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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Credit Ratings of Pacific LifeCorp and Its Subsidiaries

OLDWICK, N.J., January 6, 2017—A.M. Best has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of “aa-” of **Pacific Life Insurance Company** (Omaha, NE) and **Pacific Life & Annuity Company** (Phoenix, AZ) (collectively referred to as **Pacific Life Group** (Pacific Life)). Additionally, A.M. Best has affirmed the Long-Term ICR of “a-” and the Long- and Short-Term Issue Credit Ratings (Long-Term IR; Short-Term IR) of the group’s holding company, **Pacific LifeCorp** (Wilmington, DE). The outlook of the Long-Term ICRs and the Long-Term IRs remain positive, while the FSR outlook is stable. (See below for a detailed list of the Long- and Short-Term IRs.)

The Credit Rating (rating) affirmations reflect Pacific Life’s continued and historically strong and improving trend in risk-adjusted capitalization, diversified operating profile, strong liquidity resources and solid earnings that are supported by being one of the industry’s leading sales organizations in their key product lines. Pacific Life is a prominent leader in the affluent market segments for individual life insurance, is considered a top-tier writer of life insurance, and holds leading market positions in universal life, indexed universal life and variable universal life segments. The company’s earnings profile benefits from diversification within the life insurance and retirement services segments, along with the company’s aircraft leasing and life reinsurance businesses. Pacific Life’s capital profile is supported by a robust enterprise risk management program, which puts strong focus on high levels of risk-based capital designed to protect the balance sheet from event risk. Over the

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past several years, the company has successfully de-risked its exposure to variable annuity products.

Partially offsetting these positive rating factors are earnings that are correlated to the financial markets due to product exposure within the company's variable annuity block of business, which are largely mitigated through a dynamic hedging program. Commercial mortgage exposure is considered high along with the company's allocation to NAIC 2 asset classes and is considered a concentration risk to the company's risk profile. However, Pacific Life has demonstrated the ability to manage these concentration risks as evidenced through the company's enterprise risk management capabilities.

The following Long-Term IRs have been affirmed with a positive outlook:

Pacific LifeCorp—

- "a-" on \$500 million 5.125% senior unsecured notes, due 2043
- "a-" on \$600 million 6.60% senior unsecured notes, due 2033
- "a-" on \$450 million 6.00% senior unsecured notes, due 2020

Pacific Life Insurance Company—

- "a" on \$150 million 7.9% surplus notes, due 2023
- "a" on \$1 billion 9.25% surplus notes, due 2039 (of which \$621 million remains)

Pacific Life Funding, LLC—"aa-" program rating

- "aa-" on all outstanding notes issued under the program

Pacific Life Global Funding—"aa-" program rating

- "aa-" on all outstanding notes issued under the program

The following Short-Term IR has been affirmed:

Pacific Life Insurance Company—

- AMB-1+ on commercial paper

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit

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