

Life Insurer Financial Analysis

Company Guardian
Life

Ratings

A.M. Best Company (Best's Rating, 15 ratings)	A++
Standard & Poor's (Financial Strength, 20 ratings)	AA+
Moody's (Financial Strength, 21 ratings)	Aa2
Fitch Ratings (Financial Strength, 21 ratings)	AA+

Asset Analysis

Total Admitted Assets	30,895,175
Total Liabilities	26,707,210
Separate Accounts	0
Total Surplus & AVR	4,559,450
As % of General Account Assets	14.8%

Invested Assets	29,002,176
Bonds (%)	69.0%
Stocks (%)	6.1%
Mortgages (%)	11.5%
Real Estate (%)	0.7%
Policy Loans (%)	8.6%
Cash & Short-Term (%)	0.7%
Other Invested Assets (%)	<u>3.4%</u>
	100.0%

Net Yield on Mean Invested Assets	
2009 (Industry Average 4.63%)	5.65%
2008 (Industry Average 5.40%)	5.60%
2007 (Industry Average 5.63%)	5.72%
2006 (Industry Average 5.54%)	5.75%
2005 (Industry Average 5.52%)	5.82%

5 Year Average (Industry Average 5.34%)	5.71%
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Total Investment Return	
2009 (Industry Average 4.72%)	6.35%
2008 (Industry Average 3.36%)	4.06%
2007 (Industry Average 5.74%)	6.36%
2006 (Industry Average 6.06%)	6.83%
2005 (Industry Average 5.80%)	6.75%

5 Year Average (Industry Average 5.14%)	6.07%
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Asset Growth	
2009 Total Admitted Assets	30,895,175
1-Year Growth	6.6%
3-Year Compound Growth	5.0%
2009 Total Surplus & AVR	4,559,450
1-Year Growth	17.2%
3-Year Compound Growth	4.5%

Data for Year-End 2009 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of June 15, 2010.

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Asset Quality Analysis

Non-Investment Grade Bonds (Class 3 - 6)	
Non-Investment Grade Bonds/Total Bonds	8.1%
Non-Investment Grade Bonds/Surplus & AVR	36.0%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.2%
Non-Performing Bonds/Surplus & AVR	0.8%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	0.0%
Non-Performing Mort & R.E./Surplus & AVR	0.0%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	0.8%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	<u>0.0%</u>
Total Non-Performing Assets/Surplus & AVR	0.8%
As a Percent of Invested Assets	0.1%

Bond Portfolio Analysis

Total Bonds Book Value	20,025,590
Total Bonds Market Value	20,527,318
Bonds Market Value/BookValue	102.5%
Quality	
Class 1: Highest Quality	51.1%
Class 2: Higher Quality	40.8%
Class 3: Medium Quality	5.2%
Class 4: Low Quality	1.9%
Class 5: Lower Quality	0.8%
Class 6: In or Near Default	0.2%
Weighted Bond Class	1.6
Maturity	
1 Year or Less	3.1%
1 to 5 Years	17.2%
5 to 10 Years	42.9%
10 to 20 Years	8.8%
Over 20 Years	28.1%
Weighted Bond Maturity (Years)	12.1

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Operating Income Analysis

Total Income	7,692,920
Total General Expenses	1,054,533
Total General Expenses/Total Income	13.7%
Earnings Before Policy Dividends & Taxes	899,225
Policy Dividends	708,415
Policy Dividends/Earnings	<u>78.8%</u>
Pretax Earnings from Operations	190,811
Federal Income Taxes	66,618
Income Taxes/Pretax Earnings	<u>34.9%</u>
Net Earnings from Operations	124,193
Net Realized Capital Gains	<u>-96,460</u>
Net Income	27,732
As % of Admitted Assets	0.1%
Unrealized Capital Gains	261,748

Premium Growth

2009 Total Premium Income	5,921,789
1-Year Growth	0.0%
3-Year Compound Growth	-0.3%
2009 Ordinary Life Premium	2,960,275
1-Year Growth	10.3%
3-Year Compound Growth	6.2%

Profitability

Return on Assets	0.4%
Return on Equity	3.4%
2009 Lapse Ratio	6.3%
3-Year Average Lapse Ratio	6.0%
Net Investment Income	1,551,424
Required Interest	875,787
Interest Margin	77.1%
Ordinary Life Expenses/Premiums	16.0%
General Expenses/Total Income	13.7%
Commissions & General Expenses/Total Income	17.4%

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Analysis of Face Amount of Insurance

Total Insurance In Force	357,764,403
Ordinary Life	66.9%
Group Life	33.1%
Other	0.0%
 Total Reinsurance Ceded	 92,386,883
% of In Force Ceded	
Ordinary Life	38.5%
Group Life	0.1%
Other	0.0%
 Ordinary Life Policies In Force	 2,341,237
Average Policy Size (in dollars)	102,261
Ordinary Life Policies Issued in 2009	42,321
Average Policy Size (in dollars)	661,490

Analysis by Line of Business

Net Premiums Written	5,925,402
Individual	
Life	50.0%
Annuities	0.4%
Health	0.0%
Group	
Life	5.0%
Annuities	0.0%
Health	44.5%
Credit Life & Health	0.0%
Other Lines	0.0%
 Net Earnings from Operations	 124,193
Individual	
Life	27.6%
Annuities	1.2%
Health	-3.0%
Group	
Life	17.6%
Annuities	-13.2%
Health	70.6%
Credit Life & Health	-1.4%
Other Lines	0.5%

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