



May 15, 2012

Dear Policyholder,

It is my pleasure to announce the completed rehabilitation of Shenandoah Life Insurance Company. The company successfully exited receivership – a rare occurrence in the industry – with a \$60 million capital infusion with plans to retain the brand name and introduce new insurance products.

As you know, surviving receivership is an extremely impressive accomplishment and a tribute to the company's solid operations and talented employees. The company is indebted to this dedicated team of employees who remain committed to serving you. Their confidence in the process and hard work behind the scenes has been invaluable. We thank you for your patience and loyalty as we completed all of the necessary legal and regulatory steps. The security of our policyholders has been the highest priority throughout this process.

Shenandoah Life Insurance's operations will continue to be based in Roanoke, drawing on this solid group of experienced insurance professionals. Now, with the successful receivership process behind us, we look forward to building on a proud heritage of competitive policies and outstanding customer service.

Our new parent, Prosperity Life Insurance Group, LLC, is led by an experienced group of insurance professionals, including Jose Montemayor, the former three-term Commissioner of the Texas Department of Insurance. These experienced professionals share a vision for Shenandoah Life to be revitalized as a provider of high-quality products and services. Their capital infusion of \$60 million and a new slate of directors will provide the base for steady growth of the company. They are committed to harnessing the strengths of our Roanoke team to take the company in an exciting new direction.

We expect this sale to bring changes following an initial period of transition. As the new President & CEO, I pledge to keep you informed as we move forward in developing and implementing a new strategic direction for the Company. Having led Aviva Life Insurance Co. from 1996 to 2007, I look forward to this new challenge and to contributing my experience and enthusiasm to Shenandoah Life.

Rest assured, your Shenandoah Life policy remains secure and we will continue to provide you with the high-quality customer service you expect. We sincerely appreciate your business and value your trust.

We welcome your questions. Please visit our website at [www.shenlife.com](http://www.shenlife.com) or call (800) 848-5433, extension 2090.

Thank you for your business.

A handwritten signature in black ink that reads "Hans L. Carstensen III". The signature is written in a cursive style with a large, stylized "H" at the beginning and a circled "III" at the end.

Hans L. Carstensen III  
President & Chief Executive Officer