

Analysis of Profitability by Segment

(Dollar amounts in thousands)

| | Nine months ended September 30, | | Increase (Decrease) | |
|---|------------------------------------|-------------------------|------------------------|-----------------|
| | <u>2012</u> | <u>2011</u> | <u>Amount</u> | <u>%</u> |
| Life insurance | \$380,589 | \$343,212 | \$37,377 | 11 |
| Health insurance | 142,857 | 141,995 | 862 | 1 |
| Annuity | 2,706 | 1,865 | 841 | |
| Excess investment income | 180,858 | 195,182 | -14,324 | -7 |
| Other insurance: | | | | |
| Other income | 1,501 | 1,953 | -452 | -23 |
| Administrative expense | -120,942 | -117,796 | -3,146 | 3 |
| Corporate and adjustments | <u>-22,750</u> | <u>-17,194</u> | <u>-5,556</u> | <u>32</u> |
| Pretax total (pretax operating income) | 564,819 | 549,217 | 15,602 | 3 |
| Applicable taxes | <u>-184,800</u> | <u>-179,857</u> | <u>-4,943</u> | <u>3</u> |
| After-tax total (net operating income) | 380,019 | 369,360 | 10,659 | 3 |
| Reconciling items, net of tax: | | | | |
| Realized gains (losses) - Investments | 11,017 | 13,747 | -2,730 | |
| Loss on disposal of discontinued operations | 0 | -455 | 455 | |
| Part D adjustment | -12,299 | -3,794 | -8,505 | |
| State administrative settlement | 0 | -3,900 | 3,900 | |
| Loss on sale of equipment | 0 | -636 | 636 | |
| FHL acquisition expense | <u>-400</u> | <u>0</u> | <u>-400</u> | |
| Net Income | <u><u>\$378,337</u></u> | <u><u>\$374,322</u></u> | <u><u>\$4,415</u></u> | <u><u>1</u></u> |