



LIFE INSURANCE ■ RETIREMENT ■ EMPLOYEE BENEFITS

OneAmerica's Strength Amid Turmoil

FROM: Dayton H. Molendorp, Chairman, President and CEO

DATE: October 3, 2008

RE: Updated Statement Regarding OneAmerica's Strength

Delivering financial strength when customers need us most

Financial strength enables us to keep our promise to be at the pay window when customers need us. As a mutual company, we answer to our customers, not outside shareholders or Wall Street. We take a conservative approach to financial management because we understand that protecting the money our customers entrust with us is the most important thing we do. This philosophy has served us well for 130 years, and it enabled us to avoid most of the problems that have been rocking the markets.

Our investments in the OneAmerica general account consist primarily of a well-diversified mix of high quality bonds and commercial mortgages. We have among the lowest exposures to below-investment-grade bonds in the life insurance industry at approximately 2 percent. Our owned real estate is primarily our home office campus in Indianapolis, and we have very little exposure in our general account to equities or alternative assets. We have **no** exposure in either the OneAmerica general account or the OneAmerica funds to:

- | Subprime loans
- | Alt-A investments (liar loans)
- | Collateralized debt obligations (CDOs)
- | Fannie Mae/Freddie Mac stock
- | Credit default swaps (CDSs)
- | Collateralized loan obligations (CLOs)
- | Structured investment vehicles (SIVs)
- | Auction rate loans
- | Lehman Brothers
- | Washington Mutual
- | AIG stock
- | Wachovia stock

We have not had a meaningful bond default in over four years or a delinquency in our commercial mortgage portfolio in over six years. Of course, with more than 900 credits in our portfolio, it is likely that we will experience some credit losses due to the market upheaval and general economic slowdown. However, based on the facts we know today, we believe that any losses will be small relative to our overall financial strength and may be among the lowest in the life insurance industry.

It is important to remember that these comments relate to the OneAmerica general accounts that support our overall financial strength and our fixed account assets. These include assets backing life insurance products, fixed annuities and the fixed accounts in retirement plans and other variable products, as well as the fixed income investments within the OneAmerica funds. The value of investments in mutual funds, including the OneAmerica funds, chosen by customers will fluctuate with the market and may decrease in value.

OneAmerica's strong balance sheet: the security backbone of our financial strength

Our solid position has been built over time. We are well-capitalized, meeting the AAA "Extremely Strong" level of capital as determined by the major rating agencies. OneAmerica's excellent liquidity and financial flexibility provide access to resources should extreme circumstances arise. This includes a \$1 billion liquidity reserve with the Federal Home Loan Bank of Indianapolis. Our well-developed and prudent risk management practices and strong balance sheet have earned us very high overall ratings from the major rating agencies.

It's all about the customer

Since 1877, we have put our customers first. We have built our long-standing reputation on mutual principles, a commitment to providing long-term value and a vision to deliver on our promise to pay when customers need us most. These ideals have guided us through 130 years of twists, turns and change, and they still guide us today. We hope that gives our customers the confidence that they have entrusted their resources with a company that has earned it.

The companies of **ONEAMERICA FINANCIAL PARTNERS, INC.**

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