



GUARDIAN®



GUARDIAN IS
ALIGNED
WITH YOUR INTERESTS

GUARDIAN ANNUAL REPORT 2012





DEANNA MULLIGAN

President and Chief Executive Officer

TO OUR POLICYHOLDERS

It's with great pride that I present this record of Guardian's performance results for 2012.

The year didn't spare us any obstacles. The economic recovery continued to stagger and sputter. Interest rates stayed low – a challenge for us as we look to maximize long-term returns to our policyholders. Circumstances in Washington made for an unpredictable regulatory environment.

Guardian responded to these challenges with strong performances across the board, marking our fourth consecutive year of capital growth. Sales exceeded 2011 numbers in all our product lines. Despite low interest rates, we identified attractive investments that resulted in net investment income exceeding initial expectations, coming in at \$2.1 billion. And capital, a key indicator of financial strength, climbed \$302 million to \$5.8 billion.

Excellent financial numbers directly benefited our policyholders. Guardian declared the highest dividend payout to our Whole Life policyholders in our history: \$805 million.

All four major credit ratings agencies affirmed our exemplary financial strength ratings.

BEHIND THE NUMBERS – WHAT MAKES US STRONG?

There's a story behind these results. It's about a company with 152 years of history that has arrived at a moment of fresh opportunity. Guardian is a company aligned in its business goals and its practices. We believe in the capabilities of our talent and stand committed to providing our people with the tools to explore the limits of who they aspire to be.

We are a company of 8,000 home office and field professionals, all working for the best interests of those we serve because it's right... and because it's how we succeed, ensuring that Guardian is strong today and for decades to come, delivering on our promises to our policyholders.

What accounts for this moment? It isn't simply a matter of being happy with last year's numbers. This kind of clarity and confidence only comes after an organization's abilities and core values have been put to the test.

There's no doubt that Guardian was tested in 2012.

WEATHERING STORMS

When Superstorm Sandy struck the Northeast in October 2012, our 7 Hanover Square home office was rendered uninhabitable by the flooding and utility damage that swept

Lower Manhattan. More than 1,600 employees were displaced by the storm. With no office to report to, many secured alternative work spaces – the local library, a nearby coffee shop, the homes of co-workers and neighbors – any place where they could set up a laptop or charge a phone.

The uncommon initiative and ingenuity shown in those critical first days – and in the weeks that followed – resulted in our policyholders experiencing the same high standard of service they know to expect from Guardian. Throughout the crisis, policyholders were unaware of the extraordinary circumstances in which we found ourselves.

Some of our teams had to be relocated 80 miles outside of New York City to Bethlehem, Pennsylvania, away from their homes and families. Meanwhile, the bulk of our home office operations moved into a temporary location at 30 Hudson Street in Jersey City. These were massive undertakings conducted with peerless professionalism that ensured continuity and the fulfillment of Guardian's obligations to our policyholders.

MUTUALITY SUCCEEDS; OUR VALUES AFFIRMED

The lessons learned from 2012 are worth keeping because they illustrate what it means when a company lives its values.

We do the right thing.

People count.

We hold ourselves to very high standards.

More than words, these values underscore every instance of self sacrifice, personal

DENTAL: BEST IN CLASS

Guardian continues to build on its prominent position in the group employee benefits business with best-in-class products.

Guardian has one of the largest dental networks in the country, with more than 88,500 dentists at 200,000 locations. During 2012, the network added an additional 10,000 dentists – a 12 percent increase.

Benefits Selling magazine named Guardian one of the best dental carriers of 2012. This is the third time in four years that the publication has recognized our company.

LIVING IN BALANCE

Guardian is a mutual company owned by its policyholders. This structure informs our unique alignment of product development, meeting customer needs, and support for our field team, aptly illustrated by The Living Balance Sheet®.

This innovative service platform allows policyholders to centralize their entire financial portfolio and, with the help of a Guardian Financial Representative, get an honest, comprehensively detailed assessment of their financial health.

For policyholders, The Living Balance Sheet® provides the basis for more informed management of investments, business income vs. expenses, and progress toward retirement and other financial goals. For Guardian professionals, it helps to identify clients' needs and solutions that address them, such as Disability Income and Retirement Solutions products.

initiative, and inspired problem solving demonstrated by our people. Indeed, our values are at the heart of our capacity to weather any storm. For more than a century and a half – through war and recession, across great societal shifts in how Americans live and work – Guardian has marched forward. We have built our company by staying close to our policyholders, alert to their needs and committed to helping them achieve their goals.

When you understand that, you can truly grasp the meaning of mutuality. It's the alignment of our mission and our values, our products and our people.

So yes, we've come through the storm with a greater knowledge of who we are. In short, Guardian is a solid, values-grounded company that, in facing adversity, showed its capacity to excel on behalf of our policyholders. Our task now is to leverage our 2012 successes, and the valuable lessons we've learned, to succeed in 2013 and in decades to come.

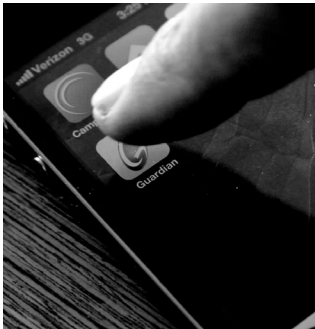
Hugo Wesendonck and the partners who founded Guardian in 1860 believed that "a life insurance company should live forever."

Forever is a long time, but there can be no doubt that ours is a company built to last. Bound by values both lofty and unshakable, Guardian is "aligned" – right here, right now – to make good on our founders' vision.

Sincerely,

A handwritten signature in black ink that reads "Deanna M. Mulligan". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Deanna M. Mulligan
President and Chief Executive Officer



GUARDIAN FINANCIAL HIGHLIGHTS



\$795 MILLION

WHOLE LIFE DIVIDENDS DECLARED

\$5.0 BILLION

BENEFITS PAID TO POLICYHOLDERS
(ON A CONSOLIDATED BASIS)

\$5.5 BILLION

CAPITAL

\$1,101 MILLION

STATUTORY GAIN FROM OPERATIONS,
BEFORE TAXES AND DIVIDENDS TO POLICYHOLDERS
(ON A CONSOLIDATED BASIS)

\$273 BILLION

LIFE INSURANCE IN FORCE
(ON A CONSOLIDATED BASIS)



\$805 MILLION

WHOLE LIFE DIVIDENDS DECLARED

\$4.7 BILLION

BENEFITS PAID TO POLICYHOLDERS
(ON A CONSOLIDATED BASIS)

\$5.8 BILLION

CAPITAL

\$1,165 MILLION

STATUTORY GAIN FROM OPERATIONS,
BEFORE TAXES AND DIVIDENDS TO POLICYHOLDERS
(ON A CONSOLIDATED BASIS)

\$289 BILLION

LIFE INSURANCE IN FORCE
(ON A CONSOLIDATED BASIS)

2012 FINANCIALS

STATUTORY BASIS BALANCE SHEETS

<i>As of December 31 (In millions)</i>	2012	2011*
ADMITTED ASSETS		
Bonds	\$25,186	\$23,057
Unaffiliated common and preferred stocks	978	1,110
Investments in affiliates	1,008	886
Mortgage loans	3,069	3,156
Private and real estate equity	1,368	1,247
Policy loans	3,000	2,889
Receivable for securities and other invested assets	579	457
Cash and short-term investments	290	221
TOTAL INVESTED ASSETS	35,478	33,023
Due and accrued investment income	340	341
Premiums deferred and uncollected	892	874
Net deferred tax asset	642	639
Other assets	177	250
TOTAL ADMITTED ASSETS	\$37,529	\$35,127
LIABILITIES AND SURPLUS		
Reserves for policy benefits	28,621	26,732
Policyholder dividends payable and other contract liabilities	1,927	1,903
Interest maintenance reserve	422	241
Asset valuation reserve	608	489
Amounts due to brokers and other liabilities	1,199	1,189
TOTAL LIABILITIES	32,777	30,554
Policyholders' surplus	4,356	4,177
Surplus note	396	396
TOTAL LIABILITIES AND SURPLUS	\$37,529	\$35,127

STATUTORY BASIS STATEMENTS OF OPERATIONS

<i>For the year Ended December 31 (in millions)</i>	2012	2011*
REVENUES		
Premiums, annuity considerations, and fund deposits	\$5,998	\$5,860
Net investment income	1,728	1,715
Other income	241	169
TOTAL REVENUE	7,967	7,744
BENEFITS AND EXPENSES		
Benefit payments to policyholders and beneficiaries	3,333	3,401
Net increase to policy benefit reserves	1,889	1,638
Commissions and operating expenses	1,669	1,633
TOTAL BENEFITS AND EXPENSES	6,891	6,672
Gain from operations before policyholder dividends and taxes	1,076	1,072
Policyholder dividends incurred	(792)	(785)
Gain from operations before taxes and realized losses	284	287
Income tax expense	(60)	(81)
Income from operations before net realized capital losses	224	206
Net realized capital gains (losses)	29	(10)
NET INCOME	\$253	\$196

Results Are Guardian Life Only (Not Consolidated)

The condensed financial statements of The Guardian Life Insurance Company of America have been derived from audited statutory financial statements, which are available upon request.

**Certain amounts from 2011 have been reclassified to conform to the current year presentation.*



EXECUTIVE MANAGEMENT

(Clockwise from top left)

Deanna M. Mulligan

President and Chief Executive Officer

Robert E. Broatch, CPA

*Executive Vice President,
Chief Financial Officer, Risk and Operational Excellence*

D. Scott Dolfi

Chief Operating Officer

Tracy L. Rich

*Executive Vice President,
General Counsel and Corporate Secretary*

Matthew H. Scanlan, CFA

*Chief Executive Officer
RS Investment Management Co. LLC*

Thomas G. Sorell, CFA

*Executive Vice President
and Chief Investment Officer*

Bradley A. Thomas

*Executive Vice President,
Human Resources*

BOARD OF DIRECTORS

John J. Brennan

*Chairman Emeritus,
Vanguard*

Robert E. Broatch, CPA

*Executive Vice President,
Chief Financial Officer,
Risk and Operational
Excellence, The Guardian
Life Insurance
Company of America*

Lloyd E. Campbell

Consultant, Spencer Stuart

Richard E. Cavanagh

*Retired President and Chief
Executive Officer, The
Conference Board, Inc.*

Nancy E. Cooper

*Former CFO,
CA Technologies, Inc.*

James E. Daley

*Retired Executive Vice
President and Chief
Financial Officer, Electronic
Data Systems Corporation*

Deborah L. Duncan

*Executive Vice President
and Chief Financial Officer,
Fremont Group*

Paul B. Guenther

*Retired President,
PaineWebber Group, Inc.*

Deanna M. Mulligan

*President and Chief
Executive Officer, The
Guardian Life Insurance
Company of America*

John A. Somers

*Former Executive Vice
President and Retired Head
of Fixed Income and Real
Estate, Teachers Insurance
and Annuity Association*

Stephen J. Squeri

*Group President, Global
Corporate Services,
American Express
Company*

Donald C. Waite III

*Director, Office of
Executives in Residence
and Adjunct Professor,
Columbia Graduate School
of Business*

INDEPENDENT ACCOUNTANTS

**PricewaterhouseCoopers
LLP, New York, NY**

IMPORTANT INFORMATION

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

Financial information concerning The Guardian Life Insurance Company of America as of December 31, 2012 on a statutory basis: Admitted Assets = \$37.5 Billion; Liabilities = \$32.8 Billion (including \$28.6 Billion of Reserves); and Surplus = \$4.7 Billion.

Financial information concerning The Guardian Insurance & Annuity Company, Inc. as of December 31, 2012 on a statutory basis: Admitted Assets = \$12.3 Billion; Liabilities = \$12.1 Billion (including \$1.9 Billion of Reserves); and Capital and Surplus = \$0.2 Billion.

Financial information concerning Berkshire Life Insurance Company of America as of December 31, 2012 on a statutory basis: Admitted Assets = \$3.2 Billion; Liabilities = \$2.7 Billion (including \$2.5 Billion of Reserves); and Capital and Surplus = \$0.5 Billion.

Ratings*

A.M. Best Company - A++

(Superior - highest of 15 ratings)

Standard & Poor's - AA+

(Very Strong - 2nd highest of 20 ratings)

Moody's Investors Service - Aa2

(Excellent - 3rd highest of 21 ratings)

Fitch - AA+

(Very Strong - 2nd highest of 21 ratings)

Comdex Rating: 98

**The ratings of The Guardian Life Insurance Company of America quoted in this report are as of December 31, 2012 and are subject to change. The ratings earned by Guardian do not apply to the investments issued by GIAC or offered through GIS and PAS.*

The Comdex Rating is a composite index or percentile ranking created based on the current financial strength ratings of the major rating agencies. The Comdex indicates on a scale of 1 to 100 (100 being the best) where the company ranks among 1,100 companies that have been rated. In order to receive a Comdex Rating, a carrier must have received a rating from at least 2 out of 4 of the major rating agencies.

The Guardian Insurance & Annuity Company, Inc. (GIAC), a Delaware corporation that is a wholly owned subsidiary of The Guardian Life Insurance Company of America, issues annuities and variable life insurance policies. Variable annuities, variable life insurance products, and mutual funds are offered through the distributor Guardian Investor Services LLC (GIS). GIAC and GIS are located at 7 Hanover Square, New York, NY 10004 (1-800-221-3253).

Annuities are long-term investment vehicles designed for retirement purposes. Withdrawals or surrenders may be subject to surrender charges. Amounts withdrawn may be subject to ordinary income tax and possible mandatory Federal income tax withholding and, if taken prior to age 59½, a 10% IRS penalty may also apply. Withdrawals have the effect of reducing the death benefit, cash surrender value, and any living benefits.

Variable products and their underlying variable investment options, and mutual funds, are sold by prospectus only. You should carefully consider the investment company's investment objectives, risks, charges, and expenses before making an investment decision. The prospectus contains this and other important information. Please read the prospectus carefully before investing or sending money. You may obtain a prospectus by contacting your Park Avenue Securities registered representative or by calling 1-800-221-3253.

The Living Balance Sheet® displays the financial holdings identified by the client based upon information and valuations provided directly by the client or by electronic feeds from the client's financial institutions. Valuations provided by electronic feeds reflect the most current information provided by the financial institution as of the date and time noted, but can reflect valuations from an earlier date and time.

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GIS and PAS are members of FINRA, SIPC.

Past performance does not guarantee future results. Investments offered through GIAC, GIS, and PAS are not deposits or obligations of, or guaranteed or endorsed by, any bank or depository institution, nor are they insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, the National Credit Union Association, or any other agency. Mutual funds and variable products involve risk, including possible loss of the principal amount invested. Investment return and principal value may fluctuate so that the investment, when redeemed, may be worth more or less than the amount originally invested.

Disability income insurance is underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New York, NY. Products not available in all states. Product provisions and features may vary from state to state.

Visit our annual report online at:

WWW.AR.GUARDIANLIFE.COM

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If you would like to find a Guardian Financial Representative or service provider; report a problem or make an inquiry; or access a list of product area phone numbers and Guardian home office locations, visit:

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GUARDIAN OPERATING SUBSIDIARIES AND AFFILIATES

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eMoney Advisor Holdings, LLC
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Guardian Investor Services LLC (GIS)
The Guardian Insurance & Annuity Company, Inc. (GIAC)
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Managed Dental Care companies
Park Avenue Life Insurance Company
Park Avenue Securities LLC
Reed Group, Ltd.
RS Investment Management Co. LLC

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