



A Member of the Sammons Financial Group

Dear Valued North American Distribution Partner:

As you might have heard, we were recently notified by Standard & Poor's that our rating is being changed from AA- to A+ with a stable outlook. They indicated that our current business position supports an A+ rating with a stable outlook in the current environment. While we are disappointed in this action, we want to reassure you that we are a financially sound and extremely healthy organization. In fact, our financial position is favorable and we believe the rating change is a result of industry-wide ratings actions that have resulted in downgrades of over 70 companies in the past few months.

We want to be transparent with you regarding our financial performance and stability. In that light, you might be interested to know that:

- \* We just completed a record year with over \$328M of pre-tax operating earnings.
- \* We are one of a small number of companies that will actually report realized gains in their portfolios for 2008
- \* Our exposure to higher risk investments is very low in general and particularly low versus our peers
  - \* Sub-prime assets comprise less than 0.5% of our portfolio
  - \* Less than 2% exposure to volatile preferred and equity sectors
  - \* No individual investment comprises more than 0.4% of our portfolio
- \* We are privately held and as such are insulated from the public market pressures that often lead to short term decisions at odds with the best interests of policyholders and distribution partners

Looking forward, we are committed to the values and long-term focus that deliver value for you and your clients. Our focus is on investing in competitive products, compensation and service as well as being good stewards of our policyholders' premiums, recognizing that we do not own those premiums and have the responsibility to help ensure the financial security of policyholders and their dependents.

We appreciate your partnership and assure you we are committed to you and your clients during these challenging economic times and for decades into the future.

Sincerely,

Michael M. Masterson

Chairman & CEO

North American Company