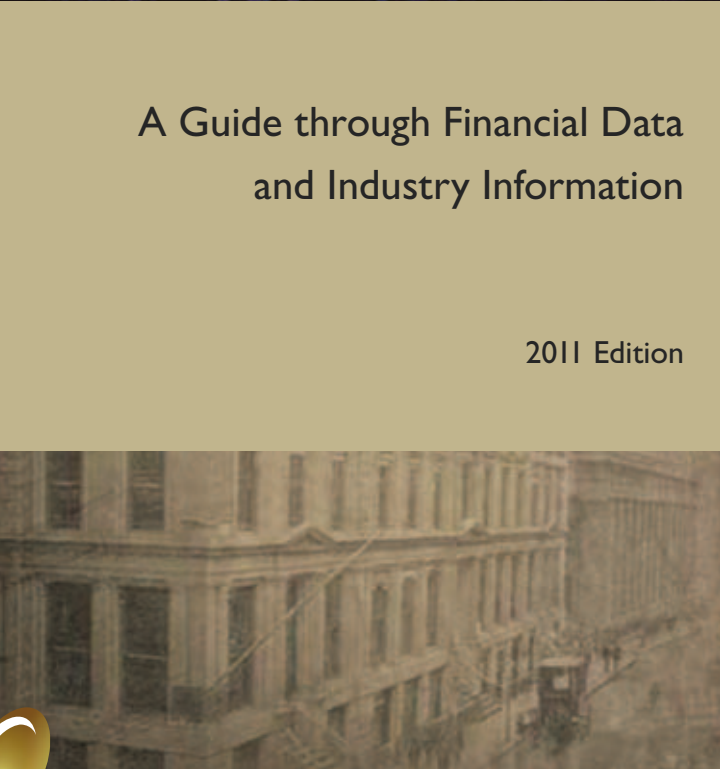


A Guide through Financial Data
and Industry Information

2011 Edition



GUARDIAN®

Fulfilling Promises

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It is time for you to make a decision — one upon which the well-being of your family and your business will rely. You have taken the initiative to assess your values, goals and dreams. You have consulted with your advisor and educated yourself on the opportunities available to you. And now that you've determined that life insurance will be a vital part of your financial plan, you want to find the right insurance solution with the right company to fit your unique objectives.

What this means to you is...

- You are accountable. Whether it's for you, your family, business, employees or clients — how do you make a responsible decision when it comes to choosing the company that stands behind the policy?
- You need to ask the right questions and get the facts. The more financially secure the company, the more comfortable you can be with your decision.

The Importance of Strength and Stability

When it comes to reaching your financial goals, making the decision to purchase life insurance is a major step in the right direction. It can mean the difference between retiring at 60 instead of 70 or making your estate whole again after a market downturn rather than taking a permanent loss on your investments.

Regardless of what you want life insurance to do for you, *it is important for you to look at the financial strength* and stability of any insurance company you are considering.*

Why? Because a policy is a promise.

A promise is only as good as the company that can honor it. The values contained in a life insurance policy often represent a major source of accumulated savings and security for your family and your business. Quite distinct from most other types of financial instruments, such as savings accounts and short-term investments, a life insurance policy is expected to perform or fulfill your goals many years in the future. Therefore, the long-term financial viability of the life insurance company you are considering should be a major concern.

When you purchase life insurance, you are not just buying the coverage itself. You are also buying the experience, financial strength and services of the insurance company. With so much contraction and confusion in the insurance industry — with companies buying companies, some companies struggling financially, companies that have taken Troubled Asset Relief Program (TARP) money, and certain companies in the headlines for all

* Financial information concerning The Guardian Life Insurance Company of America as of 12/31/10 on a statutory basis: Admitted Assets = \$33.1 Billion; Liabilities = \$28.7 Billion (including \$25.1 Billion of Reserves); and Surplus = \$4.4 Billion.

the wrong reasons — a serious review of the underlying soundness of *any* company is crucial. That is why it is important to determine whether the company's track record is consistent with the statements made at the time of sale.

What should you know about a life insurance company when purchasing a policy?

The financial strength and stability of the company.

You should review the following during your life insurance selection process:

- **Mutuality**—A mutual company is owned by the policyholders, whereas a stock insurance company's primary owner is its stockholders.
- **Financial Ratings**—Ratings are an indicator of financial strength and independent rating services provide essential measures of the qualifications of insurance companies.
- **Capitalization Ratio**—This is a measure of financial strength and an indicator of a company's ability to ride out uncertain economic times.
- **Growth of Surplus**—Is the amount of surplus growing and does the company have enough surplus and capital to grow the business, increase its strength and be competitive?
- **Total Underperforming Assets**—This is an indicator of the quality of the asset portfolio supporting the policyholders' policies.
- **Bond and Mortgage Statutory Credit Results**—This is a good indicator of a company's risk management performance.

Using the preceding indicators and measurements may help you to select a company focused on strength, integrity and performance.

The charts on the following pages show life insurance carriers ranked by those measurements. All information in this document was obtained from the annual and quarterly statement filings with the National Association of Insurance Commissioners (NAIC) as of 12/31/10.

Mutuality: What is a mutual life insurance company and why is it important to your buying decision?

Unlike publicly held companies, mutual companies have no stockholders and therefore no conflicts between the short-term, quarter-to-quarter financial demands of Wall Street and the long-term interests of policyholders. We believe mutual companies are positioned to serve customers' interests by delivering high-quality, low-net-cost life insurance with the greatest degree of financial strength possible.

One of the most important ways that mutual companies can enrich the lives of their policyholders is through annual dividends that result in a low, long-term net cost for their insurance policies. While dividends are not guaranteed, there are mutual companies that have paid dividends every year, even in the toughest economic times.

Ratings: What are they and why are they important?

Independent, third-party rating services provide measures of the qualifications of insurance companies that might be under consideration.

When evaluating insurance companies, company ratings provide an excellent starting point. The rating services are impartial in their evaluations and provide a common ground for valid comparisons.

There are four major rating agencies that evaluate and publish ratings for life insurance companies:

- Moody's
- Standard & Poor's
- Fitch
- A.M. Best Company

For each insurance company being rated, each agency evaluates the firm's financial statements, interviews their management, and subsequently develops ratings based upon statistical models and certain qualitative measures. The cumulative result is a relative ranking of all the insurance companies that they have evaluated.

The benefit of having several companies produce their own ratings is that overall, there is less chance of something being missed or overlooked. Illustrating this point is a table called the Comdex Rankings. Comdex is not a rating, but a *composite* of all ratings that a company has received. Comdex percentile ranks the companies, on a scale of 1 to 100.

For perspective, experts who write about the insurance industry will tell you that a Comdex of 95 or higher is considered an "extremely safe" company, 90 represents a "safe" company and a ranking of 85 indicates a "reasonably safe" company.*

* Source: Richard M. Weber, MBA, CLU, AEP; and Chris Hause, FSA, MAAA, CLU; *Life Insurance as an Asset Class: Managing a Valuable Asset*.

Comdex Rankings as of May 2011

Company	A.M. Best Company	S&P	Moody's	Fitch	Comdex
New York Life Insurance Co.*	A++	AAA	Aaa	AAA	100
Northwestern Mutual Life Insurance Co.*	A++	AAA	Aaa	AAA	100
Guardian Life Insurance Co. of America*	A++	AA+	Aa2	AA+	98
Massachusetts Mutual Life Insurance Co.*	A++	AA+	Aa2	AA+	98
AXA Equitable Life Insurance Co.	A+	AA-	Aa3	AA-	96
Metropolitan Life Insurance Co.	A+	AA-	Aa3	AA-	96
Sun Life Assurance Co. of Canada US	A+	AA-	Aa3	AA-	96
John Hancock Life Insurance Co. (USA)	A+	AA-	A1	AA-	94
Ohio National Life Insurance Co.	A+	AA	A1	N/A**	94
Principal Life Insurance Co.	A+	A	Aa3	AA-	92
Pacific Life Insurance Co.	A+	A+	A1	A+	89
Lincoln National Life Insurance Co.	A+	AA-	A2	A+	89
Prudential Insurance Co. of America	A+	AA-	A2	A+	89
Aviva Life & Annuity Co.	A	A+	A1	N/A**	87

Note: Numbers listed next to each rating indicate where in each rating agency's scale those ratings fall, with "1" being the best rating available from that agency. Please consult your financial advisor for complete details concerning the ratings stated above. Some of the ratings reflect the performance of the parent company and/or other entities related to the issuing insurer.

* A mutually held company

** This company is not rated by that particular agency.

What this means to you is...

Industry experts find that the difference between choosing a company with a Comdex of 98 versus 94 is the difference between "extremely safe" versus "safe."***

You have a choice – if not a responsibility – in choosing an insurance company based on your tolerance for company strength and safety.

*** Source: Richard M. Weber, MBA, CLU, AEP; and Chris Hause, FSA, MAAA, CLU; *Life Insurance as an Asset Class: Managing a Valuable Asset*.

Capitalization Ratio: What is it and why is it important to you?

The capitalization ratio shows the company's capital as a percentage of net admitted assets.

What this means to you is...

The higher the capitalization ratio, the more confident you can be in making sure that the company that is issuing the policy:

- Has the financial endurance to handle severe market volatility (like that which we have seen in recent years); and
- Is in a position to honor the promise of the policy – to protect and insure when it's needed most.

Most of the liabilities of any insurance company are composed of the reserves set aside to pay future claims. Capital represents the amount of assets in excess of those liabilities, and a high capitalization ratio indicates a greater proportion of these excess assets. It is calculated using the following formula:

$$\frac{\text{Capital}}{\text{Net Admitted Assets (Excluding Separate Account Assets)}}$$

The following table lists the capitalization ratios* over the last five years of many of the major companies within the industry.

Ranked by Five-Year Average Capitalization Ratio

Company	2006	2007	2008	2009	2010	Five-Year Average
Guardian Life Insurance Co. of America	16.1%	16.3%	14.7%	15.9%	16.1%	15.8%
New York Life Insurance Co.	13.1%	12.9%	11.8%	13.6%	14.7%	13.2%
Massachusetts Mutual Life Insurance Co.	13.1%	13.4%	11.4%	13.2%	14.1%	13.0%
Ohio National Life Insurance Co.	13.0%	13.9%	11.7%	12.9%	13.6%	13.0%
AXA Equitable Life Insurance Co.	17.6%	17.9%	8.7%	9.6%	10.3%	12.8%
Northwestern Mutual Life Insurance Co.	13.5%	13.4%	11.1%	11.0%	12.5%	12.3%
Pacific Life Insurance Co.	9.5%	10.3%	8.2%	11.8%	13.7%	10.7%
Sun Life Assurance Co. of Canada US	8.6%	8.8%	8.5%	12.1%	15.2%	10.6%
Lincoln National Life Insurance Co.	9.2%	9.1%	7.6%	9.2%	9.3%	8.9%
Principal Life Insurance Co.	7.9%	7.6%	8.0%	8.0%	8.1%	7.9%
John Hancock Life Insurance Co. (USA)	8.5%	7.8%	7.7%	6.8%	7.3%	7.6%
Prudential Insurance Co. of America	6.2%	6.9%	5.9%	8.6%	7.9%	7.1%
Metropolitan Life Insurance Co.	6.3%	7.7%	6.9%	6.7%	7.0%	6.9%
Aviva Life & Annuity Co.	6.9%	6.4%	6.0%	6.1%	5.8%	6.2%

*All information provided was obtained from each company's statutory statements. Results include surplus notes issued.

Growth of Surplus: What is it and why is it important to you?

Surplus is one measure related to shareholders' equity. It is used to fund new business growth and support new ventures — and to provide a defense against investment and operating losses.

Surplus is a key indicator of a company's ability to pay future claims. A company's ability to grow surplus is indicative of its ability to grow earnings — one of the signs of a well-run company.

The table shown is ranked by percentage of growth over a five-year period.

What this means to you is...

Similar to capitalization ratio, the higher the number, the more you can be at ease with the company's ability to pay its future claims.

Ranked by Five-Year Growth of Surplus

Company	2010 Surplus*	2006–2010 Five-Year Growth of Surplus Rate
Pacific Life Insurance Co.	\$5,836,688,974	14.4%
Aviva Life & Annuity Co. ¹	2,346,073,958	10.1%
Massachusetts Mutual Life Insurance Co.	10,352,400,467	9.1%
Metropolitan Life Insurance Co. ²	13,212,459,627	8.8%
Guardian Life Insurance Co. of America	4,430,960,217	7.0%
New York Life Insurance Co.	14,716,846,435	6.9%
Northwestern Mutual Life Insurance Co.	14,385,232,022	6.7%
Lincoln National Life Insurance Co. ³	6,440,567,466	4.5%
Sun Life Assurance Co. of Canada US	1,873,419,270	4.1%
Principal Life Insurance Co.	4,375,261,779	3.6%
Prudential Insurance Co. of America	8,361,735,437	3.4%
Ohio National Life Insurance Co.	850,700,900	2.8%
John Hancock Life Insurance Co. (USA) ⁴	5,171,844,838	1.1%
AXA Equitable Life Insurance Co.	3,798,785,244	-5.8%

* All information provided was obtained from each company's statutory statements. Results include surplus notes issued.

¹ Adjusted for effect of mergers with American Investors Life Insurance Company, Indianapolis Life Insurance Company, and Aviva Life Insurance Company.

² Adjusted for effect of the merger with Paragon Life Insurance Company.

³ Adjusted for effect of the mergers with Jefferson Pilot Financial Insurance Company and Jefferson Pilot Life Insurance Company.

⁴ Adjusted for effect of the merger with John Hancock Life Insurance Company.

Total Underperforming Assets: What are they and why are they important?

This is one measure of the quality of a life insurance company's asset portfolio that supports the policyholders' policies.

Total underperforming assets measures:

- The amount of bonds in or near default;
- Mortgages with interest three months overdue;
- Mortgages in the process of foreclosure;
- Real estate acquired in satisfaction of debt; and
- Mortgage loans with restructured terms.

A lower number indicates a lower degree of underperforming assets over time.

As a Percentage of Capital

Company	2006	2007	2008	2009	2010	Five-Year Average
Aviva Life & Annuity Co.	0.1%	0.0%	0.8%	0.6%	1.1%	0.5%
Guardian Life Insurance Co. of America	0.1%	1.1%	1.0%	0.7%	0.3%	0.7%
New York Life Insurance Co.	0.6%	0.4%	0.7%	1.0%	0.6%	0.7%
Metropolitan Life Insurance Co.	0.5%	0.1%	0.9%	1.8%	0.8%	0.8%
Northwestern Mutual Life Insurance Co.	0.3%	0.1%	0.8%	1.9%	1.2%	0.9%
Pacific Life Insurance Co.	0.8%	0.5%	1.4%	1.7%	1.5%	1.2%
Lincoln National Life Insurance Co.	0.6%	0.4%	1.4%	2.9%	1.7%	1.4%
Massachusetts Mutual Life Insurance Co.	2.3%	0.9%	2.0%	2.0%	1.5%	1.8%
Principal Life Insurance Co.	0.5%	0.4%	1.1%	3.4%	3.4%	1.8%
John Hancock Life Insurance Co. (USA)	0.6%	0.2%	0.8%	4.0%	4.2%	1.9%
AXA Equitable Life Insurance Co.	3.3%	1.5%	0.6%	0.8%	4.6%	2.2%
Ohio National Life Insurance Co.	3.0%	2.9%	3.6%	2.6%	3.0%	3.0%
Prudential Insurance Co. of America	2.0%	2.1%	5.3%	4.0%	2.0%	3.1%
Sun Life Assurance Co. of Canada US	5.6%	0.5%	3.2%	4.8%	4.8%	3.8%

*All information provided was obtained from each company's statutory statements.

Investment Environment: How does market performance impact your buying decision?

Since life insurance has longer-term benefits, you should think carefully about what you want your policy to do for you over time and what your comfort level is with exposing your coverage to market fluctuations.

If you are not comfortable with market fluctuations like the ones recently experienced, then understanding a company's investment philosophy and historical experience is extremely important. You may want to consider doing business with a company that:

- Is defensively positioned to withstand market swings;
- Is relatively conservative in taking insurance premium dollars and investing in a strong, well-diversified portfolio;
- Is known for thorough due diligence and an independent research process;
- Avoids risky investments, such as sub-prime mortgages; and
- Executes a risk management plan to protect capital in volatile financial markets.

This philosophy lends itself to building and maintaining the kind of strong capital and liquidity needed to pay out death claims.

What this means to you is...

Rating agencies do not only look at company financials. They also have face-to-face interviews with senior executives of each company they rate in order to get a sense of their vision and philosophy – and to help determine the integrity and foundation of their company's values.

Contact your Guardian representative to review rating reports and narratives from the rating agencies.

Bond and Mortgage Statutory* Credit Results: Why are they important to your buying decision?

Bond and mortgage credit results sum the credit related gains/(losses), including credit impairments.

What this means to you is...

You want a company that can manage a portfolio to their intended investment philosophy — keeping your best interests top of mind.

Bond and Mortgage Credit Loss Experience is important to your buying decision. Bond and mortgage credit results are a good indicator of the firm's risk management performance. A recent Moody's report indicates that in the last three years, U.S. insurers have experienced diminishing credit losses. Income compensation for non-default-free investments can usually more than offset expected credit losses. Good credit analysis and risk management can minimize the actual loss experience.

When reviewing credit loss, you should balance the risk associated with the company's ability to achieve income results with its ability to minimize risk and historical credit losses.

Moody's calculated this loss with the following formula:

$$\begin{aligned} & \text{Pre-Tax Bond Gain/(Loss)} \\ & - \text{Transfer to Interest Maintenance Reserve (IMR)} \\ & + \text{Pre-Tax Mortgage Loan Realized Gain/(Loss)} \\ & + \text{Change in Valuation Allowance} \\ \hline & \text{Average Invested Assets} \end{aligned}$$

It's important to note that of the 53 companies included in Moody's analysis, Guardian ranked in the top 10 best — at #6 for Bond/Preferred Stock Credit Gains/(Losses) and #2 for Commercial Mortgage Loan Gains/(Losses). In the combined Bond/Preferred Stock and Commercial Mortgage Loan Gains/(Losses), Guardian ranked #5. Below is a subset of those companies.

Statutory Investment Credit Losses

	2008	2009	2010	3-Year Total
Guardian Life Insurance Co. of America	-0.70%	-0.16%	-0.02%	-0.89%
New York Life Insurance Co.	-0.52%	-0.42%	-0.05%	-0.99%
Pacific Life Insurance Co.	-0.57%	-0.47%	-0.06%	-1.09%
Northwestern Mutual Life Insurance Co.	-0.63%	-0.42%	-0.24%	-1.29%
Metropolitan Life Insurance Co.	-0.49%	-0.53%	-0.29%	-1.31%
John Hancock Life Insurance Co. (USA)	-0.56%	-0.56%	-0.23%	-1.36%
Prudential Insurance Co. of America	-0.83%	-0.38%	-0.29%	-1.50%
Massachusetts Mutual Life Insurance Co.	-1.46%	-0.25%	-0.27%	-1.98%
Principal Life Insurance Co.	-0.89%	-0.75%	-0.45%	-2.09%
AXA Equitable Life Insurance Co.	-0.78%	-0.46%	-0.85%	-2.10%
Lincoln National Life Insurance Co.	-1.23%	-0.89%	-0.22%	-2.35%
Ohio National Life Insurance Co.	-1.80%	-0.44%	-0.12%	-2.36%
Aviva Life & Annuity Co.	-1.47%	-0.73%	-0.26%	-2.45%
Sun Life Assurance Co. of Canada US	-1.56%	-1.76%	-0.19%	-3.52%

Source: Moody's Investor Services, U.S. Life Insurers' Investment Credit Losses Continue Recovery in 2010; Driven by Lower Bond Losses, May 23, 2011. An explanation of Moody's analysis is found in Appendix 4 of the report.

*Reported on statutory financial statements. Results are on a consolidated basis.

Why choose The Guardian Life Insurance Company of America for your life insurance?

Because as a mutual company, our decisions are measured based on serving the best interests of our policyholders.

What this means to you is...

These are the results that you should be basing your decisions on when choosing a life insurance company.

Guardian's track record is consistent with the statements we have made.

When you choose Guardian, there's no need to worry.

Since our founding in 1860, The Guardian Life Insurance Company of America, as a mutual company, has been able to manage for the long term, allowing us to avoid risky business practices in the pursuit of short-term profits. Striking the right balance between managing risk and generating healthy long-term returns is one of our highest priorities — and a practice that paid off very well in 2010.

Guardian has staying power.

When you compare the key financial strength indicators across companies, Guardian is on top:

- Top Tier Comdex Rankings: 98
- Top 1% in insurance company ratings and rankings*
- Best in class Capitalization Ratio: 16.1%
- Strong Surplus Growth: 7.0%

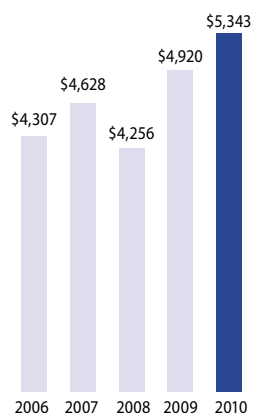
2010 Financial Highlights

(in millions)

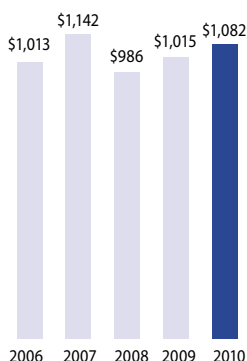
As of December 31, 2010

Net Investment Income	\$1,665
Total Revenues	\$7,808
Policyholder Dividends Incurred	\$730
Gain from Operations Before Taxes and Realized Losses	\$328
Net Income	\$205
Total Invested Assets	\$31,243
Total Admitted Assets	\$33,178
Total Surplus	\$4,431

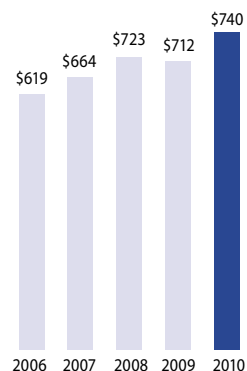
Capital
Results in \$ millions



Statutory Pre-Tax
Operating Income
Before Dividends (on
a consolidated basis)
Results in \$ millions



Whole Life
Dividends Declared
Results in \$ millions



*Vital Signs April 2011. Vital Signs, a collection of published industry research, provides financial analysis of 718 participating carriers. Of those 718 companies, only 119 are rated by all four independent rating agencies. Out of those 119 companies, only 12 have ratings comparable to Guardian's. And the top four mutual life insurance companies (including Guardian) are among the TOP 1% of the 718 rated insurance companies.

Statutory Basis Balance Sheets		
As of December 31 (in millions)	2010	2009*
Admitted assets		
Bonds	\$21,391	\$ 20,025
Unaffiliated common and preferred stocks	1,278	867
Investments in affiliates	857	902
Mortgage loans	3,230	3,339
Real estate	179	189
Policy loans	2,720	2,483
Other investment assets	1,173	989
Receivable for securities	58	6
Cash and short-term investments	357	202
Total invested assets	31,243	29,002
Due and accrued investment income	331	315
Current federal and foreign income tax recoverable and interest thereon	41	18
Premiums deferred and uncollected	845	871
Net deferred tax asset	521	520
Other assets	197	169
Total admitted assets	\$33,178	\$30,895
Liabilities and surplus		
Reserves for policy benefits	\$25,131	\$ 23,477
Policyholder dividends payable and other contract liabilities	1,856	1,834
Interest maintenance reserve	170	79
Asset valuation reserve	539	371
Amounts due to brokers and other liabilities	1,051	946
Total liabilities	28,747	26,707
Policyholders' surplus	4,035	3,792
Surplus note	396	396
Total liabilities and surplus	\$33,178	\$30,895

* Certain amounts from 2009 have been reclassified to conform to the current-year presentation.

Results are Guardian Life Only (Not Consolidated)

The condensed financial statements of The Guardian Life Insurance Company of America have been derived from audited statutory financial statements, which are available upon request.

Statutory Basis Statement of Operations		
<i>For the Year Ended December 31 (in millions)</i>	2010	2009*
Revenues		
Premiums, annuity considerations and fund deposits	\$5,943	\$5,925
Net investment income	1,665	1,551
Other income	200	217
Total revenue	7,808	7,693
Benefits and expenses		
Benefit payments to policyholders and beneficiaries	3,509	3,712
Net increase to policy benefit reserves	1,607	1,332
Commissions and operating expenses	1,634	1,750
Total benefits and expenses	6,750	6,794
Gain from operations before taxes and dividends	1,058	899
Policyholder dividends	(730)	708
Gain from operations before taxes and realized losses	328	191
Income tax expense	(100)	(67)
Income from operations before net realized capital losses	228	124
Net realized capital losses	(23)	(96)
Net income	\$205	\$ 28

* Certain amounts from 2009 have been reclassified to conform to the current-year presentation.

Guardian's Key 2010 Accomplishments

- Declared a 2010 dividend payout* of \$740 million to our policyholders — the largest declared dividend in Guardian history.
- In 2010, paid \$5.7 billion** in total benefits and dividends to policyholders, demonstrating our ability to continuously operate for the benefit of policyholders.
- All four major crediting rating agencies affirmed our already strong ratings.
- Obtained a capitalization ratio of 16.1%, which is among the best in the industry.
- Continued to maintain a highly diversified, high-quality investment portfolio of more than \$31.2 billion.
- Consolidated statutory operating income before dividends in 2010 was \$1.1 billion, up 6.6% from the prior year.
- Increased life insurance inforce to \$258 billion, reflecting our overall business growth.

"As a mutual company, we manage our company in the best interests of our owners, the policyholders.

We have no stockholders, as publicly held insurance companies do. Because we're unencumbered by obligations to manage to Wall Street's short-term, quarter-to-quarter demands, we're able to always focus on our top priority: our policyholders. Their interests come first."

*Dennis J. Manning
Chairman and Chief Executive Officer*

*Deanna M. Mulligan
President and Chief Operating Officer*

* Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

** On a consolidated basis.

Guardian's Investment Philosophy: What is it and why should you consider it?

Guardian's investment philosophy focuses on maintaining a well-diversified portfolio, with a long-term orientation that provides the most attractive and consistent dividends to our policyholders.

Our investment objectives are clear, focused and remain as they have been for many years. We start with sound asset allocation strategies that seek to optimize expected long-term returns within well-defined risk parameters while benefiting from diversification strategies that are designed to reduce risk.

Guardian's portfolio managers employ a disciplined investment decision-making process, which is fundamentally based on proprietary research and analysis, rather than being overly reliant on ratings agencies or quantitative risk models. Additionally, our asset liability investment management process carefully integrates asset maturities in a manner consistent with prudent funding of insurance liabilities. Our process is designed to optimize risk/reward and deliver consistent financial results.

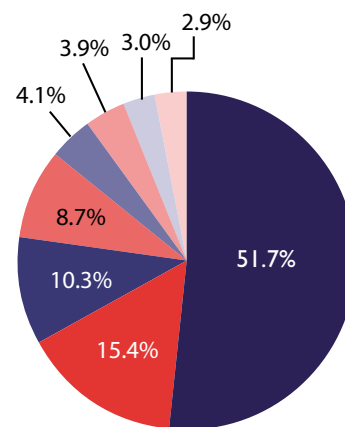
Despite volatility in 2010, Guardian's investment team successfully managed the economic crisis, delivering another year of strong investment performance and results.

In 2010, we focused on increasing our private and real estate equity and international investments. Successful tactical allocations included additional investment in high-yield debt; floating-rate leveraged loans; commodities; short-duration, high-yielding, non-dollar fixed income; and limiting investment in less liquid fixed income asset classes at points during the year when nominal interest rates were relatively unattractive.

Guardian's investment risk management has been and continues to be principally focused on managing and mitigating potential capital losses by actively managing credit risk, executing hedging strategies that protect capital from equity volatility, and constructing well-diversified portfolios that reduce correlated risk.

We remain diligent about assessing emerging risks and stress-testing the portfolio to better understand how to mitigate these risks, which today includes designing and executing strategies that help to reduce the portfolio's risk resulting from potential increases in inflation and interest rates.

Guardian General Investment Portfolio Profile
Year-End 2010



- Public Fixed Income
- Private Placement Debt
- Commercial Mortgages
- Policy Loans
- Affiliates & Subsidiaries
- Other
- Public Equity
- Private & Real Estate Equity

In 2010, the majority of Guardian's total investment portfolio was comprised of public fixed income (51.7%), private placement debt (15.4%) and commercial mortgages (10.3%). The public equity portfolio, net of hedges, returned 19.5%, and the public fixed income portfolio returned 10.5% — both outperforming their respective benchmarks.

Guardian's Life Insurance Product Offerings: What life insurance products does Guardian offer and how will they help you?

The hallmark of Guardian's individual life portfolio has long been our traditional life insurance products, which are designed with integrity and backed by the financial strength of Guardian.

Individual insurance plays an integral role in helping families and business owners fulfill their lives, not only by removing some of the “unknown,” but also by providing tax-smart wealth transfer opportunities. Guardian's wide range of life insurance options — including whole life, universal life, variable universal life and term life insurance — helps meet these objectives. The distinguishing difference between these types of insurance is the amount of market exposure (variable universal life having the most) and the price (term being the least expensive in the short term). We also offer products specifically for small business owners to help attract and retain top talent through sophisticated corporate-owned policies.

Policyowners of participating whole life insurance benefit the most from Guardian's financial strength. First, whole life insurance offers a death benefit — guaranteed — and guaranteed cash value that can be borrowed against to pay for expenses such as retirement or health care. Second, as a mutual company, Guardian is focused on the long-term results of the participating whole life policyholders, which is delivered in the form of dividends. Our payout of \$740 million to the owners of these whole life policies in 2011 is evidence of Guardian's commitment to providing the greatest amount of insurance for the lowest long-term cost with the greatest amount of financial strength.

Not-so-trivial Trivia about Guardian

- Guardian has declared a dividend payout of \$740 million based on 2010 company performance. This amount is the highest payout in the company's history.
- The Company has paid a dividend to its policyholders since 1868 — through good times and bad, including two World Wars, the Great Depression, the Great Recession and years of market volatility.
- We were one of a handful of life insurance companies to have been upgraded by A.M. Best and Standard & Poor's in 2008 (11/08 and 7/08, respectively), and our ratings were reaffirmed in 2009 and 2010.
- Our claims-paying ability has not been impaired by the market downturn.
- Due to Guardian's strong capital position, it did not accept the Federal funding offered under the Treasury Department's capital purchase (TARP) program.



GUARDIAN[®]

**The Guardian Life Insurance
Company of America**

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