

Reconciliation of Segment Operating Information to the Consolidated Statement of Operations

	For the twelve months ended December 31, 2006						
	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$1,524,267	\$1,237,532	\$22,914				\$2,784,713
Net investment income				\$628,292		\$454 ⁽¹⁾	628,746
Other income					\$4,024	14,462 ^(3,4,5)	18,486
Total revenue	1,524,267	1,237,532	22,914	628,292	4,024	14,916	3,431,945
Expenses:							
Policy benefits	1,005,771	834,017	23,743				1,863,531
Required interest on reserves	-364,313	-24,662	-28,318	417,293			0
Amortization of acquisition costs	408,506	133,453	15,486	-179,955			377,490
Commissions and premium tax	76,859	88,030	88			-1,294 ⁽³⁾	163,683
Insurance administrative expense (2)					155,331		155,331
Parent expense					7,862		7,862
Stock option expense					6,575		6,575
Financing costs:							
Debt				72,682		454 ⁽¹⁾	73,136
Benefit from interest rate swaps				-491			-491
Total expenses	1,126,823	1,030,838	10,999	309,529	169,768	-840	2,647,117
Subtotal	397,444	206,694	11,915	318,763	-165,744	15,756	784,828
Non-operating items						-15,756 ^(4,5)	-15,756
Measure of segment profitability (pretax operating income)	\$397,444	\$206,694	\$11,915	\$318,763	-\$165,744	\$0	\$769,072
Deduct applicable income taxes							-264,716
Segment profits after tax (net operating income)							504,356
Add back income taxes applicable to segment profitability							264,716
Remove benefit from interest rate swaps (included in "Realized investment gains (losses)")							-491
Add (deduct) realized investment gains (losses)							-10,767
Add net proceeds from legal settlements (4)							11,423
Gain on sale of agency buildings (5)							4,333
Pretax income per "Consolidated Statement of Operations"							\$773,570

(1) Reclassification of interest amount due to adoption of FIN46R (accounting rule requiring deconsolidation of Trust Preferred Securities).

(2) Administrative expense is not allocated to insurance segments.

(3) Elimination of intersegment commission.

(4) Legal settlements related to disposed subsidiary.

(5) Gain on sale of agency buildings.

Reconciliation of Segment Operating Information to the Consolidated Statement of Operations

	For the twelve months ended December 31, 2005						
	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$1,468,288	\$1,014,857	\$24,929				\$2,508,074
Net investment income				\$602,708		\$360 ⁽¹⁾	603,068
Other income					\$2,366	12,122 ^(3,4)	14,488
Total revenue	1,468,288	1,014,857	24,929	602,708	2,366	12,482	3,125,630
Expenses:							
Policy benefits	966,093	668,205	26,888				1,661,186
Required interest on reserves	-342,305	-20,879	-30,092	393,276			0
Amortization of acquisition costs	386,574	115,868	15,504	-167,987			349,959
Commissions and premium tax	76,278	74,484	49			-1,360 ⁽³⁾	149,451
Insurance administrative expense (2)					147,681	14,950 ⁽⁴⁾	162,631
Parent expense					9,660	568 ⁽⁵⁾	10,228
Financing costs:							
Debt				60,574		360 ⁽¹⁾	60,934
Benefit from interest rate swaps				-7,393			-7,393
Total expenses	1,086,640	837,678	12,349	278,470	157,341	14,518	2,386,996
Subtotal	381,648	177,179	12,580	324,238	-154,975	-2,036	738,634
Net proceeds from legal settlements						2,036 ^(4,5)	2,036
Measure of segment profitability (pretax operating income)	\$381,648	\$177,179	\$12,580	\$324,238	-\$154,975	\$0	\$740,670
Deduct applicable income taxes							-255,165
Segment profits after tax (net operating income)							485,505
Add back income taxes applicable to segment profitability							255,165
Remove benefit from interest rate swaps (included in "Realized investment gains (losses)")							-7,393
Add (deduct) realized investment gains (losses)							280
Deduct net cost of legal settlements (4)							-1,468
Deduct option term extension expense (5)							-568
Pretax income per "Consolidated Statement of Operations"							\$731,521

(1) Reclassification of interest amount due to adoption of FIN46R (accounting rule requiring deconsolidation of Trust Preferred Securities).

(2) Administrative expense is not allocated to insurance segments.

(3) Elimination of intersegment commission.

(4) Legal settlements on litigation related to prior years.

(5) Option term extension for retiring executive.

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Twelve months ended December 31,		Increase (Decrease)	
	<u>2006</u>	<u>2005</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$397,444	\$381,648	\$15,796	4
Health insurance	206,694	177,179	29,515	17
Annuity	11,915	12,580	-665	-5
Other insurance:				
Other income	4,024	2,366	1,658	70
Administrative expense	-155,331	-147,681	-7,650	5
Investment	318,763	324,238	-5,475	-2
Corporate and adjustments	<u>-14,437</u>	<u>-9,660</u>	<u>-4,777</u>	49
Pretax total (pretax operating income)	769,072	740,670	28,402	4
Applicable taxes	<u>-264,716</u>	<u>-255,165</u>	<u>-9,551</u>	4
After-tax total (net operating income)	504,356	485,505	18,851	4
Reconciling items:				
Gain on sale of agency buildings (after tax)	2,816	0	2,816	
Remove benefit from interest rate swaps (after tax) from Investment Segment	-319	-4,805	4,486	
Realized gains (losses) (after tax)	-7,254	25	-7,279	
Tax settlements (after tax)	11,607	15,989	-4,382	
Net proceeds (cost) from legal settlements (after tax)	7,425	-955	8,380	
Retiring executive option term extension (after tax)	<u>0</u>	<u>-369</u>	<u>369</u>	
Net Income	<u>\$518,631</u>	<u>\$495,390</u>	<u>\$23,241</u>	<u>5</u>