



What's in a Dividend?

The Benefits of Being Mutual

Guardian is a mutual life insurance company, operating for the benefit of participating life policyholders who share in the company's results, in part, through the payment of annual dividends.¹ Unlike stock-based companies, there are no outside shareholders, so the company is managed to maximize the long term interests of its clients. While dividends are not guaranteed, Guardian has paid dividends to participating individual life policyholders every year since 1868 — through good and bad economic times.

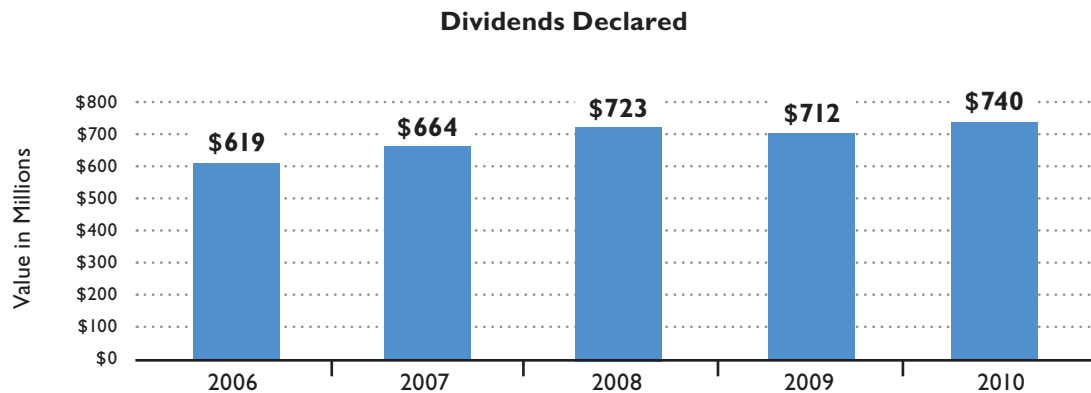
Guardian's 2011 Dividend

In November 2010, Guardian's Board of Directors approved a record dividend payout of \$740 million to its individual life policyholders in 2011 — \$28 million more than the previous year and *the highest amount in company history*. In addition, the Board established a minimum amount of the dividend allocation — no less than \$626 million, that will be distributed in 2011 to participating life policyholders with policy dates of January 1, 1984 and later.

Guardian demonstrated its commitment to policyholders by sustaining financial strength and stability during a time of extreme marketplace volatility.

Strong investment results in 2010 have enabled the company to declare a 2011 dividend interest rate of 6.85%. For further clarification on how the dividend interest rate affects the dividend, please see the following page.

The chart shows Guardian's dividend performance from 2006-2010.



¹ Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

What's in Our Dividend?

The three core business disciplines in a life insurance company that impact dividends are:

- **Investment results**

Strong investment results mean that the company is able to prudently manage a well-diversified, high quality asset portfolio that backs its long term obligations. Investment income earned in excess of the guaranteed interest rate comprises part of the dividend.

- **Mortality experience**

The company has good mortality experience if the number of death claims paid is less than the mortality assumptions used to provide the guarantees in whole life policies. The difference between actual experience and the guaranteed mortality in the policy is returned to the policyholder as part of the dividend.

- **Expense management**

If the company's expenses are lower than anticipated, those savings also help to support a more favorable dividend that year.

The example shows how a dividend is calculated using the three components just discussed, and is based on the 2011 dividend scale for a Guardian policy:²

Life Paid Up at Age 99; \$500,000 face amount, male, age 40, issued Preferred Plus No Tobacco

Investment Return Component (Interest)	\$4,091
Mortality Return Component	\$2,064
Expense Component	(\$110)
Dividend in Policy Year 20³	\$6,045

Using "ROI" to Evaluate Whole Life Values

The *Return on Investment* (ROI) is the rate that premiums would have to earn to accumulate to the total cash value of the policy. When comparing policies, looking individually at premium level, dividends, total cash value or the dividend interest rate is not enough to evaluate performance. Using the ROI to evaluate and compare whole life insurance policies is an efficient approach, as it incorporates all of these markers into a single measure.

The chart shows the ROI on a Guardian policy in the 20th year, based on the 2011 dividend scale, full payment of premiums, and dividends used to purchase paid up additional insurance. Numbers for other companies are derived from current company illustrations. Policy values including dividends are not guaranteed and may change in the future.

20-Year ROI on Guardian Life Paid Up at Age 99; \$500,000, male, Best Class and other companies' similar policies.²

Age	Guardian	Mass Mutual	Northwestern Mutual	New York Life
35	3.91%	3.19%	3.32%	2.77%
45	3.57%	2.95%	3.20%	2.51%
55	3.07%	2.61%	2.89%	1.79%

² If a policy is being considered for purchase, the agent must provide a complete company illustration to the client. Please refer to the complete illustration for guaranteed values and other important information.

³ Assumes no outstanding policy loans or loan interest.

What the Rating Agencies Say

Guardian has received excellent ratings from the four major ratings agencies, and our ratings for financial strength and stability have been reaffirmed in 2009 and 2010, during a time of exceptional economic uncertainty.⁴

A.M. Best	A++ (Superior)
Fitch	AA+ (Very Strong)
Moody's Investors Service	Aa2 (Excellent)
Standard & Poor's	AA+ (Very Strong)
COMDEX⁵	98 (Extremely Safe)

For more information on Guardian, its products and services,
contact your Guardian representative or your local Guardian agency.

⁴ Financial information for The Guardian Life Insurance Company of America as of 12/31/09 on a statutory basis: Admitted Assets = \$30.9 Billion; Liabilities = \$26.7 Billion (including \$23.5 Billion of Reserves); and Surplus = \$4.2 Billion.

⁵ COMDEX is a composite index created from various current financial strength rating agencies. It gives a company's standing, from 1 to 100, in relation to other companies that have been rated.



GUARDIAN