

Reconciliation of Segment Operating Information to the Consolidated Statement of Operations

	For the three months ended March 31, 2007						
	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$391,468	\$319,574	\$5,066			\$15,704 ⁽¹⁾	\$731,812
Net investment income				\$162,514		66 ⁽²⁾	162,580
Other income					\$887	647 ^(3,6)	1,534
Total revenue	391,468	319,574	5,066	162,514	887	16,417	895,926
Expenses:							
Policy benefits	260,389	216,834	6,740			20,513 ⁽¹⁾	504,476
Required interest on reserves	-94,672	-6,859	-7,391	108,922			0
Amortization of acquisition costs	105,661	35,174	3,026	-46,635			97,226
Commissions and premium tax	18,328	21,718	50			-256 ⁽³⁾	39,840
Insurance administrative expense ⁽⁵⁾					38,687	324 ⁽⁴⁾	39,011
Parent expense					1,826		1,826
Stock option expense					2,044		2,044
Financing costs:							
Debt				17,191		66 ⁽²⁾	17,257
Benefit from interest rate swaps				0			0
Total expenses	289,706	266,867	2,425	79,478	42,557	20,647	701,680
Subtotal	101,762	52,707	2,641	83,036	-41,670	-4,230	194,246
Non-operating items						4,230 ^(1,3,4)	4,230
Measure of segment profitability (pretax operating income)	\$101,762	\$52,707	\$2,641	\$83,036	-\$41,670	\$0	\$198,476
Deduct applicable income taxes							-67,417
Segment profits after tax (net operating income)							131,059
Add back income taxes applicable to segment profitability							67,417
Add (deduct) realized investment gains (losses)							10,049
Deduct net costs from legal settlements ⁽⁴⁾							-324
Deduct Part D adjustment ⁽¹⁾							-4,809
Add gain from sale of agency buildings ⁽⁶⁾							903
Pretax income per "Consolidated Statement of Operations"							\$204,295

(1) Medicare Part D items adjusted to GAAP from the segment analysis, which matches expected benefits with policy premium.

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

(3) Elimination of intersegment commission.

(4) Legal settlements.

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

(6) Gain from sale of agency buildings.

Reconciliation of Segment Operating Information to the Consolidated Statement of Operations

	For the three months ended March 31, 2006						
	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$380,869	\$297,439	\$5,728			\$18,641 ⁽¹⁾	\$702,677
Net investment income				\$153,299		90 ⁽²⁾	153,389
Other income					\$1,126	6,012 ^(3,4)	7,138
Total revenue	380,869	297,439	5,728	153,299	1,126	24,743	863,204
Expenses:							
Policy benefits	250,546	200,334	6,269			23,005 ⁽¹⁾	480,154
Required interest on reserves	-88,865	-5,753	-7,095	101,713			0
Amortization of acquisition costs	100,969	31,343	3,634	-43,877			92,069
Commissions and premium tax	19,347	21,526	9			-322 ⁽³⁾	40,560
Insurance administrative expense (5)					40,135		40,135
Parent expense					2,422		2,422
Stock option expense					1,707		1,707
Financing costs:							
Debt				15,900		90 ⁽²⁾	15,990
Benefit from interest rate swaps				-377			-377
Total expenses	281,997	247,450	2,817	73,359	44,264	22,773	672,660
Subtotal	98,872	49,989	2,911	79,940	-43,138	1,970	190,544
Non-operating items						-1,970 ^(1,4)	-1,970
Measure of segment profitability (pretax operating income)	\$98,872	\$49,989	\$2,911	\$79,940	-\$43,138	\$0	\$188,574
Deduct applicable income taxes							-64,770
Segment profits after tax (net operating income)							123,804
Add back income taxes applicable to segment profitability							64,770
Remove benefit from interest rate swaps (included in "Realized investment gains (losses)")							-377
Add (deduct) realized investment gains (losses)							-6,196
Add net proceeds from legal settlements (4)							6,334
Deduct Part D adjustment (1)							-4,364
Pretax income per "Consolidated Statement of Operations"							\$183,971

(1) Medicare Part D items adjusted to GAAP from the segment analysis, which matches expected benefits with policy premium.

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

(3) Elimination of intersegment commission.

(4) Legal settlements related to disposed subsidiary.

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

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Three months ended March 31,		Increase (Decrease)	
	<u>2007</u>	<u>2006</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$101,762	\$98,872	\$2,890	3
Health insurance	52,707	49,989	2,718	5
Annuity	2,641	2,911	-270	-9
Other insurance:				
Other income	887	1,126	-239	-21
Administrative expense	-38,687	-40,135	1,448	-4
Investment	83,036	79,940	3,096	4
Corporate and adjustments	-3,870	-4,129	259	-6
	<u>198,476</u>	<u>188,574</u>	<u>9,902</u>	<u>5</u>
Pretax total (pretax operating income)				
Applicable taxes	-67,417	-64,770	-2,647	4
	<u>131,059</u>	<u>123,804</u>	<u>7,255</u>	<u>6</u>
After-tax total (net operating income)				
Reconciling items:				
Remove benefit from interest rate swaps (after tax) from Investment Segment	0	-245	245	
Realized gains (losses) (after tax)	6,532	-4,028	10,560	
Part D adjustment (after tax)	-3,126	-2,836	-290	
Tax settlements	350	-538	888	
Net proceeds (costs) from legal settlements (after tax)	-211	4,117	-4,328	
Gain on sale of agency buildings (after tax)	587	0	587	
	<u>587</u>	<u>0</u>	<u>587</u>	
Net Income	<u>\$135,191</u>	<u>\$120,274</u>	<u>\$14,917</u>	<u>12</u>