

Shenandoah Life Insurance Company
September 30, 2008 Statutory Financial Results

- Total revenue through September 30, 2008 was \$308.5 million, a 14% increase over the same period in 2007 primarily due to higher annuity and Medicare Supplement premium income.
- Total gain from operations through September 30, 2008 is \$8.4 million compared to \$4.4 million for the same period in 2007 due to higher earnings in the individual life line of business.
- Similar to many other insurance companies, Shenandoah Life reported net realized capital losses this year. Through September 30, 2008, these were \$69.9 million, due primarily to write-downs of Fannie Mae, Freddie Mac and Sigma Finance securities. All securities were rated investment grade at time of purchase.
- Net loss was \$61.5 million compared to net income of \$4.7 million in 2007.
- Total assets decreased 3% to \$1.6 billion as of September 30, 2008 compared to December 31, 2007.
- Total liabilities decreased slightly to \$1.5 billion as of September 30, 2008 compared to December 31, 2007.
- Total surplus as of September 30, 2008 was \$78.3 million compared to \$125.8 million as of December 31, 2007. The decrease in surplus was mainly due to the write-down of investment securities.

These financial results have been communicated to industry rating agency, A.M. Best, and no change in Shenandoah Life's rating is anticipated.