



BETTER TOGETHER

2014 ANNUAL REPORT



GUARDIAN®

TO OUR POLICYHOLDERS

Insurance, at its heart, is about joining together to plan for the future and protect the people and things we care about. By pooling our resources and managing them wisely, we're able to build greater financial security than any of us would have alone.

At Guardian, we recognize that we are all better together, combining our interests to enhance our strength. We take seriously the trust our clients have placed in us. Growing and adapting to changing circumstances is the cornerstone of our long-term success.

Change has certainly been the theme of the U.S. economy in recent years, and while the change has been wrenching for many, we see reasons to be optimistic. The U.S. ended 2014 with an economic growth rate among the world's best. As long as GDP, inflation, and employment data continue to move in the right direction, we are hopeful this trend will continue.

As a result of the brightening economic forecast, the Federal Reserve has indicated it may begin to normalize monetary policy, albeit slowly. This development would be particularly good news for Guardian and our clients. We have carefully managed the company through the low interest rate environment of the last six years, consistently delivering strong dividends while maintaining a capital base that ensures we can keep our promises to policyholders. In 2014, we also took advantage of low interest rates to issue debt – \$450 million in 50-year surplus notes with an interest rate of just 4.875%. The notes are an attractive way to fund our current and long-term business objectives, and a reflection of how Guardian is determined to find the best opportunities in any economic climate.

Guardian, like all insurance companies, continues to navigate a changing regulatory environment as well. The insurance business, which has been regulated very effectively



DEANNA M. MULLIGAN

President and Chief Executive Officer

by states for more than a century, is facing greater scrutiny at the federal level. Questions remain about the extent of increased federal oversight and the influence of international standards. These questions create uncertainty, yet we believe effective regulation is a good thing, necessary to keep an economy healthy. We continue to be vigilant about managing for the long term, educating regulators about our business, and preparing for any changes that arise.

Preparing for the future also requires attracting new clients and adapting to changes in consumer habits. In addition to the personalized service provided by financial representatives, today's consumers expect to deal with companies directly and to research, compare, and buy products online. The rise of federal and state health insurance exchanges is giving Americans a new way to access and enroll in benefits for themselves and their families.

Guardian is staying in front of the evolving marketplace. We are investing in technology to improve our online channels so that clients can more easily access critical information. We're also continuing to build our presence on insurance marketplaces. In 2014, we purchased Premier Access Insurance Company, a provider of dental coverage

and care with more than 600,000 members. Adding Premier Access to the fold enhances our existing dental network and extends our reach into the state-run Medicaid and Children's Health Insurance Program markets. The acquisition also expands our presence to the individual state insurance exchanges, complementing our existing offering on the majority of the small business health exchanges.

Guardian and its subsidiaries make available a full suite of products and services designed to help individuals and businesses meet their goals. Life insurance, disability income insurance, annuities, and investments give people the tools to prepare for all of life's eventualities. Dental and vision plans, as well as funding vehicles for 401(k) plans, allow businesses to help their employees improve their lives and their financial security. By offering a diverse set of solutions, Guardian is well-positioned to keep growing through changing market cycles.

As we grow for the future, we remain true to our core vision. Everything we do is designed to reinforce Guardian's status as a trusted mutual partner, delivering financial security how, when, and where our clients prefer.

Mutuality means more than client ownership, of course. It means that our interests are aligned with those of our policyholders. Our growth is shared, and we do better together. Our chief responsibility to our clients is to operate our businesses in an ethical, profitable, and sustainable way, and that's exactly what we did in 2014.

Once again, all four major ratings agencies – A.M. Best, Fitch, Moody's, and Standard & Poor's – affirmed our high ratings. Through financial crisis and recovery, Guardian has maintained a level of financial strength and stability that is among the highest in the industry.

Our 2014 financial results underscore Guardian's strength. Our premiums and deposits totaled \$17.3 billion. We

combined revenue growth with good stewardship of our resources to produce operating income before taxes and dividends to policyholders of \$1.3 billion. Our capital base continued to grow, closing the year at \$6.8 billion. Our capital base reflects our financial strength and serves as a sturdy foundation from which to achieve our growth objectives and meet the long-term financial needs of our clients.

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TRUE TO OUR CORE VISION

“Everything we do is designed to reinforce Guardian's status as a trusted mutual partner, delivering financial security how, when, and where our clients prefer.”

Our life insurance in force increased to \$529 billion and total benefits paid to policyholders across all our businesses increased 8% to \$5.3 billion, delivering on our promise to be there when our clients need us. We also declared another strong dividend, totaling \$787 million, for our policyholders.

While our clients' interests always come first, we also know there is a vital link between Guardian's success and the social, ecological, and economic needs of all Americans. As part of our corporate social responsibility initiatives in 2014, Guardian took meaningful action to improve our environmental sustainability efforts through energy reduction and efficiency initiatives, reducing paper consumption, and recycling.

Guardian is also committed to supporting strategic philanthropic initiatives that increase opportunities for people to build better lives. Through partnerships with community colleges nationally, Guardian's Money Management for LifeSM program offers a for-credit course and a scholarship to help educate and arm students with the critical skills and knowledge required to manage their personal finances.

I also have been honored to represent Guardian on the President's Advisory Council on Financial Capability for Young Americans. The Council was created by President Obama to explore ways to help young people thrive in a challenging financial world. On the President's Council and in other venues, we will continue to share Guardian's perspective about how to increase economic opportunity in America, recognizing that broadly shared prosperity is good for individuals, for our country, and for Guardian's future.

After more than 150 years, we remain true to the values that have made Guardian strong: we do the right thing; people count; we hold ourselves to very high standards. As a force of approximately 8,000 employees and financial representatives, we work together to be there when our clients need us and to offer the products and services that lead to better, more secure lives. As active corporate citizens, we work together with our neighbors to improve our country and the communities in which we do business.

Every day, I am proud of Guardian and what we do for our clients, our employees, and our communities. I look forward to continuing to work with all of my colleagues to help Guardian and our clients prepare for the future and grow better together.

Sincerely,

Deanna M. Mulligan

DEANNA M. MULLIGAN

President and Chief Executive Officer

— 2014 —

FINANCIAL HIGHLIGHTS

(ON A CONSOLIDATED BASIS)

\$17.3 BILLION

PREMIUMS & DEPOSITS

\$1.3 BILLION

OPERATING INCOME
(BEFORE TAXES & DIVIDENDS
TO POLICYHOLDERS)

\$6.8 BILLION

CAPITAL

\$81.1 BILLION

ASSETS UNDER MANAGEMENT

\$787 MILLION

POLICYHOLDER DIVIDENDS DECLARED

\$5.3 BILLION

BENEFITS PAID TO POLICYHOLDERS

\$529 BILLION

LIFE INSURANCE IN FORCE

EXECUTIVE LEADERSHIP TEAM



1. Deanna M. Mulligan

President and Chief
Executive Officer

2. Dong H. Ahn

Executive Vice President,
Group & Worksite Markets

3. Marc Costantini

Executive Vice President and
Chief Financial Officer

4. D. Scott Dolf

Chief Operating Officer

5. Tracy L. Rich

Executive Vice President,
General Counsel and Corporate
Secretary

6. Matthew H. Scanlan, CFA

Chief Executive Officer,
RS Investment Management
Co. LLC

7. Thomas G. Sorell, CFA

Executive Vice President
and Chief Investment Officer

BOARD OF DIRECTORS

John J. Brennan

Chairman Emeritus, Vanguard

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

William C. Freda

Retired Vice Chairman and
Senior Partner, Deloitte LLP

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

BETTER TOGETHER

Visit Guardian's online 2014 Annual Report at www.ar.guardianlife.com to watch the video stories of these customers and learn why we're Better Together.



ALAN AND REBECCA TINTER

Making sure your finances can keep pace with your lifestyle can be a challenge, especially as you approach retirement. Learn how Alan and Rebecca Tinter work with their Guardian Financial Representative, Larry Saffer, to maximize their resources through whole life insurance, annuities, and Guardian's financial organization tool, The Living Balance Sheet®.

BRAD HOFFNER

Brad Hoffner experienced extremely difficult times when he lost both his partner and his mom in a short period of time. Although he believed he no longer had a need for a whole life policy, his Financial Representative, Karen Jessey, convinced him to stay the course, providing Brad with a resource he would appreciate as a new chapter in his life began.



FREELANCERS UNION

The Freelancers Union, a New York-based non-profit that provides advocacy and education, uses Guardian employee benefits to provide its members with access to life, disability income, and dental insurance. Learn how Film Director/Freelance FX Artist Joseph Spaid uses the Guardian benefits provided through the Freelancers Union to protect his family and career.

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, 2014 on a statutory basis: Admitted Assets = \$45.3 Billion; Liabilities = \$39.6 Billion (including \$34.9 Billion of Reserves); and Surplus = \$5.7 Billion.

Financial information concerning The Guardian Insurance & Annuity Company, Inc. as of December 31, 2014 on a statutory basis: Admitted Assets = \$15.6 Billion; Liabilities = \$15.4 Billion (including \$2.6 Billion of Reserves); and Capital and Surplus = \$0.2 Billion.

Financial information concerning Berkshire Life Insurance Company of America as of December 31, 2014 on a statutory basis: Admitted Assets = \$3.4 Billion; Liabilities = \$3.1 Billion (including \$0.6 Billion of Reserves); and Capital and Surplus = \$0.3 Billion.

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. Individual variable annuities and variable life insurance products are offered through the distributor Park Avenue Securities LLC (PAS). GIAC and PAS 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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Securities products and services are offered through Park Avenue Securities LLC (PAS). PAS is a wholly owned subsidiary of GIAC, New York, NY.

PAS is a member of FINRA, SIPC.

Past performance does not guarantee future results. Investments offered through GIAC 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.

Individual 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 availability may vary by state.

RATINGS*

A.M. Best Company - A++
(Superior - highest of 15 ratings)

Fitch - AA+
(Very Strong - 2nd highest of 21 ratings)

Moody's Investors Service - Aa2
(Excellent - 3rd highest of 21 ratings)

Standard & Poor's - AA+
(Very Strong - 2nd highest of 22 ratings)

Comdex - 98

*The ratings of The Guardian Life Insurance Company of America quoted in this report are as of December 31, 2014 and are subject to change. The ratings earned by Guardian do not apply to the investments issued by GIAC or offered through PAS. Comdex is not a rating, but a composite of all ratings that a company has received from the four major ratings agencies (A.M. Best, Standard & Poor's, Moody's, and Fitch). Comdex represents a company's percentile standing, on a scale of 1 to 100 (with 100 being the best), in relation to other companies that have been rated by the major agencies.

IMPORTANT GUARDIAN OPERATING SUBSIDIARIES AND AFFILIATES

Access Dental Services, LLC
Berkshire Life Insurance Company of America
Data Telesis Private Limited
First Commonwealth, Inc.
Guardian Investor Services LLC (GIS)
The Guardian Insurance & Annuity Company, Inc. (GIAC)
Innovative Underwriters, Inc.
Managed Dental Care/Managed Dental Guard, Inc. companies
Park Avenue Institutional Advisers LLC
Park Avenue Life Insurance Company
Park Avenue Securities LLC (PAS)
Premier Access Insurance Company/Access Dental Plan companies
Reed Group, Ltd.
RS Funds Distributor LLC
RS Investment Management Co. LLC

Guardian is an Equal Opportunity Employer.

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