381	-	332
Subtotal pension and postretirement assets	1,953	2,213	527	-	4,693
Total separate accounts	$ 26,954	$ 2,232	$ 531	$ -	$ 29,717

There were no material asset transfers into or out of level 3 during the years ended December 31, 2019 or 2018.

The following tables summarize the changes in fair value of level 3 financial instruments for the years ended December 31, 2019 and 2018.

For the year ended December 31, 2019	General account common and preferred stock	General account bonds	Derivative assets	Separate account assets
		(in millions)		
Fair value, beginning of period	$ 455	$ 5	$ 16	$ 531
Realized gains/(losses)	(27)	-	-	41
Unrealized gains/(losses)	24	-		26
Issuances	-	-	-	-
Purchases	37	-	-	151
Sales	(35)	-	-	(132)
Settlements	-	-	-	-
Net discount/premium	4	-	-	(1)
Transfers into level 3		-	-	1
Transfers out of level 3	-	-	(16)	
Fair value, end of period	$ 458	$ 5	$ -	$ 617

For the year ended December 31, 2018	General account common and preferred stock	General account bonds	Derivative assets	Separate account assets
		(in millions)		
Fair value, beginning of period	$ 478	$ 5	$ -	$ 468
Realized gains/(losses)	130	-	-	44
Unrealized gains/(losses)	(28)	-	16	(11)
Issuances	-	-	-	-
Purchases	35	-	-	185
Sales	(209)	-	-	(154)
Settlements	-	-	-	-
Net discount/premium	-	-	-	-
Transfers into level 3	49	-	-	3
Transfers out of level 3	-	-	-	(4)
Fair value, end of period	$ 455	$ 5	$ 16	$ 531

The fair values of level 3 financial instruments are sensitive to changes in significant unobservable inputs. Level 3 bonds are valued using a combination of discounted cash flows and indicative quotes from independent securities brokers based on market comparable companies. The most significant unobservable input in the discounted cash flow analysis is the discount rate. This rate is estimated based upon a risk-free market interest rate (U.S. Treasury with comparable maturity) plus a credit spread adjustment based on the estimated credit rating of the issuer. In general, issuers with lower credit ratings have higher credit spreads. A decrease in the credit spread adjustment would increase the fair value of the investment as the future expected cash flows are discounted at a lower rate. The opposite impact would occur if credit spread adjustments increase.

Level 3 privately-placed common and preferred stocks and derivatives, are primarily valued using a private equity sponsor valuation or market comparables approach. Both approaches rely on the use of multiples that are based on industry-specific comparable companies. Multiples are derived from the relationship of an entity's fair value to its book value or earnings before interest, taxes, depreciation and amortization (EBITDA). The use of EBITDA normalizes for company-specific differences in capital structure, taxation and fixed asset accounting. An increase in the multiple would result in an increase in the fair value of the investment. The opposite impact would occur if the multiple decreased.

Report of Independent Auditors

To the Board of Trustees of
The Northwestern Mutual Life Insurance Company

We have audited the statutory-basis financial statements of The Northwestern Mutual Life Insurance Company (the "Company") as of December 31, 2019 and for the year then ended and our report thereon is presented in this document. That audit was conducted for the purpose of forming an opinion on the statutory-basis financial statements taken as a whole. The supplemental selected financial data, investment risk interrogatories, and summary investment schedule (collectively, the "supplemental schedules") of the Company as of December 31, 2019 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the statutory-basis financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the statutory-basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
February 14, 2020

The Northwestern Mutual Life Insurance Company
Selected Financial Data
As of and for the year ended December 31, 2019

The following is a summary of certain financial information included in exhibits and schedules in the Annual Statement filed with the Office of the Commissioner of Insurance of Wisconsin subjected to audit procedures by independent auditors.

The Northwestern Mutual Life Insurance Company
Selected Financial Data
As of and for the year ended December 31, 2019

	(in millions)
Investment Income Earned:	
U.S. Government bonds	$ 106
Other bonds (unaffiliated)	6,294
Bonds of affiliates	-
Preferred stocks (unaffiliated)	12
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	115
Common stocks of affiliates	19
Mortgage loans	1,676
Real estate	288
Premium notes, policy loans and liens	1,180
Cash on hand and on deposit	79
Short-term investments	2
Other invested assets	991
Derivative instruments	128
Aggregate write-ins for investment income	5
Gross investment income	$ 10,895
Real Estate Owned - Book Value less Encumbrances	$ 2,872
Mortgage Loans - Book Value:	
Farm mortgages	$ -
Residential mortgages	-
Commercial mortgages	39,771
Total mortgage loans	$ 39,771
Mortgage Loans by Standing - Book Value:	
Good standing	$ 39,771
Good standing with restructured terms	-
Interest overdue more than 90 days, not in foreclosure	-
Foreclosure in process	-
Other Long Term Assets - Statement Value	$ 20,112
Collateral Loans	$ -
Bonds and Stocks of Parents, Subsidiaries and Affiliates - Book Value:	
Bonds	$ -
Preferred stocks	$ -
Common stocks	$ 411

The Northwestern Mutual Life Insurance Company
Selected Financial Data
As of and for the year ended December 31, 2019

	(in millions)
Bonds and Short-Term Investments by NAIC Designation and Maturity:	
Bonds by Maturity - Statement Value:	
Due within one year or less	$ 10,594
Over 1 year through 5 years	53,864
Over 5 years through 10 years	54,071
Over 10 years through 20 years	20,313
Over 20 years	22,515
No Maturity Date	2
Total by Maturity	$ 161,359
Bonds by NAIC Designation - Statement Value:	
NAIC 1	$ 92,464
NAIC 2	53,575
NAIC 3	7,079
NAIC 4	5,086
NAIC 5	3,101
NAIC 6	54
Total by NAIC Designation	$ 161,359
Total Bonds Publicly Traded	$ 99,784
Total Bonds Privately Placed	$ 61,575
Preferred stocks - Statement Value	$ 204
Common stocks - Market Value	$ 4,473
Short Term Investments - Book Value	$ 145
Options, Caps & Floors Owned - Statement Value	$ 66
Options, Caps & Floors Written and In Force - Statement Value	$ -
Collar, Swap & Forward Agreements Open - Statement Value	$ 291
Futures Contracts Open - Current Value	$ -
Cash on deposit	$ 141
Life Insurance In Force:	
Industrial	$ -
Ordinary	$ 1,906,349
Credit life	$ -
Group life	$ 4,444

The Northwestern Mutual Life Insurance Company
Selected Financial Data
As of and for the year ended December 31, 2019

		(in millions)
Amount of Accidental Death Insurance in		
Force Under Ordinary Policies	$	6,206
Life Insurance Policies with Disability		
Provisions In Force		
Industrial	$	-
Ordinary	$	1,097,829
Credit life	$	-
Group life	$	3,543
Supplementary Contracts In Force:		
Ordinary - Not Involving Life Contingencies:		
Amount on deposit	$	2,423
Income payable	$	77
Ordinary - Involving Life Contingencies		
Income payable	$	134
Group - Not Involving Life Contingencies		
Amount of deposit	$	-
Income payable	$	-
Group Involving Life Contingencies		
Income payable	$	-
Annuities - Ordinary:		
Immediate - amount of income payable	$	357
Deferred - fully paid account balance	$	897
Deferred - not fully paid - account balance	$	21,698
Annuities - Group:		
Amount of income payable	$	-
Fully paid account balance	$	710
Not fully paid - account balance	$	6,733
Accident and Health Insurance - Premiums In Force:		
Group	$	120
Other	$	1,270
Credit	$	-

The Northwestern Mutual Life Insurance Company
Selected Financial Data
As of and for the year ended December 31, 2019

		(in millions)
Deposit Funds and Dividend Accumulations:		
Deposit funds - account balance	$	443
Dividend accumulations - account balance	$	49
Claim Payments - 2019:		
Group Accident and Health		
Year Ended December 31, 2019:		
2019	$	4
2018	$	5
2017	$	3
2016	$	2
2015	$	1
Prior	$	11
Other Accident and Health:		
2019	$	30
2018	$	82
2017	$	72
2016	$	58
2015	$	49
Prior	$	397
Other coverages that use developmental methods to calculate		
Claims Reserves:		
2019	$	-
2018	$	-
2017	$	-
2016	$	-
2015	$	-
Prior	$	-

Answer the following interrogatories by stating the applicable U.S. Dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments as shown on the Summary Investment Schedule. All reporting entities must answer interrogatories 1, 2, 3, 4, 11 and, if applicable 20 through 24. Answer each of the interrogatories 5 through 19 (except 11) only if the reporting entity's aggregate holding in the gross investment category addressed in that interrogatory equals or exceeds 2.5% of the reporting entity's total admitted assets. For Life, Health and Fraternal blanks, responses are to exclude Separate Accounts.

1. State the reporting entity's total admitted assets as reported on Page 2 of this annual statement. $255,486,182,202

2. State by investment category the 10 largest exposures to a single issuer/borrow/investment, excluding U.S. Government, U.S. government agency securities and those U.S. Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as, exempt, property occupied by the company and policy loans.

	1 Issuer	2 Description of Exposure	2 Amount (in millions)	3 Percentage of Total Admitted Assets
2.01	WAL-MART STORES INC	Bonds, Stock & Mortgage Loans	$ 773	0.3%
2.02	MICROSOFT CORP	Bonds & Stock	$ 747	0.3%
2.03	DUKE ENERGY CORP	Bonds & Stock	$ 745	0.3%
2.04	UNITEDHEALTH GROUP INC	Bonds & Stock	$ 726	0.3%
2.05	APPLE INC	Bonds & Stock	$ 717	0.3%
2.06	BANK OF AMERICA CORP	Bonds & Stock	$ 715	0.3%
2.07	REPUBLIC OF INDONESIA	Bonds	$ 712	0.3%
2.08	COMCAST CORP	Bonds, Stock & Preferred Stock	$ 706	0.3%
2.09	WELLS FARGO & CO	Bonds & Stock	$ 697	0.3%
2.10	BERKSHIRE HATHAWAY	Bonds	$ 600	0.2%

3. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC ratings.

	Bonds	1 (in mllions)	2		Preferred Stocks	3 (in mllions)	4
3.01	NAIC-1	$92,464	36.2%	3.07	P/RP-1	$54	0.0%
3.02	NAIC-2	$53,575	21.0%	3.08	P/RP-2	$30	0.0%
3.03	NAIC-3	$7,079	2.8%	3.09	P/RP-3	$14	0.0%
3.04	NAIC-4	$5,086	2.0%	3.10	P/RP-4	$0	0.0%
3.05	NAIC-5	$3,100	1.2%	3.11	P/RP-5	$106	0.0%
3.06	NAIC-6	$54	0.0%	3.12	P/RP-6	$1	0.0%

4. State the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure (defined as the statement value of investments denominated in foreign currencies which are not hedged by financial instruments qualifying for hedge accounting as specified in SSAP No. 86 – Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions), including

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets Yes ( ) No (X)

		1 (in mllions)	2
4.02	Total admitted assets held in foreign investments	$ 32,481	12.7%
4.03	Foreign-currency-denominated investments	$……….……...	......%
4.04	Insurance liabilities denominated in that same foreign currency	$……….……...	......%

If response to 4.01 above is yes, detail is not required for interrogatories 5 – 10.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		1 (in mllions)	2
5.01 Countries rated NAIC-1	$	27,867	10.9%
5.02 Countries rated NAIC-2	$	4,413	1.7%
5.03 Countries rated NAIC-3 or below	$	200	0.1%

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

		1 (in mllions)	2
Countries rated NAIC – 1:			
6.01 Country: United Kingdom	$	10,579	4.1%
6.02 Country: Australia	$	4,502	1.8%
Countries rated NAIC-2			
6.03 Country: Mexico	$	756	0.3%
6.04 Country: Indonesia	$	730	0.3%
Countries rated NAIC – 3 or below:			
6.05 Country: Argentina	$	51	0.0%
6.06 Country: Dominican Republic	$	31	0.0%

		1 (in mllions)	2
7. Aggregate unhedged foreign currency exposure:	$	333	0.1%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

		1 (in mllions)	2
8.01 Countries rated NAIC-1	$	331	0.1%
8.02 Countries rated NAIC-2	$	2	0.0%
8.03 Countries rated NAIC-3 or below	$……….……...		0.0%

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

		1 (in mllions)	2
Countries rated NAIC – 1:			
9.01 Country: United Kingdom	$	139	0.1%
9.02 Country: Germany	$	128	0.1%
Countries rated NAIC-2			
9.03 Country: Mexico	$	2	0.0%
9.04 Country:	$……….……...		......%
Countries rated NAIC – 3 or below:			
9.05 Country:	$……….……...		......%
9.06 Country:	$……….……...		......%

10. List the 10 largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Rating	3 Amount (in millions)	4 Percentage of Total Admitted Assets
10.01	MITSUBISHI UFJ FINANCIAL GROUP	1	$ 513	0.2%
10.02	SUMITOMO MITSUI FINANCIAL GR	1	$ 496	0.2%
10.03	HEATHROW FUNDING LTD	1	$ 441	0.2%
10.04	ROYAL DUTCH SHELL PLC	1	$ 427	0.2%
10.05	UNIVERSITY OF EDINBURGH	1	$ 417	0.2%
10.06	UNITED MEXICAN STATES	2	$ 397	0.2%
10.07	BROOKFIELD INFRASTRUCTURE PART	2	$ 381	0.1%
10.08	HSBC HOLDINGS PLC	1	$ 366	0.1%
10.09	BANCO SANTANDER SA	1	$ 354	0.1%
10.10	VODAFONE GROUP PLC	2	$ 315	0.1%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 11? Yes (X) No ( )

	$ (in millions)	%
11.02 Total admitted assets held in Canadian investments	$………………...	......%
11.03 Canadian-currency denominated investments	$………………...	......%
11.04 Canadian-denominated insurance liabilities	$………………...	......%
11.05 Unhedged Canadian currency exposure	$………………...	......%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days).

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 12? Yes (X) No ( )

1	2 (in millions)	3
12.02 Aggregate statement value of investments with contractual sales restrictions	$………………...	......%
Largest 3 investments with contractual sales restrictions		
12.03………………………………….	$………………...	......%
12.04………………………………….	$………………...	......%
12.05………………………………….	$………………...	......%

1 2 3

13. Amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

13.01 Assets held in equity interest less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 13? Yes ( ) No (X)

	1 Issuer	2 Amount (in millions)	3 Percentage of Total Admitted Assets
13.02	NML SECURITIES HOLDINGS LLC	$ 8,485	3.3%
13.03	NML REAL ESTATE HOLDINGS LLC	$ 2,404	0.9%
13.04	NM INVESTMENT HOLDINGS LLC	$ 1,334	0.5%
13.05	ISHARES - IEFA	$ 661	0.3%
13.06	ISHARES - IEMG	$ 479	0.2%
13.07	ASHMORE SICAV - EM SHD DUR FND	$ 437	0.2%
13.08	NM WEALTH MANAGEMENT CO	$ 237	0.1%
13.09	CASTRO STATION	$ 174	0.1%
13.10	NORTHWESTERN LONG TERM CARE	$ 174	0.1%
13.11	PHILLIPS EDISON SEED I PORTFOLIO	$ 155	0.1%

14. Amounts and percentages of the reporting entity's total admitted held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under Securities Exchange Commission (SEC) Rule 144a or SEC Rule 144 without volume restrictions.

14.01 Assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 14? Yes (X) No ( )

1	2 (in millions)	3
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities	$……………...	......%
Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03………………………………….	$……………...	......%
14.04………………………………….	$……………...	......%
14.05………………………………….	$……………...	......%

1 2 3

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 15 Yes (X) No ( )

1	2 (in millions)	3
15.02 Aggregate statement value of investments held in general partnership interests	$……………...	......%
Largest 3 investments in general partnership interests:		
15.03………………………………….	$……………...	......%
15.04………………………………….	$……………...	......%
15.05………………………………….	$……………...	......%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans (reported in Schedule B).

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 16? Yes ( ) No (X)

Largest 10 aggregate mortgage interests. The aggregate mortgage interest represents the combined value of all mortgages secured by the same property or same group of properties:

	1	2	3
	Type (Residential, Commercial, Agricultural)	Amount (in millions)	Percentage of Total Admitted Assets
16.02	Commercial	$ 403	0.2%
16.03	Commercial	$ 341	0.1%
16.04	Commercial	$ 300	0.1%
16.05	Commercial	$ 286	0.1%
16.06	Commercial	$ 267	0.1%
16.07	Commercial	$ 261	0.1%
16.08	Commercial	$ 250	0.1%
16.09	Commercial	$ 250	0.1%
16.10	Commercial	$ 249	0.1%
16.11	Commercial	$ 249	0.1%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	1 (in millions)	2
16.12 Construction Loans	$ 2,209	0.9%
16.13 Mortgage loans over 90 days past due	$……….……...	…..%
16.14 Mortgage loans in the process of foreclosure	$……….……...	…..%
16.15 Mortgage loans foreclosed	$……….……...	…..%
16.16 Restructured mortgage loans	$ -	0.0%

17. Aggregate mortgage loans having the following loan-to-value ratios are determined from the most current appraisal as of the annual statement date:

	Loan-to-Value	Residential		Commercial		Agricultural	
		1 (in millions)	2	3 (in millions)	4	5 (in millions)	6
17.01	Above 95%	$………….	...…..%	$ 142	0.1%	$………….	...…..%
17.02	91% to 95%	$………….	...…..%	$ 57	0.0%	$………….	...…..%
17.03	81% to 90%	$………….	...…..%	$ 173	0.1%	$………….	...…..%
17.04	71% to 80%	$………….	...…..%	$ 845	0.3%	$………….	...…..%
17.05	Below 71%	$………….	...…..%	$ 38,554	15.1%	$………….	...…..%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate (reported in Schedule A, excluding property occupied by the company).

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 18? Yes (X) No ( )

Largest five investments in any one parcel or group of contiguous parcels of real estate:

	1	2 (in millions)	3
18.02	……………………………	$…………..	…………..%
18.03	……………………………	$…………..	…………..%
18.04	……………………………	$…………..	…………..%
18.05	……………………………	$…………..	…………..%
18.06	……………………………	$…………..	…………..%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets, therefore detail not required for interrogatory 19? Yes (X) No ( )

	1	2 (in millions)	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$…………..	…………..%

Largest three investments held in mezzanine real estate loans:

19.03	……………………………	$…………..	…………..%
19.04	……………………………	$…………..	…………..%
19.05	……………………………	$…………..	…………..%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End		At End of Each Quarter (Unaudited)		
			1st Qtr	2nd Qtr	3rd Qtr
	1 (in millions)	2	3 (in millions)	4 (in millions)	5 (in millions)
20.01 Securities lending (do not include asset held as collateral for such transactions)	$ -	0.0%	$ 50	$ -	$ -
20.02 Repurchase agreements	$ 1,600	0.6%	$ 1,697	$ 1,697	$ 1,299
20.03 Reverse repurchase agreements	$......................	……%	$......................	$......................	$......................
20.04 Dollar repurchase agreements	$......................	..….%	$......................	$......................	$......................
20.05 Dollar reverse repurchase agreements	$......................	..….%	$......................	$......................	$......................

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	1	2	3	4
	(in millions)		(in millions)	
21.01 Hedging	$ 66	0.0%	$......................	…………..%
21.02 Income generation	$......................	……%	$......................	…………..%
21.03 Other	$......................	……%	$......................	…………..%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for collars, swaps, and forwards:

		At Year End		At End of Each Quarter (unaudited)		
				1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
		(in millions)		(in millions)	(in millions)	(in millions)
22.01	Hedging	$ 189	0.1%	$ 172	$ 170	$ 177
22.02	Income generation	$......................	………..…%	$......................	$......................	$......................
22.03	Replications	$......................	………..…%	$......................	$......................	$......................
22.04	Other	$......................	………..…%	$......................	$......................	$......................

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for future contracts:

		At Year End		At End of Each Quarter (unaudited)		
				1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
		(in millions)		(in millions)	(in millions)	(in millions)
23.01	Hedging	$ 53	0.0%	$ 36	$ 50	$ 76
23.02	Income generation	$......................	………..…%	$......................	$......................	$......................
23.03	Replications	$......................	………..…%	$......................	$......................	$......................
23.04	Other	$......................	………..…%	$......................	$......................	$......................

The Northwestern Mutual Life Insurance Company
Summary Investment Schedule
December 31, 2019

nvestment Categories	Gross Investment Holdings: Amount	Gross Investment Holdings: Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement: Amount	Admitted Assets as Reported in the Annual Statement: Securities Lending Reinvested Collateral Amount	Admitted Assets as Reported in the Annual Statement: Total (Col. 3 + 4) Amount
Long-Term Bonds (Schedule D, Part 1): U.S. governments	$ 2,701	1.09%	$ 2,701	$ -	$ 2,701
Long-Term Bonds (Schedule D, Part 1): All other governments	4,531	1.82%	4531	-	4,531
Long-Term Bonds (Schedule D, Part 1): U.S. states, territories and possessions, etc. guaranteed	540	0.22%	540	-	540
Long-Term Bonds (Schedule D, Part 1): U.S. political subdivisions of states, territories, and possessions, guaranteed	201	0.08%	201	-	201
Long-Term Bonds (Schedule D, Part 1): U.S. special revenue and special assessment obligations, etc. non-guaranteed	26,310	10.59%	26,310	-	26,310
Long-Term Bonds (Schedule D, Part 1): Industrial and miscellaneous	120,909	48.67%	120,909	-	120,909
Long-Term Bonds (Schedule D, Part 1): Hybrid securities	473	0.19%	473	-	473
Long-Term Bonds (Schedule D, Part 1): Parent, subsidiaries and affiliates	-	0.00%	-	-	-
Long-Term Bonds (Schedule D, Part 1): SVO identified funds	3	0.00%	3	-	3
Long-Term Bonds (Schedule D, Part 1): Unaffiliated Bank loans	4,092	1.65%	4,092	-	4,092
Long-Term Bonds (Schedule D, Part 1): Total long-term bonds	159,760	64.31%	159,760	-	159,760
Preferred stocks (Schedule D, Part 2, Section 1): Industrial and miscellaneous (Unaffiliated)	204	0.08%	204	-	204
Preferred stocks (Schedule D, Part 2, Section 1): Parent, subsidiaries and affiliates	-	0.00%	-	-	-
Preferred stocks (Schedule D, Part 2, Section 1): Total preferred stocks	204	0.08%	204	-	204
Common stocks (Schedule D, Part 2, Section 2): Industrial and miscellaneous Publicly traded (Unaffiliated)	3,252	1.31%	3,252	-	3,252
Common stocks (Schedule D, Part 2, Section 2): Industrial and miscellaneous Other (Unaffiliated)	372	0.15%	372	-	372
Common stocks (Schedule D, Part 2, Section 2): Parent, subsidiaries and affiliates Publicly traded	410	0.17%	410	-	410
Common stocks (Schedule D, Part 2, Section 2): Parent, subsidiaries and affiliates Other	-	0.00%	-	-	-
Common stocks (Schedule D, Part 2, Section 2): Mutual funds	439	0.18%	439	-	439
Common stocks (Schedule D, Part 2, Section 2): Unit investment trusts	-	0.00%	-	-	-
Common stocks (Schedule D, Part 2, Section 2): Closed-end funds	-	0.00%	-	-	-
Common stocks (Schedule D, Part 2, Section 2): Total common stocks	4,473	1.80%	4,473	-	4,473
Mortgage loans (Schedule B): Farm mortgages	-	0.00%	-	-	-
Mortgage loans (Schedule B): Residential mortgages	-	0.00%	-	-	-
Mortgage loans (Schedule B): Commercial mortgages	39,473	15.89%	39,473	-	39,473
Mortgage loans (Schedule B): Mezzanine real estate loans	299	0.12%	299	-	299
Mortgage loans (Schedule B): Total mortgage loans	39,772	16.01%	39,772	-	39,772
Real estate (Schedule A): Properties occupied by company	675	0.27%	675	-	675
Real estate (Schedule A): Properties held for production of income	2,197	0.88%	2,197	-	2,197
Real estate (Schedule A): Properties held for sale	-	0.00%	-	-	-
Real estate (Schedule A): Total real estate	2,872	1.16%	2,872	-	2,872
Cash, cash equivalents and short-term investments: Cash (Schedule E, Part 1)	141	0.06%	141	-	141
Cash, cash equivalents and short-term investments: Cash equivalents (Schedule E, Part 2)	2,122	0.85%	2,122	-	2,122
Cash, cash equivalents and short-term investments: Short-term investments (Schedule DA)	145	0.06%	145	-	145
Cash, cash equivalents and short-term investments: Total cash, cash equivalents and short-term investments	2,408	0.97%	2,408	-	2,408
Contract loans	17,830	7.18%	17,829	-	17,829
Derivatives (Schedule DB)	588	0.24%	546	-	546
Other invested assets (Schedule BA)	20,223	8.14%	20,112	-	20,112
Receivables for securities	290	0.12%	290	-	290
Securities Lending (Schedule DL, Part 1)	-	0.00%	-	-	-
Other invested assets (Page 2, Line 11)	13	0.01%	13	-	13
Total invested assets	248,433	100.00%	248,279	-	248,279

* Gross Investment Holdings as valued in compliance with NAIC Accounting Practices & Procedures Manual

The Northwestern Mutual Life Insurance Company

Condensed Interim Statutory Financial Information

As of September 30, 2020 and December 31, 2019 and for the Nine-Month Periods Ending September 30, 2020 and 2019

The Northwestern Mutual Life Insurance Company
Condensed Statutory Statements of Financial Position
(in millions)

	September 30, 2020 (unaudited)	December 31, 2019
Assets:		
Bonds	$ 164,916	$ 159,760
Mortgage loans	40,513	39,771
Policy loans	17,773	17,829
Common and preferred stocks	4,598	4,677
Real estate	2,948	2,872
Other investments	22,875	20,962
Cash and short—term investments	3,913	2,408
Total investments	257,536	248,279
Due and accrued investment income	2,160	2,057
Net deferred tax assets	1,773	1,609
Deferred premium and other assets	3,557	3,541
Separate account assets	34,746	34,832
Total assets	$ 299,772	$290,318
Liabilities and surplus:		
Reserves for policy benefits	$ 218,417	$ 211,100
Policyowner dividends payable	6,235	5,995
Interest maintenance reserve	2,023	979
Asset valuation reserve	6,114	6,203
Income taxes payable	23	129
Other liabilities	7,586	6,864
Separate account liabilities	34,746	34,832
Total liabilities	275,144	266,102
Surplus:		
Surplus notes	3,572	3,568
Unassigned surplus	21,056	20,648
Total surplus	24,628	24,216
Total liabilities and surplus	$ 299,772	$ 290,318

The accompanying notes are an integral part of this condensed statutory financial information.

The Northwestern Mutual Life Insurance Company
Condensed Statutory Statements of Operations (unaudited)
(in millions)

	For the nine months ended September 30, 2020	2019
Revenue:		
Premiums	$ 14,121	$ 14,120
Net investment income	7,971	7,598
Other income	525	503
Total revenue	22,617	22,221
Benefits and expenses:		
Benefit payments to policyowners and beneficiaries	8,790	8,642
Net additions to policy benefit reserves	6,597	6,815
Net transfers to (from) separate accounts	(449)	(601)
Total benefits	14,938	14,856
Commissions and operating expenses	2,417	2,376
Total benefits and expenses	17,355	17,232
Gain from operations before dividends and taxes	5,262	4,989
Policyowner dividends	4,663	4,389
Gain from operations before taxes	599	600
Income tax expense (benefit)	(207)	49
Net gain from operations	806	551
Net realized capital gains (losses)	(231)	843
Net income	$ 575	$ 1,394

The accompanying notes are an integral part of this condensed statutory financial information.

The Northwestern Mutual Life Insurance Company

Condensed Statutory Statements of Changes in Surplus

(in millions)

	For the nine months ended September 30, 2020 (unaudited)	For the year ended December 31, 2019
Beginning of year balance	$ 24,216	$ 22,134
Net income	575	1,268
Change in net unrealized capital gains and losses	(347)	1,141
Change in net deferred tax assets	133	(130)
Change in nonadmitted assets and other	(229)	(143)
Change in asset valuation reserve	89	(1,606)
Changes in surplus notes	4	620
Other surplus changes	187	932
Net increase in surplus	412	2,082
End of year balance	$ 24,628	$24,216

The accompanying notes are an integral part of this condensed statutory financial information.

The Northwestern Mutual Life Insurance Company
Condensed Statutory Statements of Cash Flows (unaudited)
(in millions)

	For the nine months ended September 30, 2020	2019
Cash flows from operating activities:		
Premiums and other income received	$ 10,239	$10,520
Investment income received	7,403	7,066
Benefit and dividend payments to policyowners and beneficiaries	(7,902)	(7,977)
Net transfers from separate accounts	437	591
Commissions, expenses and taxes paid	(2,560)	(2,512)
Net cash provided by operating activities	7,617	7,688
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Bonds	47,268	31,024
Common and preferred stocks	3,278	5,098
Mortgage loans	2,370	2,467
Real estate	273	836
Other investments	2,734	2,369
Subtotal proceeds from investments	55,923	41,794
Cost of investments acquired:		
Bonds	(51,029)	(36,978)
Common and preferred stocks	(3,404)	(2,632)
Mortgage loans	(3,052)	(3,598)
Real estate	(320)	(608)
Other investments	(4,143)	(3,163)
Subtotal cost of investments acquired	(61,948)	(46,979)
Net inflows (outflows) of policy loans	317	93
Net cash applied to investing activities	(5,708)	(5,092)
Cash flows from financing and miscellaneous sources:		
Surplus notes	-	597
Net inflows (outflows) on deposit-type contracts	164	(230)
Other cash provided (applied)	(568)	(604)
Net cash provided by (applied to) financing and miscellaneous sources	(404)	(237)
Net increase (decrease) in cash and short—term investments	1,505	2,359
Cash and short—term investments, beginning of year	2,408	1,899
Cash and short—term investments, end of year	$ 3,913	$ 4,258

The accompanying notes are an integral part of this condensed statutory financial information.

The Northwestern Mutual Life Insurance Company

Condensed Statutory Statements of Cash Flows (supplemental) (unaudited)
(in millions)

	For the nine months ended September 30, 2020	2019
Supplemental disclosures of cash flow information		
Non—cash operating, investing and financing and miscellaneous sources not included in the consolidated statements of cash flows:		
Operating:		
Dividends used to pay premiums and loans	$ 4,257	$ 4,022
Capitalized interest and payment in-kind investment income	677	647
Other policyowner contract activity	199	153
Employee benefit and compensation plan expenses	46	116
Investing:		
Bond refinancings and exchanges	2,531	1,832
Asset transfers with affiliated entities	315	170
Net policy loan activity	212	246
Mortgage loan refinancings and transfers	229	551
Net premium loan activity	92	97
Common stock exchanges	18	104
Other invested asset exchanges	124	99
Financing and Miscellaneous:		
Deposit—type contract deposits and interest credited	431	400

The accompanying notes are an integral part of this condensed statutory financial information.

The Northwestern Mutual Life Insurance Company
Notes to Condensed Statutory Financial Information (unaudited)

1. Basis of Presentation

This condensed financial information (including the statutory statements of financial position, statutory statements of operations, statutory statements of changes in surplus, statutory changes of cash flows, and notes to condensed statutory financial information) was prepared in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin ("statutory basis of accounting"), which are based on the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners ("NAIC"). Financial statements prepared on the statutory basis of accounting differ from financial statements prepared in accordance with generally accepted accounting principles ("GAAP"), primarily because on a GAAP basis: (1) certain policy acquisition costs are deferred and amortized, (2) most bond and preferred stock investments are reported at fair value, (3) policy benefit reserves are established using different actuarial methods and assumptions, (4) deposit-type contracts, for which premiums, benefits and reserve changes are not included in revenue or benefits as reported in the statements of operations, are defined differently, (5) majority-owned, non-insurance subsidiaries are consolidated, (6) changes in deferred taxes are reported as a component of net income, (7) no deferral of realized investment gains and losses is permitted and (8) "nonadmitted" assets, required for the statutory basis of accounting, are included in total assets. The effects on the Company's financial statements attributable to the differences between the statutory basis of accounting and GAAP are material.

The condensed statutory financial information as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019 is unaudited. The unaudited condensed statutory financial information reflects all adjustments (consisting only of normal recurring accruals), which are necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods. This unaudited condensed statutory financial information should be read in conjunction with the statutory financial statements and notes for the year ended December 31, 2019. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year.

2. Commitments and Contingencies

Commitments

In the normal course of its investment activities, the Company makes commitments to fund private equity investments, real estate, mortgage loans and other investments. These forward commitments aggregated to $10.3 billion at September 30, 2020 and $10.1 billion at December 31, 2019 and were extended at market rates and terms.

Contingencies

The Company is engaged in various legal actions in the normal course of its insurance and investment operations. The status of these legal actions is actively monitored by the Company. If the Company believes, based on available information, that an adverse outcome upon resolution of a given legal action is probable and the amount of that adverse outcome is reasonably estimable, a loss is recognized and a related liability reported. Legal actions are subject to inherent uncertainties, and future events could change the Company's assessment of the probability or estimated amount of potential losses from pending or threatened legal actions. Based on available information, it is the opinion of the Company that the ultimate resolution of pending or threatened legal actions, both individually and in the aggregate, will not result in losses that would have a material effect on the Company's financial position at September 30, 2020.

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