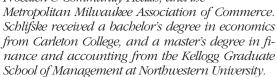
Financial Strength

An Interview with John E. Schlifske, Chairman, President, and Chief Executive Officer, Northwestern Mutual

EDITORS' NOTE John Schlifske is also a member of Northwestern Mutual's board of trustees. Schlifske joined Northwestern Mutual in 1987 as an investment specialist and later beaded various aspects of its investment function. He is a director on the corporate boards of Kohl's Corporation and Russell Investment Company. In the Greater Milwaukee community, Schlifske is Co-Chair of Milwaukee Succeeds and serves on the boards of Children's Hospital of Wisconsin, John E. Schlifske Froedtert & Community Health, and the





What is the Northwestern Mutual advantage?

We have a long-term view of the world, so financial strength is a key fundamental of our business. We aim to be the strongest company in our industry. Our financial strength gives us the ability to thrive in good and bad times, and is a huge competitive advantage over the economic cycles. We also have the best long-term product value of any company in our industry.

We're a mutual company, so we manage for the long run. We're not owned by shareholders, so we don't have competing interests as to the economic value we create - it all goes to our policyowners.

Is innovation taking place on the product side or in other areas?

We do introduce innovative products, but we believe our real innovation is in relevance to clients. We've moved from being a company that sells life insurance to a company that provides comprehensive financial security to individuals and businesses.

It's centered around several factors: one is the integration of investments and risk products together - and not many companies do that.



We're more relationship-focused, so our clients have a lifetime relationship with Northwestern Mutual and the representative that takes care of them.

We're also innovative from a planning perspective. We don't lead with a product sale. Instead, we begin our conversation by obtaining detailed knowledge of what the individual or small business owner needs. Through factfinding and planning, we then provide a comprehensive financial plan that extends over a lifetime with our clients.

This is why we're both relevant

and growing.

How critical is it to enable the next generation with technology while also emphasizing the value of the human relationship?

Technology will make it easier to do business and allow us to become more efficient. We also believe it will deepen our relationships with people. It won't take the place of people, but technology will help us create deeper relationships with our clients. We will be able to provide them with broader and richer content.

> **Northwestern Mutual** has a culture and tradition of giving our time, talent, and treasure to the community.

So technology will not substitute for human interaction but will give us more opportunities to connect with our policyowners and clients.

What has made Wisconsin so effective as a base for Northwestern Mutual?

Wisconsin has generally been run in a fiscally prudent way, which gives us comfort. But what's more important is the pool of talent here. Substantially, all of our employees are located in Wisconsin, so we draw on a localized labor pool. The people we attract to work here are among the best in the industry.

Is the public/private partnership imperative for addressing key issues?

In Wisconsin, there is a strong belief that tackling key issues requires a public/private relationship. For instance, our governor has been open in talking to me about how we can work together on issues such as transportation and education. Wisconsin also has a long tradition in which the business community is very involved in civic duties, beyond simply running their own companies.

People who live in Wisconsin want to be involved in civic activities that improve their lifestyles and solve the state's problems.

Is the community engagement work closely aligned with the business?

Northwestern Mutual has a culture and tradition of giving our time, talent, and treasure to the community. I take great pride in Milwaukee, and I love the aspect of my job that is involved in finding ways to make the city or state a better place in which to work and live.

But it's much more than me. All of our employees, including my management team, are committed to our community. Last year, our employees volunteered nearly 30,000 hours for efforts that they support. Our people take great pride in Wisconsin and want to have a positive

How critical is it that potential employees have that cultural fit?

It's a big part of our job. There is a selfselection process here, and I've seen talented people leave who didn't feel it was a good cultural fit. What drives our culture is that we always try to do the right thing. We have an attitude that if I do what is right for the enterprise, I will benefit from it in the long run. Our culture is not about tooting our own horns, promoting ourselves, and avoiding sharing resources. There is a notion of selflessness for the good of the whole. This is a Midwestern value that is true throughout Wisconsin.

Can you appreciate how much this company has achieved?

I always say, enjoy the journey. As a mutual company, we expect to be in business for another 157 years, so we're not working toward some magical stock price or moment where we sell the company. We're in business not only for today's policyowners but for people not even born yet. Because of that, we need to celebrate along the way.