

FROM: THE RECEIVERSHIP TEAM
DATE: FEBRUARY 12, 2010

RECEIVERSHIP UPDATE

Today, February 12, 2010, marks one year since Shenandoah Life Insurance Company (“Shenandoah” or the “Company”) entered receivership. This update summarizes certain aspects of the Deputy Receiver and receivership team’s progress since February 2009 in rehabilitating the Company.

Since the start of receivership, the receivership team, with immense help from Company management and staff, has taken several measures to stabilize and improve the Company’s financial condition and preserve its value. Many of these decisions have been announced on the Company website, www.shenlife.com, under the “receivership documents” tab.

One of the Deputy Receiver’s more important efforts has been the pursuit of a strategic alliance or acquisition which would enable the Company to resume its business operations and marketplace position. Although we are unable to disclose much regarding these efforts, we are making progress and have reason to believe that, if successful, they will preserve the operations in Roanoke and result in a robust resumption of development and marketing of the Company’s products. We will report more details about these efforts as and when we can without compromising their probability of success.

The Deputy Receiver and receivership team recognize that certain receivership decisions have imposed burdens on the Company’s valued policyholders and its marketing force. The developments that required that Shenandoah be placed in receivership also prevent the Company from taking certain actions that might further undermine its financial stability. These decisions have been necessary for rehabilitation efforts, and have been implemented so as to cause the minimum disruption possible under the circumstances. Our hope is that concentrated efforts towards the Company’s rehabilitation will eventually permit the alleviation of some or all of these measures. Company management continues to work closely with the receivership team to conduct daily operations and assist with rehabilitative tasks.

Finally, although attrition has accounted for the voluntary departures of approximately one-third of Shenandoah employees since the start of receivership, we have confidence and reason to believe that the remaining invaluable members of the Shenandoah team can successfully and prudently manage those core business functions that will be necessary for the Company’s rehabilitation and resumption of business. These same employees have been integral to Shenandoah’s success over the years and have the requisite knowledge and familiarity to assure its future success.

We appreciate the confidence expressed by so many of our field partners and share their eagerness for a successful outcome. Given the circumstances, we are pleased with the

Company's resilience and its promising prospects. They are due in no small part to Shenandoah's established relationships with the field force, its policyholders, and the Roanoke community. Thank you again for your loyalty to Shenandoah and your patience and cooperation with the receivership team's efforts.

We will continue to update you with new developments as they arise. Should you have any questions in the interim, all field inquiries should be directed to Lynn McHugh, Marketing and Sales Coordinator, at 540-985-4400, ext. 4387 or Kathleen Lordan, Manager of Marketing Services, at 540-985-4400, ext. 4331. All media inquiries should be directed to Donald Beatty, Receivership Manager, at 540-985-4400, ext. 4201.