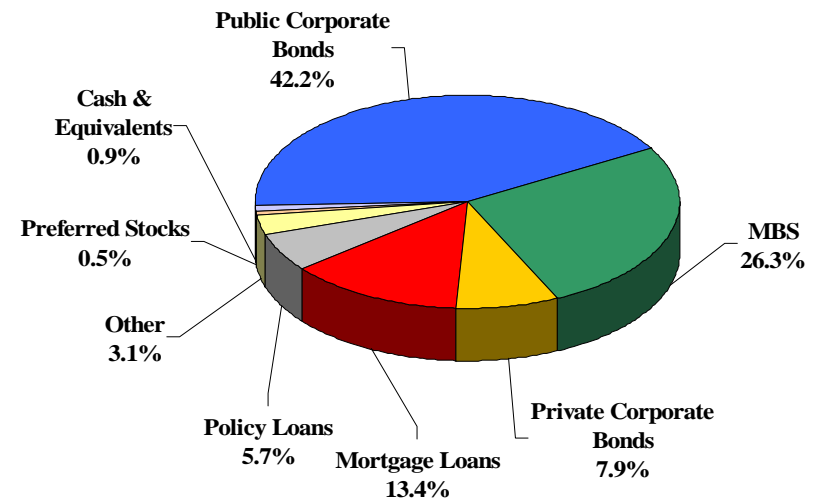


Investment Portfolio Asset Allocation¹



	\$ Millions	% of Total	
Public Corporate Bonds Securities issued by corporations through the public securities market that pay a fixed coupon, have a stated maturity date and are rated by the major rating agencies.	\$ 5,154	42.2%	
Mortgage-Backed Securities A class of securities secured by a group of mortgages, originating from a regulated government-guaranteed agency.	3,215	26.3%	
Commercial Mortgages A loan secured by commercial real estate, with loan to value ratios of less than 75%.	1,640	13.4%	
Private Corporate Bonds Securities issued by corporations in the private placement market, subject to a rigorous due diligence process and frequently incorporating more favorable financial covenants.	960	7.9%	
Policy Loans A loan from the insurer to the policyowner secured by a policy's cash value with a fixed or variable interest rate, possibly reducing cash value and death benefit.	702	5.7%	
Other Invested assets	374	3.1%	
Cash & Equivalents *	104	0.9%	
Preferred Stocks Stock issued by corporations with features or negotiated terms that generally give it seniority to, and higher yield than, common stock.	58	0.5%	
* Includes bond lending proceeds	Total Market Value	\$ 12,207	100%



¹ Total: \$12.2 billion investment portfolio as of Sept. 30, 2008 representing consolidated assets of National Life Insurance Company, Life Insurance Company of the Southwest and NLV Financial Corporation.

NLGroup is a trade name representing National Life Insurance Company and its affiliates. National Life Insurance Company, Montpelier, VT is licensed to do business in all 50 states and the District of Columbia. Life Insurance Company of the Southwest, Dallas, TX is not licensed to do business in New York. Each company is responsible for its own financial condition and contractual obligations.

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Facts About NLGroup's Investment Portfolio

- NLGroup maintains a high quality investment portfolio with assets invested primarily in high quality corporate bonds, mortgage backed securities and commercial real estate mortgages.
- Over 95% percent of the corporate bond holdings are rated “investment grade,” by the nationally recognized rating agencies. Less than 5% of investments are rated below investment grade, which is below the current industry average of nearly 6% (source: ACLI, 2nd Quarter 2008). This reflects the conservative investment strategy of National Life Group and of the insurance industry in general.
- The Group's corporate bond holdings are well diversified across a large number of corporate sectors, with exposure to companies that operate in the electric utility, capital goods, media, telecommunications, and energy sectors.
- Many of NLGroup's corporate holdings include highly rated, everyday household names such as Abbott Labs, IBM, Time Warner, Duke Energy, Berkshire Hathaway and General Electric. More financial details about National Life Group's holdings are available at: https://www.nationallife.com/public/NLG/financial_rpts_stat08.asp
- 100% of NLGroup's mortgage-backed security holdings are rated “Aaa” by Moody's and Standard & Poor's. All have been issued by U.S. government agencies and are guaranteed by the U.S. Government.
- The Group's commercial real estate portfolio is comprised of approximately 375 loans that are broadly diversified geographically (entirely within the United States) and by property type. Currently, there are no delinquent or defaulted loans in this portfolio.

Ratings are subject to change without notice.