

## Statement of Financial Strength, August 2009

### First Command remains financially strong in a troubled economy.

As the global recession rolls into the second half of 2009, many financial services companies continue to struggle. In this environment of economic uncertainty, it's natural for American families to feel uneasy about the fiscal health of companies they rely on for their financial security.

First Command remains financially strong.

Financial results for the first six months of our current fiscal year reveal that we continue to maintain sizeable holdings in insurance, banking and investments.

First Command's life insurance and banking numbers are at near-record levels. Our clients have \$51.9 billion in total life insurance in force, including \$298 million in new coverage placed for the six months ended March 2009—a period of great consumer uncertainty in the economy. We credit this continuing growth to the long-term approach of our clients, who work closely with their First Command Financial Advisors to develop effective insurance strategies to protect assets and provide for the financial security of loved ones.

First Command Bank's total assets reached \$563 million as of March 31, up from \$539 million on the same date in 2008, while equity capital remained flat at \$48 million, after paying a \$6.5 million dividend, during the same period. We attribute the health of our banking operations to a careful and thoughtful business strategy, avoiding the high-risk activities that contributed to the housing bubble and have weakened or closed other banks and financial institutions. First

Command Bank has remained on firm financial ground as the economic crisis has unfolded. The bank's capital ratios are well in excess of the thresholds established by our regulators, and it has more than \$200 million in excess liquidity to lend to clients.

Although the decline in the stock market has impacted the overall value of client investments, our 289,000-plus client families still have over \$11 billion invested through us. Throughout the economic turmoil we have continued to receive new investments; we accepted more than 16,000 new investment applications from October 2008 to March 2009. We're committed to ensuring that the funds we recommend are financially prudent, have a consistent investment philosophy and offer sound professional management. We spend considerable time doing the due diligence to ensure that our recommended funds meet these criteria. So, though many of our recommended funds now show negative short-term returns, we're confident their performance will improve as investors regain their confidence and return to the market. (Of course, there are no guarantees as risk is inherent in the market.)

We credit much of our continuing strong performance to the dedication of our clients, who have remained committed to pursuing their long-term financial goals during this period of economic uncertainty. Our Financial Advisors continue to help clients pursue their financial goals and lifetime dreams through the creation of and regular updates to their comprehensive financial plans. From October 2008 through March 2009, our Financial Advisors prepared and implemented over 4,560 financial plans.

In total, the primary measure of our corporate financial performance, net income prior to allocations to our discretionary compensation plans, was \$13.5 million, only 13 percent below the \$15.5 million earned during the first half of 2008. In addition, consolidated stockholders' equity totaled \$33 million, well above the regulatory minimum.

Looking ahead, we will continue to carefully assess the challenges and opportunities in the marketplace. We are

committed to fully leveraging our resources to make smart, rational decisions that we believe position us to serve our clients even better in the months and years ahead.



Chief Executive Officer  
First Command Financial Services, Inc.

### Fiscal Year 2009 Mid-Year Highlights (as of March 31, 2009)

Total life insurance in force	\$51.9 billion
New life insurance policies (October 2008 – March 2009)	\$298 million
Total client investments	\$11 billion
New investment applications (October 2008 – March 2009)	16,000
First Command Bank	
• Total assets	\$563 million
• Equity capital	\$48 million
• Excess liquidity	\$200 million
Financial Plans prepared and implemented (October 2008 – March 2009)	4,560
Net income prior to allocations	\$13.5 million
Consolidated stockholder's equity	\$33 million

### Media Inquiries

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**First Command Financial Services, Inc. is the parent company of First Command Financial Planning, Inc. (Member SIPC, FINRA) and First Command Bank (Member FDIC). Financial planning services and investment products, including securities products, are offered by First Command Financial Planning, Inc.** Insurance products and services are offered by First Command Financial Services, Inc. Banking products and services are offered by First Command Bank. Securities products are not FDIC insured, have no bank guarantee and may lose value. In certain states, First Command Financial Services, Inc. is a separately registered domestic corporation and does business in California as "First Command Insurance Services."

**Investors should carefully consider a mutual fund's investment objectives, risks, fees, charges and expenses before investing any money. The prospectus contains this and other important information about the mutual funds. Please read the prospectus carefully before investing. To obtain a prospectus, contact your Financial Advisor or visit the mutual fund company's website. Investment return and principal values will fluctuate over time so that an investor's shares, when redeemed, may be worth more or less than their original cost.**