

Pacific Life *Update*

June 11, 2009

Response to Recent Rating Action by Moody's Investors Service

Moody's Investors Service announced today a rating action for both Pacific Life Insurance Company and Pacific Life & Annuity Company. The financial strength rating of both companies was changed to A1 from Aa3 with a continued outlook of negative. The A1 rating is the fifth highest rating out of 21 rating categories.

"The action by Moody's is disappointing as we have surpassed all of the metrics that Moody's identified for us to maintain our rating," said James T. Morris, Pacific Life's chairman, president and chief executive officer.

Today's announcement follows a recent trend of downgrades of U.S. life insurers by the four major rating agencies as they review the impact of the recent recession on the life insurance industry. Since the beginning of 2009, Moody's has downgraded numerous U.S. life insurers.

Moody's expressed concern with our exposure to the equity markets principally through our variable annuity business. We have taken numerous steps to reduce this exposure. Other concerns deal with the recent downgrades of prime, Alt-A, and subprime residential mortgage-backed securities (RMBS). The downgrades in RMBS are not an event specific to Pacific Life, but one that affects all companies that hold these security types in their portfolio. We expect minimal losses in our RMBS portfolio as in almost all instances, our RMBS investments are in the senior most tranche of the securitization's capital structure. Our commercial mortgage-backed securities (CMBS) portfolio remains strong, as 82% is backed by commercial loans originated in 2005 or earlier. None of our commercial mortgage loans are delinquent or in default/foreclosure. As of March 31, 2009, our commercial mortgage loans had a weighted average debt service coverage ratio of 2.33 times, well above the standards for high quality loans.

Pacific Life remains strong. Pacific Mutual Holding Company's consolidated net income at the end of first quarter 2009 was \$65 million. We will continue to focus on our key products of life insurance and annuities and continue with the solid investment strategies that have served us well. As an insurance company, we have long-term liabilities that we match with long-term assets. Therefore, we do not have the need to sell our long-term assets at depressed values. This disciplined investment philosophy and long-term approach will enable Pacific Life to rise above the current market turbulence and remain strong and stable for its policyholders and clients.

Pacific Life's structure as a mutual holding company continues to serve the company well in all environments, especially during financially volatile periods. With no publicly traded stock and no outside investors, Pacific Life is operated for the benefit of its policyholders and clients. Pacific Life operates with a long-term view in its business and investment strategies. This long-term view is what keeps the company strong and stable for its policyholders and clients.

Offering insurance since 1868, Pacific Life provides a wide range of life insurance products, annuities, and mutual funds, and offers a variety of investment products and services to individuals, businesses, and pension plans. With more than half of the 100 largest U.S. companies as clients,¹ Pacific Life is also a member of the Insurance Marketplace Standards Association (IMSA), whose membership promotes high ethical standards for the sale of individual life insurance and annuities.

¹ Client count as of April 2009 is compiled by Pacific Life using the 2009 FORTUNE 500® list.

Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company. Ratings do not apply to the safety or performance of any separate accounts or mutual funds.