

Reconciliation of Segment Operating Information to the Consolidated Statement of Operations

	For the six months ended June 30, 2007						
	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$783,758	\$633,660	\$10,419			\$19,372 ⁽¹⁾	\$1,447,209
Net investment income				\$323,177		132 ⁽²⁾	323,309
Other income					\$2,266	2,539 ^(3,4,6)	4,805
Total revenue	783,758	633,660	10,419	323,177	2,266	22,043	1,775,323
Expenses:							
Policy benefits	522,503	430,357	14,245			26,647 ⁽¹⁾	993,752
Required interest on reserves	-190,995	-13,826	-15,456	220,277			0
Amortization of acquisition costs	212,813	69,419	6,219	-93,871			194,580
Commissions and premium tax	36,213	43,277	76			-571 ⁽³⁾	78,995
Insurance administrative expense (5)					75,594	849 ⁽⁴⁾	76,443
Parent expense					4,354		4,354
Stock option expense					4,290		4,290
Financing costs:							
Debt				33,666		132 ⁽²⁾	33,798
Benefit from interest rate swaps							0
Total expenses	580,534	529,227	5,084	160,072	84,238	27,057	1,386,212
Subtotal	203,224	104,433	5,335	163,105	-81,972	-5,014	389,111
Non-operating items						5,014 ^(1,4,6)	5,014
Measure of segment profitability (pretax operating income)	\$203,224	\$104,433	\$5,335	\$163,105	-\$81,972	\$0	\$394,125
Deduct applicable income taxes							-133,953
Segment profits after tax (net operating income)							260,172
Add back income taxes applicable to segment profitability							133,953
Add (deduct) realized investment gains (losses)							7,221
Deduct net costs from legal settlements (4)							-505
Deduct Part D adjustment (1)							-7,275
Add gain from sale of agency buildings (6)							2,766
Pretax income per "Consolidated Statement of Operations"							\$396,332

(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 six months ended June 30, 2006						
	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$761,383	\$605,682	\$11,681			\$29,727 ⁽¹⁾	\$1,408,473
Net investment income				\$308,118		196 ⁽²⁾	308,314
Other income					\$2,197	5,674 ^(3,4)	7,871
Total revenue	761,383	605,682	11,681	308,118	2,197	35,597	1,724,658
Expenses:							
Policy benefits	502,766	409,884	12,495			35,765 ⁽¹⁾	960,910
Required interest on reserves	-179,373	-11,720	-14,098	205,191			0
Amortization of acquisition costs	201,257	63,158	7,361	-88,535			183,241
Commissions and premium tax	38,770	44,448	20			-660 ⁽³⁾	82,578
Insurance administrative expense (5)					79,665		79,665
Parent expense					4,658		4,658
Stock option expense					3,485		3,485
Financing costs:							
Debt				33,432		196 ⁽²⁾	33,628
Benefit from interest rate swaps				-491			-491
Total expenses	563,420	505,770	5,778	149,597	87,808	35,301	1,347,674
Subtotal	197,963	99,912	5,903	158,521	-85,611	296	376,984
Non-operating items						-296 ^(1,4)	-296
Measure of segment profitability (pretax operating income)	\$197,963	\$99,912	\$5,903	\$158,521	-\$85,611	\$0	\$376,688
Deduct applicable income taxes							-129,339
Segment profits after tax (net operating income)							247,349
Add back income taxes applicable to segment profitability							129,339
Remove benefit from interest rate swaps (included in "Realized investment gains (losses)")							-491
Add (deduct) realized investment gains (losses)							1,485
Add net proceeds from legal settlements (4)							6,334
Deduct Part D adjustment (1)							-6,038
Pretax income per "Consolidated Statement of Operations"							\$377,978

(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)

	Six months ended June 30,		Increase (Decrease)	
	<u>2007</u>	<u>2006</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$203,224	\$197,963	\$5,261	3
Health insurance	104,433	99,912	4,521	5
Annuity	5,335	5,903	-568	-10
Other insurance:				
Other income	2,266	2,197	69	3
Administrative expense	-75,594	-79,665	4,071	-5
Investment	163,105	158,521	4,584	3
Corporate and adjustments	<u>-8,644</u>	<u>-8,143</u>	<u>-501</u>	<u>6</u>
Pretax total (pretax operating income)	394,125	376,688	17,437	5
Applicable taxes	<u>-133,953</u>	<u>-129,339</u>	<u>-4,614</u>	<u>4</u>
After-tax total (net operating income)	260,172	247,349	12,823	5
Reconciling items:				
Remove benefit from interest rate swaps (after tax) from Investment Segment	0	-319	319	
Realized gains (losses) (after tax)	4,694	965	3,729	
Part D adjustment (after tax)	-4,729	-3,925	-804	
Tax settlements	701	-538	1,239	
Net proceeds (costs) from legal settlements (after tax)	-328	4,117	-4,445	
Gain on sale of agency buildings (after tax)	<u>1,798</u>	<u>0</u>	<u>1,798</u>	
Net Income	<u>\$262,308</u>	<u>\$247,649</u>	<u>\$14,659</u>	<u>6</u>