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National  
Secretary-Treasurer

We are pleased to present for your review the financial results for the second quarter of 2010. A complete report will appear in the October 2010 GCU Magazine. Please do not hesitate to contact me if you have any questions, before that issue is published.

# Financial Facts & Figures

## Second Quarter 2010

Summary of Financial Statistics			
(000's omitted)	6/30/10	6/30/09	Change
Assets.....	\$745,353	\$651,901	\$93,452
Total Income.....	129,767	58,918	70,849
Total Operating Expense....	45,696	38,642	7,054
Net Income (Loss).....	2,674	2,366	308
Surplus (Net Worth) .....	19,682	17,216	2,466
Asset Valuation Reserve.....	6,442	1,452	4,990
Interest Maint. Reserve.....	6,235	7,569	(1,334)
Surplus & Spec. Reserve...	32,359	26,237	6,122
Normal Solvency Ratio.....	102.7	102.7	—
Solv. Ratio Incl. Spec. Resrv..	104.5	104.2	—

Income Statement			
Six Months 2010 vs. 2009 Results			
(000's) Omitted	6/30/10	6/30/09	Change
<b>Income</b>			
Life Premium.....	\$ 1,596	\$ 862	\$ 734
Annuity Premium.....	95,163	34,451	60,712
Annuity Exchanges .....	<u>11,977</u>	<u>4,828</u>	<u>7,149</u>
Sub Total.....	\$108,736	\$40,141	\$68,595
Net Investment Income .....	20,498	18,365	2,133
Other (See Detail Rpt.)....	<u>533</u>	<u>412</u>	<u>121</u>
Total Income.....	<u>\$129,767</u>	<u>\$58,918</u>	<u>\$70,849</u>
<b>Expenses</b>			
Death Benefits .....	992	1,164	(172)
Annuity Benefits Paid.....	27,481	28,604	(1,123)
Annuity Exchanges .....	11,977	4,828	7,149
Surrender Benefits .....	328	339	(11)
Commissions.....	1,974	983	991
General Ins. Expense.....	2,386	2,696	(310)
Pension Benefits Paid .....	528	—	528
Other .....	<u>30</u>	<u>28</u>	<u>2</u>
Sub-Total .....	<u>\$ 45,696</u>	<u>\$38,642</u>	<u>\$ 7,054</u>
Resrv-Life & Annuity..	<u>81,239</u>	<u>18,280</u>	<u>62,959</u>
Resrv Fixed Options.....	—	(447)	447
Total Expenses.....	<u>\$126,935</u>	<u>\$56,475</u>	<u>\$70,460</u>
Net Oper. before Refnd...\$	<u>2,832</u>	<u>\$ 2,443</u>	<u>\$ 389</u>
Refund to Members.....	<u>(103)</u>	<u>(101)</u>	<u>(2)</u>
Net Oper. after Refnd....\$	<u>2,729</u>	<u>\$ 2,342</u>	<u>\$ 387</u>
Net Cap. Gain/(Loss)....	<u>(55)</u>	<u>24</u>	<u>(79)</u>
Net Income/Loss.....\$	<u>2,674</u>	<u>\$ 2,366</u>	<u>\$ 308</u>

Reconciliation of Change in Surplus	
(000's omitted)	6/30/10
Surplus Previous Year 12/31/09.....	\$18,167
Net Income.....	2,674
Change in Unrealized Gain/(Loss).....	39
GCU Holding Company & Other .....	(698)
Changes in Non-Admitted Assets .....	14
Changes in Asset Valuation Reserve.....	(514)
Net Change in Surplus .....	1,515
Ending 06/30/10 Surplus.....	\$19,682

Income Statement			
Second Quarter 2010 vs. 2009 Results			
(000's) Omitted	6/30/10	6/30/09	Change
<b>Income</b>			
Life Premium.....	\$ 927	\$ 430	\$ 497
Annuity Premium.....	56,985	16,924	40,061
Annuity Exchanges .....	<u>3,461</u>	<u>4,121</u>	<u>(660)</u>
Sub Total.....	\$61,373	\$21,475	\$39,898
Net Investment Income...	10,527	9,526	1,001
Other (See Detail Rpt.) ....	<u>275</u>	<u>212</u>	<u>63</u>
Total Income.....	<u>\$72,175</u>	<u>\$31,213</u>	<u>\$40,962</u>
<b>Expenses</b>			
Death Benefits .....	488	482	6
Annuity Benefits Paid.....	15,072	13,517	1,555
Annuity Exchanges .....	3,461	4,121	(660)
Surrender Benefits .....	76	148	(72)
Commissions.....	1,090	458	632
General Insurance Exp.....	1,308	1,515	(207)
Pension Benefits Paid .....	473	0	473
Other .....	<u>15</u>	<u>13</u>	<u>2</u>
Sub-Total .....	\$21,983	\$20,254	\$ 1,729
Resrv-Life & Annuity ....	<u>48,721</u>	<u>9,363</u>	<u>39,358</u>
Resrv Fixed Options.....	—	(447)	447
Total Expenses.....	<u>\$70,704</u>	<u>\$29,170</u>	<u>\$41,534</u>
Net Oper. before Refnd....	<u>1,471</u>	<u>2,043</u>	<u>(572)</u>
Refunds to Members .....	<u>(52)</u>	<u>(50)</u>	<u>(2)</u>
Net Oper. after Refnd .....	1,419	1,993	(574)
Net Cap. Gains (Loss) ...	<u>26</u>	<u>24</u>	<u>2</u>
Net Income/Loss.....	\$ 1,445	\$ 2,017	\$ (572)

Balance Sheet			
Six Months 2010 vs. 2009 Results			
(000's omitted)	6/30/10	6/30/09	12/31/09
<b>Assets</b>			
Bonds.....	\$629,810	\$523,149	\$549,038
Preferred Stocks.....	46,741	54,276	48,046
Common Stocks .....	20,073	25,245	23,711
Cash/Short Term Invest ....	19,200	20,306	10,739
Mortgages.....	3,398	4,152	3,841
<b>Real Estate</b>			
Beaver Home Office.....	710	766	738
Certificate Loans .....	524	654	594
Inv. Inc. Due & Accrued.....	9,507	7,720	8,024
Other .....	<u>15,390</u>	<u>15,633</u>	<u>14,944</u>
Total Assets.....	<u>\$745,353</u>	<u>\$651,901</u>	<u>\$659,675</u>
<b>Liabilities</b>			
Life Reserve Fund.....	\$ 51,447	\$ 49,868	\$ 50,403
Annuity Resrv Fund.....	654,291	568,448	573,609
Employee Pension Fund.....	3,552	4,622	4,080
Convention Reserve .....	210	110	160
Adv. Prem. & Fut. Ref. Rsrv ....	239	246	239
Accounts Payable .....	—	106	62
Refund Accumulations.....	987	960	973
Other .....	<u>2,268</u>	<u>1,304</u>	<u>1,288</u>
Sub-Total Liabilities.....	<u>\$712,994</u>	<u>\$625,664</u>	<u>\$630,814</u>
Asset Valu. Resrv-AVR .....	6,442	1,452	5,929
Int. Maint. Resrv-IMR ....	<u>6,235</u>	<u>7,569</u>	<u>4,765</u>
Total Liabilities .....	<u>\$725,671</u>	<u>\$634,685</u>	<u>\$641,508</u>
Surplus Fund.....	<u>19,682</u>	<u>17,216</u>	<u>18,167</u>
Total Liab. & Surplus....	<u>\$745,353</u>	<u>\$651,901</u>	<u>\$659,675</u>