Year-End 2014 **Investment Quality Review**



www.Pacificl.ife.com

Positioning the Company for the Long Term

Pacific Life's investment teams support the Pacific Life family of companies by focusing on investment strategies that stand the test of time and provide attractive risk-adjusted returns. A disciplined investment philosophy and a long-term perspective enable us to deliver products and services that help protect the financial future of our customers. As an independent company with no publicly traded stock, we are focused on long-term investment strategies that benefit our policyholders and clients.

Distribution of Investments

Pacific Life invests in carefully selected securities and mortgage loans. Pacific Life has a seasoned management team with experience in both positive and negative market environments. Our disciplined underwriting and diligent monitoring ensure we maintain portfolio quality over the long horizon.

\$57 Billion

December 31, 2014 **Dollars in Millions**

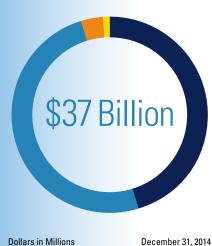
> \$563 \$37,398 Fixed Maturity Securities Fair Value Option Securities \$9,327 \$555 Mortgage Loans Other Investments \$336 \$7,234 Real Estate Policy Loans \$863 \$239 **Trading Securities** Private Equity \$193 **Equity Securities**

Maintained our focus on credit quality and highly competitive yields

to support the attractive crediting rates offered by our product divisions.

Quality of Fixed Maturity Securities

Our bond and real estate securities holdings are very strong, with over 95 percent of our fixed maturity securities rated as investment-grade by the Securities Valuation Office of the National Association of Insurance Commissioners (NAIC).



NAIC 1 \$17,016 Highest Quality

NAIC 2 \$18,691 High Quality

Non-Investment-Grade

NAIC 3 \$1,302 Medium Quality

NAIC 4-6 \$389 Low Quality and below

Investment Quality Review (continued)

"Throughout Pacific Life's history, we have been defined by our people and our purpose. As a mutual company, we make decisions based on what is best for our policyholders, and we continue to focus on our long-term vision. This helps us provide security and prosperity to our customers and to maintain our reputation as a leader in our industry."

Jim Morris, Chairman and CEO

2014 Achievements

Grew our portfolio of fixed maturity securities to

\$37 Billion

and reported no net credit losses.

10 years

of outstanding fixed maturity security yields and credit loss performance.

Continued **strong performance** of our

\$12 Billion

commercial mortgage and real estate securities portfolios with aggregate net credit losses totaling less than \$6 million over the last ten years. Originated

\$2.1 Billion

of new commercial mortgage loan and real estate securities investments at **very favorable yields**.



For questions about Pacific Life's investment portfolio, contact Pacific Life's Public Affairs Department at (949) 219-3248 or send an email to PublicAffairs@PacificLife.com.

Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company and Pacific Life Re Limited, unless otherwise noted. All Pacific Life financial data is as of December 31, 2014. After December 31, 2014 there may have been further changes in the financial markets that could have an impact on the amounts reported. Ratings may change and do not apply to the safety or performance of the underlying variable investment options or the mutual funds. For current financial strength ratings and additional rating information, visit www.PacificLife.com/ratings.

Financial Strength Ratings

Financial strength is an important consideration in choosing an insurance company and is monitored by independent rating agencies.



Distribution of Real Estate Investments

Pacific Life emphasizes high-quality properties in select major metropolitan areas that exhibit strong demographic and economic trends.

Mortgage Loans & Real Estate by Property Type

