



Date: November 18, 2009
To: All Field Associates
From: Deanna Mulligan
Executive Vice President, Individual Life and Disability
Re: 2010 Individual Life Dividend Scale

We are pleased to let you know that Guardian's Board of Directors recently approved a \$712 million dividend allocation to its individual life policyholders in 2010. In this period of challenging economic times, Guardian is proud to be able to allocate such a strong dividend, one that is the second highest in company history and one that is only surpassed by last year's payout of \$723 million. This allocation confirms Guardian's strong commitment to policyholders as well as validates the sound business fundamentals we follow in managing the company.

Dividends are one of the most important ways that Guardian, a mutual company, provides value to its participating life insurance policyholders. Guardian has consistently rewarded participating policyholders with strong dividend performance over our 149 year history.

The 2010 dividend interest rate will be 7.00%.

Guardian has consistently maintained an investment strategy that is focused on the long term. This strategy is aimed at protecting Guardian's financial strength and ratings. We have a highly experienced team of investment professionals who actively oversee our well-diversified portfolio, which has high credit quality and ample liquidity, and which has been designed to manage investment risk.

Accompanying this memo are two attachments that should interest you:

- Attachment A compares sample policy values based on the 2009 and 2010 Dividend Scales
- Attachment B shows the interest paid items for 2010.

The 2010 Dividend Scale will be included in the new version of the Illustration System and will be available on November 19, 2009. The illustrations are compliant with the NAIC Life Insurance Model Regulation and have been developed with fully allocated expenses.

Additionally, information describing how Guardian calculates dividends will be provided this December by Jess Geller, FSA, Vice President and Actuary. This piece will provide details on Direct Recognition, the Contribution Principle, Dividend Pegging and Substitution, as well as how policy loans affect dividends.

Guardian remains committed to providing our policyholders with a strong performing whole life policy while maintaining exceptional financial strength. We are particularly pleased to have delivered on these commitments in spite of challenging economic conditions.

Thank you for your continued support. We look forward to your ongoing partnership in 2010. Please accept my best wishes for the holiday season and for a happy and prosperous New Year.

Attachment A

2010 Versus 2009 Dividend Scale

**Guardian Life Paid-Up at Age 99
\$500,000 Face Amount; Male; Preferred Plus NT (Best Class)**

**Cash Values Year 20
With Full Pay**

| Age | Premium | 2010 Scale | 2009 Scale | % Change | | 2010 Scale | 2009 Scale | % Change |
|-----|----------|------------|------------|----------|--|------------|--------------|----------|
| 35 | \$ 6,165 | \$ 191,746 | \$ 200,010 | -4.1% | | \$ 658,906 | \$ 677,709 | -2.8% |
| 45 | \$ 9,450 | \$ 282,462 | \$ 294,877 | -4.2% | | \$ 693,542 | \$ 715,116 | -3.0% |
| 55 | \$15,300 | \$ 430,898 | \$ 450,154 | -4.3% | | \$ 781,230 | \$ 808,144 | -3.3% |
| 65 | \$26,290 | \$ 695,493 | \$ 726,844 | -4.3% | | \$ 978,619 | \$ 1,016,030 | -3.7% |

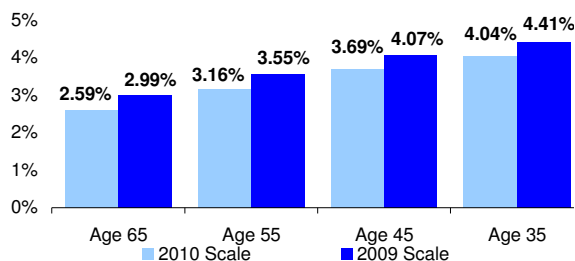
**Death Benefits Year 20
With Full Pay**

**Cash Values Year 30
With Full Pay**

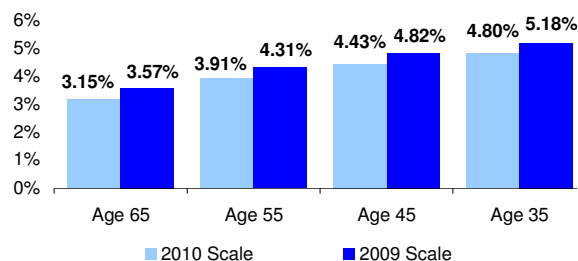
| Age | Premium | 2010 Scale | 2009 Scale | % Change | | 2010 Scale | 2009 Scale | % Change |
|-----|----------|-------------|-------------|----------|--|--------------|-------------|----------|
| 35 | \$ 6,165 | \$ 414,718 | \$ 444,465 | -6.7% | | \$ 865,368 | \$ 917,853 | -5.7% |
| 45 | \$ 9,450 | \$ 594,853 | \$ 638,183 | -6.8% | | \$ 952,534 | \$1,013,718 | -6.0% |
| 55 | \$15,300 | \$ 877,890 | \$ 942,713 | -6.9% | | \$ 1,142,355 | \$1,220,160 | -6.4% |
| 65 | \$26,290 | \$1,322,293 | \$1,421,466 | -7.0% | | \$ 1,520,823 | \$1,630,007 | -6.7% |

**Death Benefits Year 30
With Full Pay**

**IRR on 20th Year Cash Values
Full Pay**



**IRR on 30th Year Cash Values
Full Pay**



NOTES:

Cash Values and Death Benefits are based on Option D (Dividend to Purchase Paid-Up Additions) and Full Pay.

These illustration excerpts are for agent information and educational purposes only. They are *not approved* for dissemination to prospects or clients.

Attachment B

Interest Paid Items

Guardian's Board of Directors has approved the following interest rates for various funds. These rates are expected to be finalized at the February 2010 Board of Directors meeting.

| Fund | 2010 Rate | 2009 Rate |
|---|--------------|--------------|
| Dividends left to accumulate | 4.75% | 4.75% |
| Pension Trust Auxiliary Fund (effective annual rate) | 3.25% | 3.75% |
| Premiums Paid in Advance* – First 10 policy years | 4.75% | 4.75% |
| Next 5 policy years | 4.25% | 4.25% |
| Remaining 15 years | 3.50% | 3.50% |
| *Subject to change in 2010 on a prospective basis only | | |
| Modified Settlement Option Rates | 4.25% | 4.25% |
| Optional settlements not involving a life income unless the contract mandates a higher rate. | 1.50% | 2.75% |
| Interest on death claims, when necessary | 1.50%** | 2.75% |

**Unless state mandated at a higher rate

Pegging and Substitution

Guardian's Board of Directors also agreed today to continue our current pegging and substitution practice. The Pegging formula has been reduced from previous years.

Substitution is the practice of paying the originally illustrated dividend scale on basic coverage for policies (excluding riders and additions) with policy dates in 2007 or 2008, if the scale is greater than the 2010 formula dividend.

Pegging applies to the base dividend to policies issued before 2007. It softens the impact of declines in the dividend scale.

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