

STRONG.

STABLE.

SECURE.



Mutual of Omaha

A look at
Mutual of Omaha's
strong financial position
in this time of
economic uncertainty.



Mutual of Omaha: Strong. Stable. Secure.

The almost unprecedented economic upheaval we are experiencing has shaken confidence in the strength and stability of our financial system. There's no doubt that the world is much more financially complex than it used to be. Now, more than ever, people need more information about the companies they do business with. How strong are they? Will those companies be there when it comes time to pay the promised benefits?

At Mutual of Omaha, we believe that during this time of great financial stress, we've never been stronger.

We want to address your questions about Mutual of Omaha's financial condition in a straightforward, objective and understandable way.

As we enter our 100th year in business, Mutual of Omaha is a company you can count on for the strength, stability and security that's even more important in these uncertain times. We look forward to working with you for years to come.

By Our Policyholders, For Our Policyholders

Mutual of Omaha Insurance Company is a mutual company, owned by our policyholders. We're not driven by the short-term thinking and focus on quarterly results that often characterize publicly traded companies. While there are benefits to both forms of organization, our mutual structure allows us to ensure that every investment we make is done with the long-term benefit of our policyholders in mind. In addition, our financial strength and ability to operate and grow are not strongly tied to the ups and downs of the investment markets.

Insurance products and services are offered by Mutual of Omaha Insurance Company or one of its affiliates. Each underwriting company is solely responsible for its contractual obligations. For additional information regarding Mutual of Omaha Insurance Company and its insurance subsidiaries, see page 6.

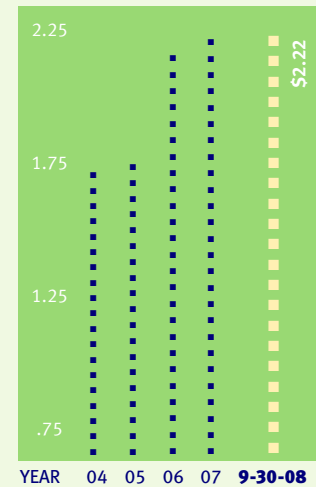
Strong Capital Position

It's being called a capital crisis. The erosion of capital, due largely to investment losses and market declines, is a key contributor to the financial challenges faced by some of the nation's largest and most recognizable institutions. Despite government intervention, some may not survive.

Mutual of Omaha's capital position is quite strong. Thanks to our disciplined balance sheet management and investment strategy as well as our prudent business philosophy, we have avoided drains on our capital. We said, "No, thank you," to federal TARP "bailout" monies that other firms are using in an attempt to address their shrinking capital.

As of Sept. 30, 2008, Mutual of Omaha had more than \$2.2 billion in statutory surplus, a key measure of an insurer's capital strength. That \$2.2 billion represents financial security for our policyholders and ensures we will have the ability to not just survive, but to thrive in these difficult times.

Statutory Surplus
(In billions of dollars)



Statutory surplus represents additional funds available to meet current and future obligations to policyholders, and is an important indicator of an insurer's financial strength. With \$2.22 billion as of Sept. 30, 2008, Mutual of Omaha's statutory surplus is very strong.

Solid Liquidity

Mutual of Omaha's liquidity position is solid. This is important in tumultuous times with unpredictable markets. Ensuring the ready availability of funds to meet our obligations and run our business is an important facet of our operating philosophy. Our investments alone generate more than \$1.5 billion in cash flow each year. If necessary, we also have access to committed bank lines of credit. Further, Mutual of Omaha is a stockholder in the Federal Home Loan Bank of Topeka and has access to funds from that bank. This provides assurance that, even in challenging times, Mutual of Omaha will be there to keep our promises.

Disciplined Investment Strategy

Since our founding back in 1909, Mutual of Omaha has remained steadfast in our commitment to a disciplined investment strategy. This discipline has served us well in good times and bad. We design, build, monitor and manage a diversified portfolio of carefully selected investments that offer attractive returns, while still maintaining an appropriate level of risk. Here is a snapshot of our investment portfolio and an explanation of some of its key components.

Mutual of Omaha and Insurance Subsidiaries Consolidated Invested Assets



Very Limited Subprime Exposure

The root cause of the current financial crisis will be widely debated for years to come. However, most of us first recognized the problem when the subprime mortgage market began to crumble.

Mutual of Omaha has just over 1 percent of its total adjusted capital exposed to subprime collateral. All of these investments have some form of credit protection, whether through the structure of the investment tranches or through bond insurance, and virtually all were purchased prior to 2005, when mortgage underwriting standards were more rigid.

Financial Industry Exposure

Investments in the financial industry have been among the hardest hit in the current downturn. Because of our disciplined investment and diversification philosophies and strategies, Mutual of Omaha has very limited exposure – only about 4 percent of our fixed income portfolio – to the debt of banks, brokers, insurers and finance companies.

Use of Derivatives/Credit Default Swaps

When used properly, derivatives can be an effective risk management tool for an insurance company. However, the recent financial crisis has illustrated the risk associated with investing in complex financial instruments without appropriate controls.

Mutual of Omaha makes very limited use of basic derivatives – interest rate swaps and currency swaps – for hedging risks as part of our risk management program. We have no credit default swaps.

Fannie Mae and Freddie Mac Stock

The subprime meltdown forced Fannie Mae and Freddie Mac into conservatorship, causing the value of their common and preferred stocks to plummet. Some institutions had significant direct holdings in Fannie Mae and Freddie Mac common and preferred stocks. Mutual of Omaha had essentially none.

The decline in the value of Fannie and Freddie preferred stock has rippled through the rest of the market for preferred stocks. The impact on our portfolio was limited, however, because Mutual of Omaha has less than 5 percent of our total adjusted capital invested in preferred stocks.

Limited Public Equity Market Exposure

Recent dramatic swings in the stock market have challenged all investors. Mutual of Omaha has limited exposure to the public equity markets. As a result, even though the S&P was down more than 40 percent for the year as of Dec. 15, 2008, the market declines have not had a material impact on our financial position. Moreover, these stock market gyrations can actually benefit our business, as declines in the equities market often will increase the demand for our fixed insurance products such as annuities.

Securities Lending

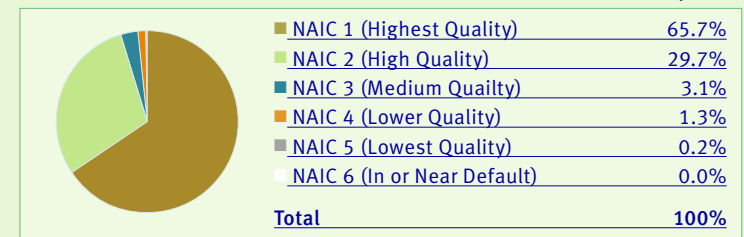
The lending of securities can involve a variety of risks. Even though the lending programs are collateralized, lenders in these programs can be exposed to credit, liquidity and counterparty risks. From time to time, Mutual of Omaha participates in a limited securities lending program that is managed by its securities custodian, JPMorgan Chase & Co. We currently have no securities out on loan, and we have never experienced a loss in this program.

High Quality Bond Portfolio

Most of Mutual of Omaha's portfolio – approximately 80 percent of its invested assets – is invested in bonds.

Mutual of Omaha's bond portfolio is very strong, with more than 95 percent of its holdings rated as high quality by the National Association of Insurance Commissioners (NAIC). We emphasize investments in those asset classes that can most effectively fund our insurance products while providing adequate risk-adjusted returns.

Mutual of Omaha and Insurance Subsidiaries Consolidated Bond Portfolio Quality



Highly Rated

Objective, third-party assessments offer a valuable perspective on a company's financial strength. The leading rating agencies validate and reinforce Mutual of Omaha's financial strength. We have consistently earned high marks from rating agencies like A.M. Best, Standard & Poor's and Moody's Investors Service.

In December 2008 – in the midst of the current economic uncertainty – Standard & Poor's reaffirmed Mutual of Omaha's AA- (Very Strong) rating and issued a stable outlook for the company. A.M. Best upgraded Mutual of Omaha's financial strength rating to A+ (Superior) in 2007. As *Forbes* noted in its Oct. 13, 2008 issue, A+ and better companies are best positioned to weather financial storms. The magazine even listed Mutual of Omaha as one of five "wise policies" due to our strong balance sheet and high rating.

In issuing the A+ rating, A.M. Best noted:

"The ratings reflect Mutual of Omaha's superior absolute and risk-adjusted capitalization; modest financial and operating leverage; strong interest coverage and liquidity; solid top-line revenue growth within its core product lines; prudent asset/liability and risk management processes; strong franchise; and well-balanced revenue mix between individual and group products. The organization's substantial balance sheet strength is supported by its prudent investment strategy, conservative approach to product pricing and comparatively low level of intangibles relative to equity."

Another broadly accepted third-party assessment of a company's financial strength is the Comdex rating, which compares a company's rankings relative to all companies that have been rated by at least two of the major rating services. Mutual of Omaha's Comdex rating was recently raised from 87 to 92, meaning that 92 percent of Comdex-rated companies are rated lower than Mutual of Omaha.

A.M. Best Company For overall financial strength and ability to meet ongoing obligations to policyholders	A+ (Superior) This rating is second highest of 16
Moody's Investors Service For current financial strength and ability to withstand financial stress in the future	Aa3 (Excellent) This rating is fourth highest of 21
Standard & Poor's For financial strength to meet obligations to policyholders	AA- (Very Strong) This rating is fourth highest of 21

Ratings as of 12-15-08

Strong. Stable. Secure.

For a century – through multiple recessions and even a Great Depression, through two World Wars, through the Roaring '20s, Psychedelic '60s and Go-Go '80s – Mutual of Omaha has been there to keep our promises to our customers. That will not change. During these uncertain times, as the nation grapples with new financial realities, Mutual of Omaha is strong, stable, secure and ready to meet your insurance and financial needs.

About Mutual of Omaha

Mutual of Omaha Insurance Company was chartered in 1909 and offers a diversified line of individual and group health and accident insurance products nationwide. A mutual company, its subsidiaries include:

United of Omaha Life Insurance Company was founded in 1926 and offers a diversified portfolio of life insurance, fixed annuities and other insurance and financial services products through Mutual of Omaha's agency sales force, group sales offices and independent agent networks. It is licensed nationwide except for New York.

Companion Life Insurance Company of Lynbrook, N.Y., offers a full line of individual life, annuity and group life insurance plans to residents of New York. It was founded in 1949.

United World Life Insurance Company offers specialty life plans and health and accident coverage through direct marketing, Mutual of Omaha's agency sales force and independent agent networks. Founded in 1983, it is licensed nationwide except for Connecticut and New York.