Serious Strength. Real Results.
Operating income for W&S Agency Group (Western & Southern Life’s career agent field sales force) reached nearly $128 million, its best year ever. This was an increase of nearly 14 percent over $112 million in 2008. W&S Agency Group also benefited from a larger and more efficient sales force with productivity per individual sales representative up 11 percent.

Our bank annuity business, distributed through IFS Financial Services, Inc., earned a record $111 million, up 12 percent over $99 million in 2008. Integrity Life Insurance Company, which offers annuities through the independent agent and broker-dealer channels, also had a record year with earnings of $98 million, up 118 percent over 2008 earnings of $45 million.

Throughout the difficult economic environment, Western & Southern remained one of the strongest and safest life insurance groups in the world. Our fortress-like balance sheet boasted a GAAP capital-to-asset ratio of almost 14 percent at year-end 2009. This is up from 11 percent at year-end 2008 and nearly double the average capital-to-asset ratio of the 15 largest publicly traded U.S. life insurance companies.

During 2009, Western & Southern experienced successes across our family of companies because of our commitment to innovate and enhance our products and services in order to provide complete solutions for our clients and customers. Following are some highlights:

• Eagle Realty Group, LLC, continued construction in downtown Cincinnati on Great American Tower at Queen City Square (which is 80 percent preleased) and began extensive renovation of the historic Phelps Building to convert it into a 134-suite extended stay hotel in Cincinnati’s central business district. Both buildings will open for business in early 2011.

• Columbus Life Insurance Company achieved record annuity sales of $132 million and a record 39 percent increase over 2008 in new producer recruits.
• The Lafayette Life Insurance Company had its second best year ever with more than $40 million in new individual life earned premium received and more life policies placed than in any of the last 10 years.

• Capital Analysts Incorporated (our broker-dealer) introduced its advisors to Wealth Manager Access, an industry-changing compensation model that is flat-fee rather than commission based.

• Touchstone Investments launched 10 new mutual funds to broaden its spectrum of fund offerings.

• Fort Washington Investment Advisors, Inc., expanded its wealth management business considerably by acquiring certain assets of the Sena Group.

• Western & Southern Life’s website, WSLife.com, topped the industry for the second consecutive year with a No. 1 ranking and an “Excellent Rating” by The Customer Respect Group.

Our company’s long-term approach again proved highly effective in boosting our bottom line. In the most recent example, we made an investment in a fledgling high-tech start-up in 2002 that was written off. After our non-affiliated co-investors exited, Western & Southern acquired the company’s top contracts, merged them with a competitor then stayed the course and nurtured the new company with investments in leadership, technology and infrastructure. In 2009, we sold the combined company for three times the new capital invested. Even considering the write-offs, we and our affiliated investors made a healthy 1.5 times return in the aggregate.

Our accomplishments indicate that Western & Southern was built to last. The outstanding recovery of our financial results and the milestones we achieved are the result of the quality of our long-term investment and operational approach, coupled with an exceptional balance sheet and portfolio mix.

In a world where many financial ideas and approaches are being re-evaluated, our ever-improving culture defines the way we do business – with a focus on the long term and a commitment to doing what is right for the client. By being true to our culture, we have provided exceptional, worry-free financial strength and outstanding results for our clients for over 122 years.

I sincerely believe that Western & Southern is one of the most, if not the most, solid financial services companies in the world. We appreciate your business, and thank you for your continued confidence.

Sincerely,

John F. Barrett
Chairman, President
and Chief Executive Officer

* Generally Accepted Accounting Principles
With the financial crisis more than one year behind us, it is timely to reflect on what happened and how Western & Southern weathered the storm.

What stands out is the severity of market declines after the collapse of Lehman Brothers and other institutions in fall 2008. At the market’s lowest point in early March 2009, the S&P 500 Index was down more than 55 percent from its peak in October 2007, rivaling that of the Great Depression. Moreover, the 2008 sell-offs in corporate bonds and mortgage-backed securities were the greatest on record.

The market values of Western & Southern’s investment portfolios were affected negatively because there were very few investments in which losses could be avoided during the market decline. Nonetheless, several factors helped us to maintain our overall financial strength, including having a diversified, high-quality investment portfolio and strong capital backing.

Fortunately, the financial markets have rebounded considerably since March 2009, with the stock market up by about 70 percent from its lowest point, while corporate bonds have recouped virtually all their losses.

These developments, in turn, had a very positive effect on Western & Southern’s balance sheet. As of Sept. 30, 2009, the market value of our bond portfolio rose above the book value for the first time since the end of 2007. By the end of 2009, our GAAP net worth reached $4.7 billion, a $1.2 billion increase over 2008, and our capital-to-asset ratio was 13.9 percent. A ratio of 10 percent is considered very strong.

Many observers find it hard to understand how financial markets can rally so much when the economy is soft. When the stock market reached bottom, the markets were pricing in two extreme outcomes – the insolvency of the U.S. banking system and a severe global recession or possible depression.

While the worst of the storm appears to be over, Western & Southern continues to believe that the economy and financial system are still vulnerable to adverse developments. Accordingly, we continue to pursue a nimble investment strategy, adjusting portfolios as conditions change and focusing new investments on liquid, high-quality instruments while buttressing our risk control procedures at the Enterprise level.

As a result, we remain confident that Western & Southern is extremely well prepared to withstand any future market uncertainty.
As a Fortune 500 company since 2004, we provide millions of individuals, businesses and institutions with life and health insurance, annuities, mutual funds, and a variety of other investment management products and services through 14 member companies. We also have several member companies that provide support services internally or to others in the financial services industry.

We are united by a commitment to deliver financial solutions that protect and grow our clients’ assets to help them achieve lifetime financial security.

Our customer base represents a wide range of American families and businesses, including middle- and upper-income families; affluent individuals and families; independent advisors, financial planners and consultants; broker-dealers; corporations; financial institutions; pension plans; small- and mid-size businesses; real estate investors; and foundations, endowments and universities.

At any point throughout their lives, our customers are served by one or more member companies under the Western & Southern umbrella. Our family of companies includes The Western and Southern Life Insurance Company; Western-Southern Life Assurance Company; Capital Analysts Incorporated;1, 2 Columbus Life Insurance Company; Eagle Realty Group, LLC; Fort Washington Investment Advisors, Inc.;1 Fort Washington Savings Company;3 IFS Financial Services, Inc.; Integrity Life Insurance Company; National Integrity Life Insurance Company; The Lafayette Life Insurance Company; Touchstone Advisors, Inc.;1 Touchstone Securities, Inc.;2 and W&S Financial Group Distributors, Inc.

See pages 12-13 for a detailed listing.

Key to Our Success: Western & Southern Culture

We have developed a unique culture that permeates all facets of our corporate headquarters. It is defined by hard work, sensible decision making, teamwork, collegiality, top-notch service and the continuous upgrading of our businesses and our competencies. We stress quality in all that we do, and we favor the long-term outlook over the short term. While we are proud of our ever-improving financial and market performance, there is little room for arrogance, greed or ego. Simply put, we are passionate about our business and our Enterprise. We will continue to create outstanding value for our policyholders and clients and continue to be the ideal place for a long-term career for our colleagues.

1 A registered investment advisor
2 A registered broker-dealer and member FINRA/SIPC.
3 Member FDIC
Western & Southern continued its focus on helping individuals invest for, live in and manage risk up to and during retirement through a number of distribution channels in 2009.

The company experienced strong fixed annuity sales growth as continued turmoil in the equity markets fueled consumers’ flight to quality and safety. For the second year in a row, total annuity premium produced by Western & Southern exceeded $2 billion, reaching $2.5 billion in 2009 and representing its second highest total ever.

Western & Southern’s annuity reserves at year-end totaled $19.3 billion compared to $17.7 billion in 2008. These results reflect Western & Southern’s success in providing trusted financial security that gives clients the confidence and control they seek in planning for their retirement.

Fixed annuity and immediate annuity product lines led the firm’s strong results, confirming that, in volatile times, clients value interest rate guarantees and income certainty from a company with world-class financial strength. Several Western & Southern member companies and their distribution partners contributed to these results.

• **W&S Financial Group Distributors, Inc.**, generated nearly $1.04 billion in premium in its financial institutions channel, primarily through the sale of fixed annuities from Western & Southern Life. W&S Financial Group Distributors markets through a national network of banks to assist financial professionals in helping individuals address the challenges associated with the accumulation, distribution and preservation of retirement wealth. For more than a decade, this member company has ranked among the top 10 providers nationally for fixed annuity sales through banks.1

• In addition, variable, fixed and immediate annuity products issued by **Integrity Life Insurance Company** and **National Integrity Life Insurance Company** also are distributed by W&S Financial Group Distributors through independent agents, independent marketing organizations and broker-dealers. Together, these channels produced almost $1.02 billion in 2009 annuity premium.

• **Western & Southern Life**, whose career agent field sales force serves middle-market individuals, families and businesses, produced $137 million in fixed annuity premium in 2009.
Western & Southern’s fixed annuity business remains a hallmark of its success with products that deliver competitive interest rates and time-tested investment expertise. The company continued to build market share in the variable annuity space with the introduction of a tool financial professionals and their clients can use as a guide to an appropriate asset allocation strategy. Licensed from Ibbotson Associates, Inc., the tool includes a set of pre-defined, fund-specific model portfolios comprised of traditional asset classes and, for certain models, traditional and alternative investments asset classes.

In addition, Western & Southern implemented several key enhancements to its flagship income annuity product that drove sales upward nearly 30 percent to a record high in 2009 and continued growing the company’s presence in the immediate annuities market. IncomeSource®, a single premium immediate annuity issued by Integrity and National Integrity, converts savings to guaranteed retirement income that can last a client’s lifetime, regardless of market conditions.2

Amid uncertain times, the Western & Southern family of companies demonstrated that it is an enterprise clients can count on. In 2009, in addition to solid growth in annuity sales, over 90 percent of fixed annuity contracts with Western & Southern member companies remained in force – a striking testament to the trust and confidence Western & Southern has established with its clients and business partners.

1 Source: Kehrer-LIMRA
2 Issued by Integrity Life Insurance Company, Cincinnati, OH, and National Integrity Life Insurance Company, Goshen, NY. Integrity operates in all states except ME, NH, NY and VT, where National Integrity operates.
LIFE & HEALTH INSURANCE

For more than 120 years, Western & Southern Financial Group has continued to help individuals, families and businesses protect their finances and their futures with life insurance products from across the Western & Southern family of companies.

As the life insurance industry struggled in a down economy during 2009, Western & Southern Life achieved record results in continuing its focused support of Middle America’s risk and financial concerns.

Western & Southern Life’s overall product sales increased over the prior year by 22 percent on a policy basis and by 27 percent on an overall premium basis. Life insurance sales improved by even larger margins: 31 percent on a policy basis and 44 percent on a premium basis.

At $23.8 million in premium, the company’s popular single-premium life product sales were 74 percent better than the prior year. Universal life premium of $10.1 million was 260 percent better than the prior year.

This increase in demand for financial services was coupled with the expansion of manpower throughout Western & Southern Life’s field force, which employed nearly 10 percent more agents than the prior year and experienced an 11 percent increase in productivity.

The company also posted its third consecutive record year in GAAP operating income, return on equity and return on assets. These results illustrate Western & Southern Life’s continued strength, stability and success.

In July, Western & Southern Life was named to the prestigious Ward’s 50 list for the 16th year in a row. Western & Southern Life also was awarded the prestigious Training Top 125 for its New Agent Introduction best-practice training program. This award has been earned by some of the world’s top companies for training impact on bottom line results.

WSLife.com, Western & Southern Life’s award-winning consumer website, continued to receive accolades. DALBAR ranked it No. 10 among the top 25 Web-based technology firms within the insurance, annuity and mutual fund industry. DALBAR develops standards for – and provides research, ratings and rankings of – factors that influence the overall customer experience in the financial services and health care industries.

During the fourth quarter, WSLife.com was recognized
The Lafayette Life Insurance Company enjoyed its second best year ever in new individual life earned premium received with more than $40 million, despite 2009 being a year of challenge for the financial services industry. More than 97 percent of Lafayette Life’s new life premium came from its whole life product line, which reflects the company’s strategy of being a whole life-focused life insurance company.

Additionally, new life policies sold in 2009 topped 5,700 – Lafayette Life’s best mark over the last 10 years. Lafayette Life also achieved success in its line of annuities. The company recorded $176 million in sales for new annuity premium in 2009. Additionally, the company introduced the new Horizon series of single premium deferred annuities, expanding its traditional fixed annuity portfolio.

2009 saw the launch of Lafayette Life’s Innovation Initiative that feeds into Western & Southern Financial Group’s long-term focus on innovation. This formal program will promote continuous improvement in how Lafayette Life operates its business, furthering its efforts to create sustainable value for its customers and profitable growth for the company.

Lastly, Lafayette Life continues to manage its spending with notable success. Its absolute spending ended 2009 under budget and 7 percent below 2008.
Western & Southern Financial Group’s investment subsidiaries continued to chart a course for full recovery in 2009 with seasoned investment expertise and skilled guidance.

Fort Washington Investment Advisors, Inc., is a multi-strategy investment management firm with expertise in public equity, fixed income and private equity. Its clients include institutional and individual investors.

With $29.9 billion in assets under management in 2009, Fort Washington ranked near the top 100 investment managers in the United States in 2009 (Pensions & Investments, 2009 Top Money Managers, May 18, 2009) and is the second largest money manager in Ohio.2

2009 left an indelible mark on the investment management industry; however, Fort Washington remained on the offensive. The firm increased outside assets under management by over 15 percent to $4.4 billion as of year-end.1

In equities, Fort Washington’s Small Cap Growth Equity strategy achieved its five-year track record milestone and saw total assets under management increase from $383.0 million to $751.4 million. This strategy grew significantly in recent years and was among the top five of its U.S. category peers in new total assets in 2009.2

The firm also prepared to introduce its new Focused Equity (all cap, concentrated value) strategy, which was established to appeal to smaller endowments and foundations as well as family offices. The Focused Equity strategy ranked among the top 10 percent of its peers in each of the last two years and outperformed its benchmark in 2009.2

Fort Washington’s High Yield Fixed Income strategy increased its total assets under management from $1.8 billion to $2.6 billion and achieved a 15-year track record. In addition to beating the strategy’s benchmark (Merrill Lynch U.S. High Yield Cash Pay) on an annualized basis for the past 15 years as of Dec. 31, 2009, it ranked a top-quartile performer over the most recent three-, five- and 10-year periods.2

Similarly, the firm’s Core Fixed Income strategy achieved a 15-year track record in 2009 and has also outperformed its benchmark (Barclays Capital Government/Credit Bond Index) over the past 15 years on an annualized basis as of year-end 2009.3

At the end of 2009, Fort Washington finalized the acquisition of certain assets of the investment advisory business of the Sena Group from Cincinnati-based Sena Weller Rohs Williams, LLC. This acquisition increased Fort Washington’s wealth management business to more than $1 billion in assets under management.

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<table>
<thead>
<tr>
<th>Fort Washington Assets Under Management ($ billions)</th>
<th>3.5% Five-Year CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>25.2</td>
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<tr>
<td>05</td>
<td>26.5</td>
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<td>27.5</td>
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<td>08</td>
<td>25.0</td>
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<tr>
<td>09</td>
<td>29.9</td>
</tr>
</tbody>
</table>

*Compound Annual Growth Rate
Touchstone Investments continued to help investors achieve their financial goals in 2009 by providing them access to a wide array of strategically focused mutual funds. The Touchstone Funds are offered in multiple share classes to both retail and institutional investors. They are managed by institutional asset managers selected by Touchstone using a thorough due diligence process.

Despite the many challenges faced by the financial services industry in 2009, Touchstone added 10 new mutual funds to its product offerings, expanding its presence into several important product categories that include domestic equity, international equity, U.S. fixed income, international fixed income and alternative investments. With the addition of the new funds, the firm now offers 35 mutual funds.

Touchstone continued to provide financial services firms product solutions and programs to meet their diverse needs. The company developed multifaceted campaigns, programs and tools to help its partners cultivate new relationships and build their businesses.

As a result of these efforts, several Touchstone Funds were added to fee-based platforms at several prominent financial services firms. The company’s success garnered significant national media attention in The Wall Street Journal, The New York Times, Investors Business Daily and Smart Money.

To improve operating efficiencies and reduce costs to better serve the interests of its shareholders, Touchstone also continued to divest, merge and/or liquidate select funds whose asset size and prospects for future growth were limited.

At year-end 2009, Touchstone assets under management grew 10.4 percent to $5.68 billion. Gross sales of $1.29 billion were off year over year but recovered over the course of 2009 after the equity markets hit bottom in March and the 10 new funds began to gain traction.

Touchstone remains optimistic that recent improvements in the financial markets, its expanded product offering, competitive performance, focused sales strategy and opportunistic eye toward product development will result in sustainable short-term and long-term growth.

1 As of Dec. 31, 2009, does not include Fort Washington Capital Partners Group, a division of Fort Washington, with more than $1.9 billion in commitments under management which includes its subsidiary, Peppertree Partners, LLC, with more than $150 million in commitments.

2 Source: eVestment Alliance LLC, eASE Analytics. Benchmark is the Russell 3000 Index.


4 Touchstone Funds are distributed nationally through intermediaries including broker-dealers, financial planners, registered investment advisors and institutions by Touchstone Securities, Inc., a registered broker-dealer and member of FINRA and SIPC, and are advised by Touchstone Advisors, Inc., a registered investment advisor.

Past performance is not indicative of future results.
Western & Southern Financial Group’s diversified portfolio of non-traditional financial services continues to be a central strategy to ensure growth and stability even during difficult economic times.

Capital Analysts Incorporated provides a comprehensive platform of wealth management services to independent advisors serving the investment planning, advanced planning and life planning needs of affluent clients nationwide.

The firm, an independent broker-dealer and registered investment advisor, introduced an industry-changing compensation model in 2009. Wealth Manager Access is a flat-fee affiliation model that is fully transparent and treats advisors as business owners rather than commissioned salespeople.

Capital Analysts also changed its clearing and custodial relationship to Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation. Pershing’s open architecture and holistic platform enable the firm to provide broker-dealer and registered investment advisor capabilities to its advisors so they can be more responsive to changing expectations of affluent clients.

Capital Analysts continues to develop a strong national reputation as a thought leader and innovator in the industry. Among the numerous industry news articles on the firm in 2009 was a cover story in Investment Advisor featuring President and Chief Executive Officer Matthew Lynch.

Eagle Realty Group, LLC, is a real estate investment and property management company serving Western & Southern affiliates and other institutional real estate investors.

2009 will be remembered as the year Cincinnati’s skyline was transformed by Great American Tower at Queen City Square. Under construction since June 2008, the structure will reach 665 feet and surpass the height of all other downtown Cincinnati buildings when the tower’s distinctive tiara is completed in mid-summer 2010. The tower also is expected to be Cincinnati’s greenest office building having received Gold-level precertification under the LEED-Core and Shell program through the Leadership in Energy and Environmental Design Green Building Rating System™.

The entire Queen City Square development, which began in 2004 with the construction of 303 Broadway, a 17-story...
office building adjacent to the tower, will feature more than 1 million square feet of office and retail space and more than 2,200 parking spaces.

In 2009, Eagle also began renovating The Phelps Building, an historic urban residential tower that will be transformed into a new Residence Inn® by Marriott* opening in 2011.

Eagle’s Investment Management division closed on two new equity investments totaling $93 million. This division also oversaw development and construction activity on nine projects for a total development cost of more than $712 million.

Eagle continued to oversee a portfolio of loans that surpassed industry averages across many metrics. The company’s total mortgage loan portfolio increased to $1.1 billion. New production on all loan activity reached $302 million with an average coupon rate on the entire portfolio of 6.79 percent.

Total combined 2009 revenue achieved by Eagle’s Multi-Family Property Management and Commercial Property Management divisions was $1.3 million. Multi-Family Property Management added two new, 300-unit unaffiliated multifamily property management assignments in 2009 to bring its total number of units under management to 3,818. Commercial Property Management maintained its current third-party assignments and tenant roster while contributing significantly to the Queen City Square project.

Fort Washington Savings Company (FWSC), Western & Southern Life’s policyholder bank, provides savings solutions for the company’s policyholders and their beneficiaries. During 2009, FWSC deposits grew by nearly 400 percent, underscoring the growing demand among clients for entrusting their savings to a company offering long-term safety and stability.

After piloting the delivery of its products and services through Western & Southern Life’s field sales force in North Carolina for several years, FWSC is pursuing regulatory approval to expand its services to customers nationwide. It anticipates approval and a phased deployment in 2010.

Lifetime Income Solutions Group (LISG) is Western & Southern’s research and development group that focuses on retirement income planning processes and strategies. This focus drives Western & Southern’s efforts to develop interrelated tools, investment strategies and delivery systems that can be utilized across its family of companies to meet the income needs of retirees. LISG also strives to incorporate the use of pragmatic technologies to make it easier for consumers and advisors to conduct business with Western & Southern efficiently and effectively.

* Under license with Marriott International Inc.
## ENTERPRISE AT A GLANCE

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<tr>
<th>Company Information</th>
<th>Products and Services</th>
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</thead>
<tbody>
<tr>
<td><strong>Western &amp; Southern Mutual Holding Company</strong></td>
<td>Mutual insurance holding company; sole shareholder of Western &amp; Southern Financial Group.</td>
</tr>
<tr>
<td><strong>Western &amp; Southern Financial Group, Inc.</strong></td>
<td>Holding company; sole shareholder of The Western and Southern Life Insurance Company and The Lafayette Life Insurance Company.</td>
</tr>
<tr>
<td><strong>The Western and Southern Life Insurance Company (Western &amp; Southern Life)</strong></td>
<td>Whole life, juvenile term life, critical illness, accident insurance and personalized needs analysis.</td>
</tr>
<tr>
<td><strong>Western-Southern Life Assurance Company (Western &amp; Southern Life)</strong></td>
<td>Universal life insurance, fixed annuities, term life, single premium life, retirement strategies and personalized needs analysis.</td>
</tr>
<tr>
<td><strong>W&amp;S Agency Group (Western &amp; Southern Life)</strong></td>
<td>Life insurance, annuities, mutual funds, retirement strategies and health insurance products.</td>
</tr>
<tr>
<td><strong>Fort Washington Savings Company</strong></td>
<td>Ohio savings and loan offering checking accounts for Western &amp; Southern Life beneficiaries, and certificates of deposit and savings accounts for policyholders.</td>
</tr>
<tr>
<td><strong>Insurance Profillment Solutions, LLC</strong></td>
<td>Comprehensive fulfillment services for banks and insurance direct marketers.</td>
</tr>
<tr>
<td><strong>W&amp;S Brokerage Services, Inc.</strong></td>
<td>Registered broker-dealer for Western &amp; Southern Life career agents selling mutual funds, variable and indexed annuity products, and variable universal life insurance.</td>
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<tr>
<td><strong>Columbus Life Insurance Company</strong></td>
<td>Universal life, variable universal life, survivorship universal life, indexed universal life, term life, annuities, and retirement and business planning.</td>
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<tr>
<td><strong>Capital Analysts Incorporated</strong></td>
<td>Wealth management services, including investment planning, advanced planning and life planning.</td>
</tr>
<tr>
<td><strong>Eagle Realty Group, LLC</strong></td>
<td>Real estate investment management (asset management, real estate investment advisory services, mortgage loans, co-investments and real estate development); commercial property management; and multifamily property management.</td>
</tr>
<tr>
<td><strong>Fort Washington Investment Advisors, Inc.</strong></td>
<td>Investment management strategies, including fixed income (cash management, core, active core, high yield and customized portfolios); public equities (small cap growth and traditional all cap value); and private equity (national funds of funds, secondaries, and customized limited partnerships).</td>
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<td><strong>IFS Financial Services, Inc.</strong></td>
<td>Fixed, variable and income annuities, mutual funds, life insurance and wealth preservation programs.</td>
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<td><strong>Integrity Life Insurance Company</strong></td>
<td>Fixed, variable and income annuities.</td>
</tr>
<tr>
<td><strong>National Integrity Life Insurance Company</strong></td>
<td>Fixed, variable and income annuities.</td>
</tr>
<tr>
<td><strong>Touchstone Investments</strong></td>
<td>Mutual funds sub-advised by seasoned institutional asset managers.</td>
</tr>
<tr>
<td><strong>W&amp;S Financial Group Distributors, Inc.</strong></td>
<td>Fixed, variable and income annuities and life insurance.</td>
</tr>
<tr>
<td><strong>Lifetime Income Solutions Group</strong></td>
<td>Retirement market research and education, and sales support for guaranteed income and fee-based products offered through Western &amp; Southern member companies.</td>
</tr>
<tr>
<td><strong>The Lafayette Life Insurance Company</strong></td>
<td>Whole life, term life, fixed and indexed annuity products, indexed universal life, and pension products and services.</td>
</tr>
<tr>
<td>Markets Served and Distribution Channels</td>
<td>Contact Information</td>
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<td>----------------------------------------</td>
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</tbody>
</table>
| Individuals, families and businesses in the middle-income market. 181 field offices nationwide, plus WSLife.com and Client Relationship Center. Licensed in the District of Columbia and all states except AK, CT, ME, MA, NH, NY and VT. | wslife.com  
(800) 936-1212 |
| Individuals, families and businesses in the middle-income market. 181 field offices nationwide, plus WSLife.com and Client Relationship Center. Licensed in the District of Columbia and all states except AK, ME, NH, NY and RI. | wslife.com  
(800) 936-1212 |
| Individuals, families and businesses in the middle-income market. 181 field offices, plus WSLife.com and Client Relationship Center. | wslife.com  
(800) 936-1212 |
| Life insurance beneficiaries and policyholders of Western & Southern Life. | fwsavings.com  
(866) 590-0161 |
| Insurance brokers selling term insurance through the Internet or direct marketing channels. | (866) 819-4263 |
| Middle-income market through W&S Agency Group registered representatives. | wslife.com  
(513) 629-1055 |
| Individuals, families and businesses in the middle- and upper-income markets through a nationwide network of independent producers. Licensed in the District of Columbia and all states except NY. | columbuslife.com  
(800) 677-9696 |
| Affluent individuals, families, professionals and closely held corporations. Approximately 375 registered representatives. | capitalanalysts.com  
(800) 685-7515 |
| Corporations, financial institutions, pension funds, real estate investment trusts, investment funds, individual real estate investors and not-for-profit organizations. | eaglerealtygroup.com  
(800) 361-7040 |
| Corporate cash management; corporate pension plans; hospitals; insurance companies; mutual fund sub-advisory, public and private institutions, including religious orders, universities, foundations and endowments, and high-net-worth individuals and their businesses. | fortwashington.com  
(888) 244-8167 |
| Broker-dealers, financial planners, independent agents and financial institutions. | (513) 362-8000 |
| Broker-dealers, independent agents and financial institutions. Licensed in all states except ME, NH, NY and VT. | wsfinancialpartners.com  
(888) 644-2300 |
| Broker-dealers, independent agents and financial institutions in ME, NH, NY and VT. | wsfinancialpartners.com  
(888) 644-2300 |
| Broker-dealers, financial planners, registered investment advisors, consultants, retirement plans, wealth managers and private banks. | touchstoneinvestments.com  
(800) 638-8194 |
| Broker-dealers, independent agents and financial institutions. | wsfinancialpartners.com  
(800) 285-2858 |
| Retirement planning markets, individuals and groups, as well as technology-based distribution channels. | (502) 540-7471 |
| Middle- and upper-middle income individuals, and small- and medium-size businesses. Licensed in the District of Columbia and all states except AK and NY. | lafayettelife.com  
(800) 243-6631 |

1 Member FDIC  2 Member FINRA and SIPC  3 Registered Investment Advisor.
Western & Southern Financial Group’s
Shared Services teams are tasked with three main goals:
reducing expenses, improving quality and providing optimum customer service.

By taking a shared approach to several service areas common to most businesses, Western & Southern’s member companies avoid redundant operating expenses and enjoy the innovations and resources of much larger organizations.

**Actuarial** provides risk management to Western & Southern member companies and the Enterprise as a whole. This includes designing and pricing life and annuity products, financial projections and reporting, valuation, and risk analysis.

**Corporate Financial Planning** guides Western & Southern’s long-term financial strength through financial planning, asset management and control, and risk management services.

**eBusiness** fulfills Western & Southern’s electronic business needs through a wide range of award-winning online services, including strategic planning, project management, digital marketing, user interface design and development, and website monitoring and analysis.

**Human Resources** recruits, develops and retains first-class associates, and manages associate benefits programs. On-site food services and security teams also deliver highly valued services under the Human Resources umbrella.

**Information Services** leverages technology with a focus on efficiency and adaptability for increased profitability and sustainable competitive advantage. This includes development of innovative business processes, such as electronic applications and automated underwriting, voice signatures for call center sales, and online insurance fulfillment services. Information Services also delivers regulatory expertise across the Enterprise through product and state filing services.

**Insurance Operations** positively impacts policyholder and contract holder satisfaction, and sales force productivity and profitability by providing the highest-quality back-office services for insurance and annuity products.

**Internal Audit** provides independent, objective assurance and consulting services to Western & Southern, and it brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

**Law** provides and obtains expert legal counsel and representation for a wide range of legal disciplines required by the Western & Southern family of companies.

**Public Relations and Corporate Communications** delivers Enterprise-wide meeting planning, travel and event management; purchasing, contract and vendor relationship management; document development and administration; and printing and mail services. It also provides corporate reputation management, media relations and internal/external communications; audio-visual multimedia and photography; and advertising, branding and creative services.
Efficient expense management is standard practice at Western & Southern. The Shared Services teams play an important role in controlling expenses for our family of companies. Following are some highlights:

- Saved over $3 million annually by administering the company’s health benefits plan.
- Leveraged in-house printing capabilities to cut annual outside printing expenses to 4 percent of total print services.
- Saved more than $700,000 annually by integrating insurance operations systems for an acquired company; specifically, consolidated administrative systems, consolidated imaging/workflow systems, and brought blocks of outsourced business in-house.
- Saved $200,000 annually by increasing use of bulk mail and standard rate mail by raising the address accuracy run rate to 95 percent.
- Saved $170,000 in one-time licensing and annual maintenance fees by converting to a more cost-effective actuarial software and using it for variable annuity reserve valuations.
- Reduced annual underwriting vendor expenses by 40 percent over the last five years by leveraging a proprietary Claims Life Underwriting Experience (CLUE) data warehouse.
CORPORATE CITIZENSHIP

In challenging times, Western & Southern Financial Group’s long-term commitment to the community stands firm.

At a time when nonprofits throughout the country have seen corporate donations decline, Western & Southern Financial Group remains a steadfast and generous supporter of Greater Cincinnati’s civic organizations and human services network.

In 2009, Western & Southern associates and our corporate foundation, Western & Southern Financial Fund, partnered to make our largest-ever donations to United Way ($1,213,045) and the Fine Arts Fund ($218,654). With many individuals and organizations struggling to meet their most basic obligations, our continuing support was greatly appreciated.

Our roots in Greater Cincinnati have provided a depth of local knowledge that has helped us maximize the positive impact of our local corporate philanthropy. Focusing primarily on institutions and initiatives that support health and education, we spread our donations throughout the community as shown in this list of some of our 2009 highlights.

Health
In addition to sponsoring Cincinnati’s Walk MS fundraiser, our corporate Walk team was the region’s largest and raised more than $59,000 in donations for the National Multiple Sclerosis Society. We also made a major donation to the Lindner Center of Hope, a comprehensive mental health center in the Greater Cincinnati area, and continued ongoing financial commitments to the University of Cincinnati’s Dr. Charles M. Barrett Cancer Center and the Ronald McDonald House.

Public Education
Our annual Dr. Lawrence C. Hawkins Educator of the Year Award provided another $10,000 honorarium to an outstanding Cincinnati Public Schools educator in 2009. We also continued ongoing partnerships with Hoffman Elementary School and Withrow University High School and recently completed the last in a series of grants for construction of Cincinnati’s School for the Creative and Performing Arts.

Higher Education
Our long association with Xavier University’s Williams College of Business continued with a major gift for the construction of the college’s new building. In addition, we continued to match our associates’ contributions to colleges and universities.

Community
Our title sponsorship of the Western & Southern Financial Group Masters & Women’s Open tennis tournaments exemplifies our strategic approach to philanthropy. In 2009, the Women’s Open added more top women tennis stars to parallel that of the stellar men’s field. The two tournaments drew nearly 225,000 attendees and more than 25 million television viewers around the world and generated an estimated annual regional economic impact of $25 million. With an expanded tennis stadium debuting in 2010 and plans to combine the two tournaments in 2011, the community impact of Western & Southern’s sponsorship will continue to grow. The sky is, indeed, the limit!
Western & Southern Financial Group’s unique culture emphasizes loyalty and doing business right.

The importance of loyalty has become increasingly clear during the economic challenges of the past few years. At Western & Southern Financial Group, loyalty has been and will continue to be one of the foundational values of our culture.

In a world where the search for “easy winnings” has lured companies away from sound business practices, we remain steadfast in our focus on doing business right – running the numbers and ensuring the decisions we make bode well today and into the future. This enables us to be loyal to our customers and make good on our commitments to them.

In a world where employees become commodities to be easily abandoned, we manage our top and bottom lines judiciously. This enables us to be loyal to our associates, in bad times as well as good, avoid layoffs, and continue to provide merit increases and substantial benefits.

In a world where businesses are fleeing our central cities, we have chosen to invest in Cincinnati by building the only major office tower constructed in the past 15 years. This will help to energize downtown Cincinnati and keep our community strong.

And the result of doing business right, holding our associates and community close, is a financial services company that is solidly built on the hard work and dedication of our associates, the commitment to our customers, and the appreciation of our community. The way we do business is the reason for our financial strength.

All businesses value the loyalty of their various constituencies. At Western & Southern, we understand that the best way to get loyalty is to give loyalty.
FINANCIAL HIGHLIGHTS

Western & Southern Financial Group delivers strong results during tumultuous times.

Tumultuous, turbulent, volatile – these are a few of the words used to describe the financial and economic markets of 2009. Despite the challenges, Western & Southern Financial Group delivered solid results as evidenced by strong operating earnings in which three core insurance businesses reached record levels; a substantial turnaround in net income compared to 2008; the company’s second best year ever for premiums; marked growth in company assets and for total assets owned, managed and under our care; and a substantial increase in total equity.

Western & Southern ended 2009 with GAAP operating earnings of $280 million. Three of the company’s core insurance businesses – W&S Agency Group, IFS Financial Services, Inc., and the Integrity Companies (comprised of Integrity Life Insurance Company and National Integrity Life Insurance Company) – reached all-time record levels for operating earnings.

GAAP net income for the year was $202 million, an increase of $251 million over a net loss of $49 million in 2008. This improvement in net income was primarily due to fewer security write-downs or impairments in 2009 compared to impairments taken in 2008 offset by a decline in dividend income from the company’s equity portfolio.

During 2009, premiums almost reached $3.4 billion – the second best year in the history of Western & Southern and only a modest decrease from the record year of $3.8 billion in 2008. The company’s five-year compound annual growth rate in premiums is a respectable 7.2 percent. This is an outstanding achievement given the uncertain times of 2009. Clearly, Western & Southern was a beneficiary of the flight to quality by customers seeking the safety and security of companies like ours.

The company ended 2009 with assets owned in excess of $34 billion, marking the highest year-end value in the history of the company and an increase of $3.1 billion over year-end 2008.

As of year-end, assets owned, managed and under our care reached $44.6 billion, an increase of $1.9 billion over year-end 2008 and a five-year compound annual growth rate of nearly 4.4 percent.
Accompanying Western & Southern's steady growth has been a keen focus on expenses. Even though assets grew by 9.8 percent, total absolute spending by our insurance companies and subsidiaries grew by only 2.9 percent in 2009, evidence that a centralized shared services approach to many functions within the Enterprise is efficient in the delivery of insurance back-office services.

Total equity for the company increased by $1.2 billion or 36 percent from nearly $3.5 billion at year-end 2008 to over $4.7 billion at year-end 2009. This positions Western & Southern as one of the strongest life insurance groups boasting a GAAP capital-to-asset ratio of 13.9 percent, which is nearly double the average capital-to-asset ratio of the 15 largest publicly traded U.S. life insurance companies at 7.2 percent.

While it is difficult to say when the current volatile times will subside, Western & Southern Financial Group has proven that it is built to withstand these times, deliver solid results, and provide long-term security for its customers.

Edward S. Heenan, senior vice president of Corporate Financial Planning, passed away Jan. 22, 2010. During his 27-year tenure with Western & Southern Financial Group, he was instrumental in building the company’s financial reporting systems and guiding its financial progress.

Left to right: Robert L. Walker, Senior Vice President and Chief Financial Officer with Richard K. Taulbee, Vice President and Chief Tax Officer; James J. Vance, Vice President and Treasurer; and Bradley J. Hunkler, Vice President and Chief Accounting Officer of Western & Southern Financial Group.
## Consolidated and Condensed GAAP Balance Sheets

<table>
<thead>
<tr>
<th>Amounts in thousands</th>
<th>December 31, 2009</th>
<th>December 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt securities</td>
<td>$23,861,024</td>
<td>$19,728,219</td>
</tr>
<tr>
<td>Equity securities</td>
<td>1,113,729</td>
<td>1,381,616</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>5,354,189</td>
<td>4,492,320</td>
</tr>
<tr>
<td>Other general account assets</td>
<td>2,017,768</td>
<td>3,885,359</td>
</tr>
<tr>
<td>Assets held in separate accounts</td>
<td>1,744,643</td>
<td>1,552,521</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$34,091,353</td>
<td>$31,040,035</td>
</tr>
<tr>
<td><strong>Liabilities and equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future policy benefits and claims</td>
<td>$25,394,759</td>
<td>$23,707,860</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>505,534</td>
<td>505,498</td>
</tr>
<tr>
<td>Other general account liabilities</td>
<td>1,715,286</td>
<td>1,796,028</td>
</tr>
<tr>
<td>Liabilities related to separate accounts</td>
<td>1,744,643</td>
<td>1,552,521</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>29,360,222</td>
<td>27,561,907</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>4,731,131</td>
<td>3,478,128</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>$34,091,353</td>
<td>$31,040,035</td>
</tr>
</tbody>
</table>

## Consolidated and Condensed GAAP Income Statements

<table>
<thead>
<tr>
<th>Amounts in thousands</th>
<th>December 31, 2009</th>
<th>December 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance premiums and product charges</td>
<td>$934,805</td>
<td>$902,126</td>
</tr>
<tr>
<td>Net investment income</td>
<td>1,582,499</td>
<td>1,507,786</td>
</tr>
<tr>
<td>Commissions, fees and other income</td>
<td>180,424</td>
<td>237,204</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>2,697,728</td>
<td>2,647,116</td>
</tr>
<tr>
<td><strong>Benefits and expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policyholder benefits</td>
<td>722,083</td>
<td>652,068</td>
</tr>
<tr>
<td>Interest credited to policyholder account balances</td>
<td>856,723</td>
<td>782,406</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>838,593</td>
<td>898,355</td>
</tr>
<tr>
<td><strong>Total benefits and expenses</strong></td>
<td>2,417,399</td>
<td>2,332,829</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>280,329</td>
<td>314,287</td>
</tr>
<tr>
<td>Investment gains (losses) and non-operating charges</td>
<td>9,914</td>
<td>(442,280)</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>87,814</td>
<td>(78,768)</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$202,429</td>
<td>$(49,225)</td>
</tr>
</tbody>
</table>
Western & Southern Financial Group, with six life and health insurance subsidiaries, is one of the nine strongest life insurance groups in the world based on Standard & Poor’s ratings.

Industry ratings from the four major rating agencies — A.M. Best, Standard & Poor’s, Fitch and Moody’s — are a true measure of a company’s financial strength and stability. Following are Western & Southern’s ratings at the time this report was printed.

### A.M. Best

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>Superior for superior ability to meet ongoing insurance obligations (second highest of 16 ratings; rating held since June 2009)</td>
</tr>
</tbody>
</table>

### Standard & Poor’s

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA+</td>
<td>Very Strong for very strong financial security characteristics (second highest of 21 ratings; rating held since August 2005)</td>
</tr>
</tbody>
</table>

### Fitch

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA</td>
<td>Very Strong for very strong capacity to meet policyholder and contract obligations on a timely basis (third highest of 21 ratings; rating held since June 2009)</td>
</tr>
</tbody>
</table>

### Moody’s

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aa3</td>
<td>Excellent for excellent financial security (fourth highest of 21 ratings; rating held since February 2009)*</td>
</tr>
</tbody>
</table>

#### Comdex Ranking

The Comdex is a composite of all the ratings that a company has received. It ranks companies on a scale of 1 (lowest) to 100 (highest) in relation to other companies that have been rated by the services. The Comdex is a mathematical ranking used to consolidate financial strength ratings from the four major rating agencies because each rating service uses a different scale.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>97</td>
<td>Out of 100</td>
</tr>
</tbody>
</table>

The ratings are correct as of May 15, 2010, and are subject to change. Ratings refer to the claims-paying ability of the insurance company and do not reflect the performance or safety of any investment product. The rating agencies listed above are independent of each other and use proprietary evaluation criteria and rating scales.

* The Lafayette Life Insurance Company is not rated by Moody’s.
Senior Management

Western & Southern Financial Group
(Senior officers may serve within one or more member companies.)

John F. Barrett, Chairman, President & Chief Executive Officer

Senior Vice Presidents:
- Clint D. Gibler, Chief Information Officer
- Noreen J. Hayes, Human Resources
- Carroll R. Hutchinson, Special Projects
- Constance M. Maccarone, Insurance Operations
- Nora E. Moushey, Chief Actuary
- Jonathan D. Niemeyer, General Counsel*
- Nicholas P. Sargen, Chief Investment Officer
- Robert L. Walker, Chief Financial Officer

Vice Presidents:
- Keith W. Brown, Chief Underwriter
- Keith T. Clark, M.D., Medical Director
- David T. Henderson, Chief Risk Officer
- Bradley J. Hunkler, Chief Accounting Officer
- Phillip E. King, Auditor
- Michael J. Laatsch, Public Relations
- Michael R. Moser, Chief Compliance Officer
- Douglas Ross, Chief Technology Officer
- Richard K. Taubbee, Chief Tax Officer
- James J. Vance, Treasurer

W&S Agency Group
Bryan C. Dunn, President & Chief Marketing Officer

Fort Washington Savings Company
Insurance Profitfillment Solutions, LLC
Robert J. DalSanto, President

W&S Brokerage Services, Inc.
Bryan C. Dunn, President

Columbus Life Insurance Company
J. J. Miller, President & Chief Executive Officer
Charles W. Wood, Jr., Chief Marketing Officer

Capital Analysts Incorporated
Robert S. Cogan, Vice Chairman
Matthew E. Lynch, President & Chief Executive Officer

Eagle Realty Group, LLC
Mario J. San Marco, President

Fort Washington Investment Advisors, Inc.
Maribeth S. Rahe, President & Chief Executive Officer
Nicholas P. Sargen, Chief Investment Officer

IFS Financial Services, Inc.
Jill T. McGruder, President & Chief Executive Officer

Touchstone Investments
Steven M. Graziano, President

W&S Financial Group Distributors, Inc.
Mark E. Caner, President

Integrity Life Insurance Company
National Integrity Life Insurance Company
Jill T. McGruder, President & Chief Executive Officer

Lifetime Income Solutions Group
John R. Lindholm, President & Chief Executive Officer
Dennis L. Carr, Chief Actuary

The Lafayette Life Insurance Company
Jerry B. Stillwell, President & Chief Executive Officer

* Effective upon the retirement of Donald J. Wuebbling March 31, 2010.
All board members serve on one or more of the boards of Western & Southern Mutual Holding Company, Western & Southern Financial Group, Inc., and The Western and Southern Life Insurance Company.
A native Cincinnatian and the nephew and son of Western & Southern presidents, Mr. Williams grew up in the company and served it faithfully for more than 70 years. Educated at Georgetown University and Harvard Business School, he began his career in Western & Southern's sales operation, leaving in 1941 to serve in World War II. After the war, he remained on the company's board of directors but shifted focus to establish his own highly successful real estate development firm.

Mr. Williams returned to Western & Southern full-time in 1984 and became an advocate for the company's rapid growth. He supported and championed efforts to expand and diversify Western & Southern's sources of revenue and distribution channels, sparking its transformation from a regional life insurer to a full-service financial services organization and a Fortune 500 company. Along the way, he served as an invaluable example and mentor to many Western & Southern associates, including John F. Barrett, chairman, president and chief executive officer.

Deep religious faith influenced every aspect of Mr. Williams' life, and his energy, along with the depth and breadth of his interests, was legendary. He was a devoted family man who, with his beloved wife, Helen DeCourcy Williams, raised six children, including Thomas L. Williams, a member of Western & Southern's board of directors. He served on nonprofit boards of directors and was a generous philanthropist genuinely committed to the well-being of others. His enthusiasms were many, ranging from art to animals to sports (where he was a partner in the Cincinnati Bengals and a former principal owner of the Cincinnati Reds).

Mr. Williams' impact on Western & Southern and the Greater Cincinnati area was profound. His long-term vision and ability to make things happen made him one of the nation's most effective business, civic and philanthropic leaders. His integrity – coupled with humility, a plain-spoken style and the perennial twinkle in his eye – caused him to be loved and admired by the entire Western & Southern family.

William J. Williams will continue to serve as an inspiration to the entire Western & Southern organization and the community we call home.

**A Treasured Leader, Mentor & Friend**

It is with gratitude, appreciation and sadness that we mark the passing of William J. Williams, retired Chairman and Chief Executive Officer of Western & Southern Financial Group.

It is with gratitude, appreciation and sadness that we mark the passing of William J. Williams, retired Chairman and Chief Executive Officer of Western & Southern Financial Group.