

Company News

September 25, 2008

Penn Mutual's Financial Position Remains Very Strong

We are pleased to tell you that Penn Mutual continues to build on our strong financial foundation, despite the market volatility that is making news today.

Our legacy of financial strength is the result of one overriding objective – to meet our obligations to policyholders and protect the long-term viability of the company. To this end, our investment philosophy is one of rigorous asset/liability management, diversification, good liquidity and a conservative approach to portfolio risk.

This philosophy has served us well during our 161-year history, and continues to do so today. While we cannot be totally immune from today's volatile economy, our investment philosophy is designed to continue providing us with the portfolio performance and financial soundness to meet our obligations well into the future. While past performance does not indicate future performance, our conservative management style should serve us well for generations to come.

At Penn Mutual we manage our Corporate Investment Portfolio very conservatively.

- It is approximately \$7.4 billion in assets and managed with broad diversification
- Nearly 86% of the Investment Portfolio is invested in cash and investment-grade bonds
- The Portfolio is comprised primarily of investment grade bonds:
 - The average rating of the bonds in the portfolio is AA-
 - Over 50% of the bonds in the portfolio are listed as AAA rated
 - (Standard & Poor's format: An AAA and AA- rating denote a bond that is considered to be at low credit risk and relates solely to the timely payment of interest and principal of the issuer)
- The Corporate Investment Portfolio is not exposed to equities

Another important financial gauge is our capital standing:

- Our Capital-to-Asset Ratio is 18.4%, whereas the industry average is 11.9%
 - This solid capital position is a measure of our financial strength. A higher ratio implies greater financial stability for the company and is a sign of the importance we place on managing the company for the long-term. Please also note that additional financial information showing our financial strength is available in the [Penn Mutual 2007 Annual Report](#).
- Penn Mutual's continued outstanding recognition from independent insurance rating agencies includes:
 - A.M. Best (A+ Superior; 2 of 16)
 - Moody's Investors Service (Aa3 Excellent; 4 of 21)
 - Standard & Poor's (AA- Very Strong; 3 of 16)

These ratings demonstrate our financial strength, and commitment to our policyholders. Please note that these ratings apply only to Penn Mutual's claims-paying ability and not to the products we offer or their underlying investments. For more information on these ratings, please select the following link [Ratings Card](#).

If you have any questions about your specific situation, please call your Penn Mutual representative or call us at 1-800-523-0650, Monday through Friday from 8:30 a.m. to 6:00 p.m. EST.