

For the twelve months ended December 31, 2007

	Life	Health	Annuity	Investment	Other & Corporate	Adjustments	Consolidated
Revenue:							
Premium	\$1,569,964	\$1,244,128	\$20,470			-\$7,331 (1)	\$2,827,231
Net investment income				\$648,562		\$264 (2)	648,826
Other income					\$4,313	3,593 (4,5,6)	7,906
Total revenue	1,569,964	1,244,128	20,470	648,562	4,313	-3,474	3,483,963
Expenses:							
Policy benefits	1,039,278	842,432	28,049			-7,331 (1)	1,902,428
Required interest on reserves	-388,024	-28,065	-31,666	447,755			0
Amortization of acquisition costs	429,381	137,254	14,631	-190,255			391,011
Commissions and premium tax	72,291	84,253	119			-1,180 (4)	155,483
Insurance administrative expense (3)					154,552	933 (5)	155,485
Parent expense					9,815		9,815
Stock option expense					8,106		8,106
Financing costs:							
Debt				67,300		264 (2)	67,564
Benefit from interest rate swaps				0			0
Total expenses	1,152,926	1,035,874	11,133	324,800	172,473	-7,314	2,689,892
Subtotal	417,038	208,254	9,337	323,762	-168,160	3,840	794,071
Non-operating items						-3,840 (5,6)	-3,840
Measure of segment profitability (pretax operating income)	<u>\$417,038</u>	<u>\$208,254</u>	<u>\$9,337</u>	<u>\$323,762</u>	<u>-\$168,160</u>	<u>\$0</u>	<u>\$790,231</u>
Deduct applicable income taxes							-268,118
Segment profits after tax (net operating income)							522,113
Add back income taxes applicable to segment profitability							268,118
Add (deduct) realized investment gains (losses)							2,734
Add (deduct) net proceeds (cost) from legal settlements (5)							-418
Gain on sale of agency buildings (6)							4,258
Pretax income per "Consolidated Statement of Operations"							<u><u>\$796,805</u></u>

(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) Administrative expense is not allocated to insurance segments

(4) Elimination of intersegment commission

(5) Legal settlements related to disposed subsidiary

(6) Gain on sale of agency buildings

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 (deduct) net proceeds (cost) from legal settlements (4)							11,423
Gain on sale of agency buildings (5)							4,333
Pretax income per income statement							\$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

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Twelve months ended December 31,		Increase (Decrease)	
	<u>2007</u>	<u>2006</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$417,038	\$397,444	\$19,594	5
Health insurance	208,254	206,694	1,560	1
Annuity	9,337	11,915	-2,578	-22
Other insurance:				
Other income	4,313	4,024	289	7
Administrative expense	-154,552	-155,331	779	-1
Investment	323,762	318,763	4,999	2
Corporate and adjustments	<u>-17,921</u>	<u>-14,437</u>	<u>-3,484</u>	<u>24</u>
Pretax total (pretax operating income)	790,231	769,072	21,159	3
Applicable taxes	<u>-268,118</u>	<u>-264,716</u>	<u>-3,402</u>	<u>1</u>
After-tax total (net operating income)	522,113	504,356	17,757	4
Reconciling items:				
Gain on sale of agency buildings, net of tax	2,768	2,816	-48	
Remove benefit from interest rate swaps (after tax) from Investment Segment	0	-319	319	
Realized gains (losses) (after tax)	1,777	-7,254	9,031	
Tax settlements	1,149	11,607	-10,458	
Net proceeds (costs) from legal settlement (after tax)	<u>-272</u>	<u>7,425</u>	<u>-7,697</u>	
Net Income	<u><u>\$527,535</u></u>	<u><u>\$518,631</u></u>	<u><u>\$8,904</u></u>	<u><u>2</u></u>