



Financial Strength The power of mutuality



A Message from President & CEO Dennis J. Manning

Guardian remains in very strong financial condition despite the unprecedented volatility currently roiling the financial markets. Only a minimal amount (approximately one-third of one percent) of Guardian's total investment portfolio (nearly \$30 billion) was impacted by credit losses related to troubled financial institutions. Our underlying financial stability and our ability to continue to pay attractive dividends to policyholders remain strong.

Furthermore, Guardian is a mutual life insurance company. That means we have no stockholders and can focus on the long-term interests of our policyholders instead of the short-term demands of Wall Street. Because we are a mutual company and operate solely for the benefit of our policyholders, we believe we offer a very valuable proposition, particularly now.

Guardian is not immune to the impact of financial upheaval such as we've seen recently. However, we are well capitalized and employ solid risk management practices, making us confident in our ability to manage through current market conditions. Our capital – a key indicator of our financial strength and something that serves as a cushion against potential losses and a source of future income should unexpected events occur – was \$4.5 billion through the end of June, 2008. Additionally, the credit ratings agency Standard & Poor's recently improved Guardian's credit rating, raising it from AA to AA+. Standard & Poor's pointed to several factors for this upgrade: Guardian's very strong capital adequacy and liquidity; our stable earnings profile supported by a large block of participating whole life insurance; diversified sources of earnings; and our solid enterprise risk management.

Guardian is in good financial shape and we expect to remain that way. We have an experienced management team and a seasoned group of investment professionals who have managed crises before and who will remain focused on providing competitive policyholder dividends while protecting our company's financial strength.

Sincerely,

Dennis J. Manning
President & Chief Executive Officer

Guardian's Ratings

For a description of each rating agency, click an agency name.

| Rating Agency | Rating (Category) |
|---------------------------------------|-------------------|
| A.M. Best | A+ (Superior) |
| Standard & Poor's | AA+ (Very Strong) |
| Moody's | Aa2 (Excellent) |
| Fitch | AA+ (Very Strong) |
| Weiss | A (Excellent) |
| Comdex | 94 |

Financial Highlights

| As of December 31 (in millions) | 2007 | 2006 |
|------------------------------------|----------|----------|
| Operating Income Before Tax | \$349 | \$303 |
| Realized Gains, After Tax | \$73 | \$115 |
| Policyowner Dividends | \$651 | \$619 |
| Net Income | \$292 | \$376 |
| Operating Income Margin After Tax | 2.9% | 3.5% |
| Capital | \$4,628 | \$4,307 |
| Capitalization Ratio | 16.3% | 16.1% |
| Risk Based Capital ("RBC") | 458% | 429% |
| Total Admitted Assets | \$28,328 | \$26,719 |

Company Info

- [Who We Are](#)
- [Financial Strength](#)
- [Corporate Governance](#)
- [Press](#)
- [Locations](#)
- [Annual Report](#)

Read Guardian's [Disclosures](#), [Privacy Policies](#), [SEC Rule 11Ac1-6 Quarterly Report](#).

Copyright© 2008, The Guardian Life Insurance Company of America. All rights reserved. [Site Index](#) | [Contact Us](#)