

GUARANTY INCOME LIFE INSURANCE COMPANY

2009 Summary Annual Report

CHAIRMAN'S MESSAGE

Guaranty is proud of our 84-year history of providing safe and secure products to our policy owners and producers. During an extended global financial recession with historically low interest rates, Guaranty had another successful year of growth in sales, assets and operating income. Our operating income has been consistently profitable over the last five years, and we intend to continue offering excellent consumer oriented products, backed by high quality investments to our customers.

Statutory premiums for the year ended December 31, 2009 were up 19% to \$84.2 million compared to \$70.9 million for the year-end 2008. Statutory assets increased 12% to \$458 million compared to \$407 million at December 31, 2008. Statutory operating income was up 4% to \$1.54 million for 2009 versus \$1.48 million in 2008. After recognizing losses of \$3.5 million on downgraded bonds and preferred stocks, net loss was \$1.6 million for 2009 compared to a loss of \$0.9 million in 2008.

George A. Foster, Jr., Chairman

PRESIDENT'S COMMENTS

Sales of all our annuity products continue to grow as customers seek safe, guaranteed returns. Annuicare[®], which is reinsured with Munich American Re, the U.S. life reinsurance subsidiary of Munich Re, the largest reinsurance group in the world, gets a special benefit beginning in 2010. The Pension Protection Act ("PPA") introduced new tax incentives for Annuity/Long-Term Care ("LTC") combination products. Effective January 1, 2010, the PPA tax changes allow LTC premiums to be paid from untaxed annuity distributions and the LTC benefits paid remain tax free.

Guaranty is one of the most highly regarded life insurance companies in the United States and a nationally recognized competitor because of our innovative products, 24/7 web site assistance, producer training emphasis and efficient, friendly service.

Guaranty offers competitive annuity, life insurance and long-term care products and services.

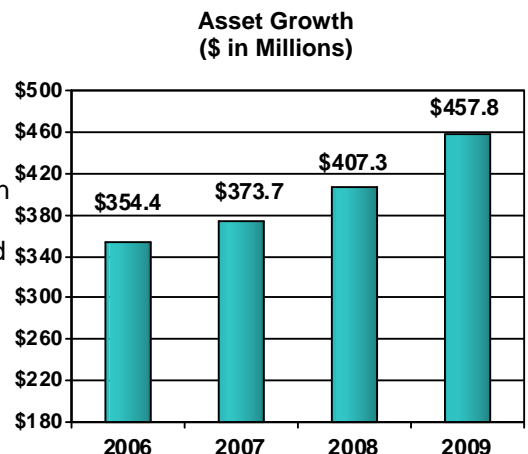
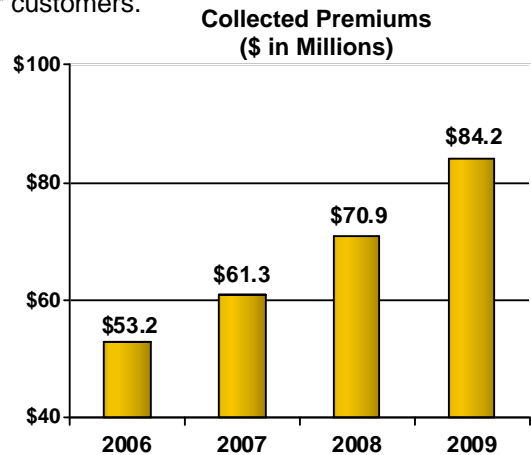
Our Annuicare[®] riders are among the most creative in the industry. GILICO's other consumer-friendly products offer unique risk protection, income payout options and satisfaction to our policyowners and have attracted quality producers to Guaranty.

We look forward to building on our family history and proud tradition of caring for our policyowners, producers, strategic partners and associates. We will continue to deliver industry leading products and service to grow Guaranty's distinguished legacy.

John Lancaster, President

FINANCIAL RESULTS

Statutory operating earnings were \$1.5 million for each of the years ended December 31, 2008 and 2009. We realized capital losses in 2008, primarily from Lehman Bros. and General Motors. In 2009, capital losses were recorded on CIT, GMAC and certain Mortgage Backed Bonds. As a result, Guaranty Income Life reported net losses of (\$0.9) million in 2008 and (\$1.6) million for 2009. Adjusted Capital, including Interest Maintenance Reserve and Asset Valuation Reserves, was \$25.9 million at December 31, 2009.



SAFETY AND GUARANTEES

The foremost objective of Guaranty Income Life's investment philosophy is to provide policyowners safety for their money.

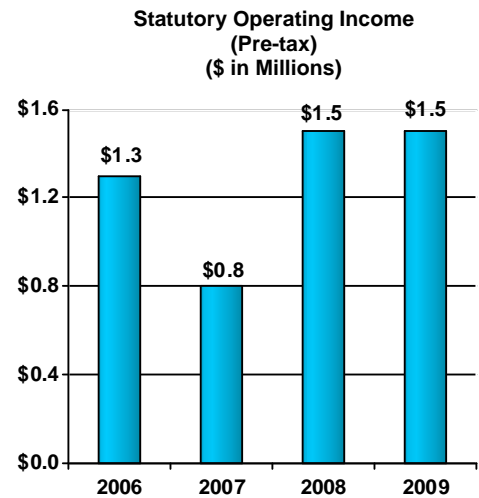
We purchase only high quality investment grade bonds and do not invest in derivatives or credit default swaps. Our products guarantee your principal and a minimum annual return of at least 3% with no stock market risk.

INVESTMENTS

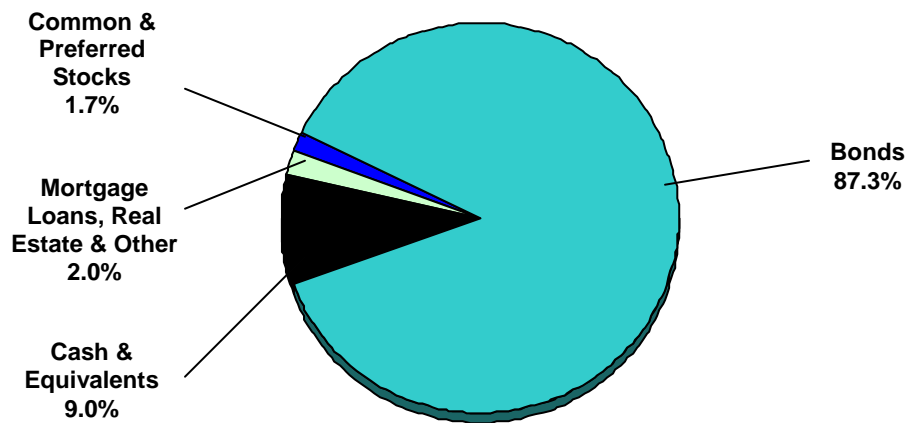
Successful investment management requires constant vigilance in changing economic and interest rate environments. Guaranty's strategy is to optimize the return on our investments while maintaining liquidity with high quality bonds.

Guaranty's investment philosophy is to provide safety and credit policyowners a sound return on their money. Within this objective, we strive to generate the highest returns available on a diverse portfolio while matching the cash flow of our product liabilities.

Based on our fundamentally conservative investment plan, Guaranty restricts purchases to high quality securities. As a result, at December 31, 2009, more than 96% of Guaranty's portfolio was invested in investment grade securities. Guaranty's bond portfolio has one of the highest quality ratings in the insurance industry of AA. Guaranty maintained a short-term duration of approximately six years. Furthermore, less than 2% of Guaranty's assets were invested in real estate and direct mortgages. Common and preferred stocks represented approximately 1.7% of invested assets. Guaranty does not have any debt and maintains considerable liquidity with more than \$40 million in cash and short term investments at December 31, 2009.



2009 INVESTMENT PORTFOLIO



AA RATED PORTFOLIO WITH GREAT LIQUIDITY.

Guaranty Income Life Insurance Company was founded in 1926 and is a Legal Reserve Insurance Company currently licensed in 31 states. In addition to cost-effective life insurance, long-term care and annuity programs, Guaranty Income offers products and services to help families meet their financial needs of wealth protection and wealth creation today and in the future.