



*Our financial strength*  
*PROTECTS YOUR financial security*



2012 ANNUAL REPORT

# Letter from the Chairman

## To Our Valued Friends and Colleagues,

We are pleased to report that 2012 was a very good year for Western & Southern Financial Group. We have fully recovered from the financial storm and are positioned incredibly well for the future.

For the year ended Dec. 31, 2012, Western & Southern earned \$300.9 million, up from \$285 million the previous year. This earnings improvement was accomplished during a year in which we experienced only modest revenue growth.

It was also a year of many significant milestones and accomplishments for our family of companies. To help ensure growth during the difficult interest rate environment, we continued to upgrade our business model, which enabled us to achieve better results. We also changed our business mix by buying two businesses and selling one in order to run a more focused operation.

Western & Southern's balance sheet at year end was the most robust in our history and one of the strongest, if not the strongest, in our industry. We reached a record \$40 billion in owned assets while total assets owned and managed achieved a record \$60.3 billion. Our GAAP (Generally Accepted Accounting Principles) net worth grew to \$6.8 billion, also a record.

Our capital-to-asset ratio, a true measure of a company's financial strength, was 17.1 percent at year end. This is more than double the average of the 15 largest publicly traded U.S. life companies. Total life, health and annuity benefits and dividends paid to our policyholders and their beneficiaries reached \$2.7 billion.

Our distinctive culture makes our company unique and guides all our business initiatives as we continue to grow. Following are some key contributions from each

member company that helped fuel our 2012 financial performance.

**Capital Analysts Incorporated**, our registered investment advisor, was sold to Lincoln Investment Planning, Inc., at midyear as it was not a core business.

**Columbus Life Insurance Company** rolled out electronic applications to all its independent producers, reducing overall underwriting and issue time by 35 percent. Producer feedback has been overwhelmingly positive.

**Eagle Realty Group's** newest hotel development, the Residence Inn at the Phelps (formerly the Phelps apartment building) in downtown Cincinnati, continued to grow in popularity as TripAdvisor® ranked the hotel 19th in the United States for service based on customer reviews of 650,000 hotels worldwide. Leasing of Great American Tower at Queen City Square continued strong, reaching 91 percent occupancy by year end.

**Fort Washington Investment Advisors** experienced an outstanding 41 percent increase in non-affiliated assets under management to reach a record \$10.3 billion, including \$1.3 billion in gross new sales.

**The Lafayette Life Insurance Company** continued its steady growth as President and Chief Executive Officer Jerry B. Stillwell retired and turned over the reins to Bryan C. Dunn, formerly president of W&S Agency Group, our Western & Southern Life field agent sales operation.

**Touchstone Investments** closed on the purchase of two mutual fund families and, combined with strong sales, grew total assets under management by 90 percent to a record \$14.8 billion. Twenty Touchstone Funds, including a majority of new funds launched during the Great Recession, received 4- or 5-star Morningstar ratings for outstanding performance.

Our distinctive culture makes our company unique and guides all our business initiatives as we continue to grow.



**JOHN F. BARRETT**

in Cincinnati's Lytle Park with Great American Tower and the Residence Inn in the background

*W&S Agency Group* welcomed Anthony M. Garcia as its new president and completed the rollout of the new franchise business model across all its offices nationwide.

*W&S Financial Group Distributors'* sales of life insurance through banks reached \$48 million, far exceeding bank channel sales of \$8.6 million in 2011. It also introduced our first life insurance product in New York state.

In 2013, our family of companies is celebrating the 125th anniversary of our 1888 founding as The Western and Southern Life Insurance Company. For the past 125 years, Western & Southern has been improving lives with dependable financial products, strong community involvement and a positive, long-term vision for the future.

We will likely face continued challenges in 2013, particularly if interest rates remain low, but we will do everything we can to improve our financial performance by increasing revenue, enhancing customer service,

and reducing expenses with the goal of having another very good year.

In closing, we are working hard to build the finest company in the markets we serve. Because of our robust capital position, coupled with our mutual holding company structure, we are able to take the long-term strategic view without the short-term quarter-to-quarter pressures that most of our competitors face. We have a wonderful group of people who are committed to building this incredible company in order to continue providing long-term solutions and peace of mind for our policyholders, clients and associates. Stay tuned. We will continue to get better and better in the years to come.

Sincerely,

**JOHN F. BARRETT**

*Chairman, President and Chief Executive Officer*

# 2012: A Roller-Coaster Ride

Western & Southern Financial Group's investment portfolios fared very well, as our portfolio managers navigated through lower interest rates and volatile equity markets.



NICHOLAS P. SARGEN

Last year proved to be a strong one for financial assets as bond yields plummeted to record lows while equity markets posted double-digit returns.

Along the way, however, markets encountered several twists and turns that left many investors perplexed.

Shifting perceptions about the global economy and the fate of the eurozone served as catalysts for these swings. Global economic growth slowed to its weakest pace since mid-2009 while recession spread throughout the eurozone periphery.

The U.S. economy, nonetheless, sustained moderate growth of about 2 percent despite these developments and concern over a looming “fiscal cliff.”

## Central Banks to the Rescue

Against this backdrop, central banks pursued unorthodox monetary policies designed to keep interest rates unusually low. The Federal Reserve announced it would adhere to its policy stance until the unemployment rate declined to 6.5 percent.

For its part, the European Central Bank became the true lender-of-last-resort for the eurozone by agreeing to purchase debt of troubled sovereign countries.

## Western & Southern Investment Results

Western & Southern employed several strategies to boost investment income, including paring back on cash holdings while adding to private placements,

short-duration high yield bonds, income-oriented alternative investments and high-dividend paying stocks. Our public and private equity portfolios generated strong returns as well.

## Challenges Ahead

We are mindful that the interest rate environment remains very challenging for the insurance industry, having experienced a decline in the book yield on our fixed income portfolio.

While low rates have enabled borrowers to service their debts, we are cognizant they also are distorting market prices and could create problems down the road.

Therefore, we continue to refine and enhance our risk management procedures to ensure we retain high credit quality overall and maintain appropriate diversification. ▶

*Nicholas P. Sargen is chief investment officer of Western & Southern and its investment management member company, Fort Washington Investment Advisors, Inc. He oversees all investment activity for the Western & Southern family of companies and frequently authors research articles on global investing.*

*Sargen appears regularly on national television and radio business programs, including Bloomberg TV, Fox Business Network and the “Insana Quotient with Ron Insana.” He has appeared on “WealthTrack with Consuelo Mack” and was a regular panelist on “Louis Rukeyser’s Wall Street Week.”*

# Financial Highlights

## Consolidated and Condensed GAAP Balance Sheet

Amounts in thousands

	December 31, 2012	December 31, 2011
<b>Assets</b>		
Debt securities	\$ 29,231,429	\$ 27,707,738
Equity securities	1,721,933	1,502,197
Other invested assets	5,682,249	5,347,577
Other general account assets	1,569,807	1,712,246
Assets held in separate accounts	1,814,581	1,723,656
Total assets	<u>\$ 40,019,999</u>	<u>\$ 37,993,414</u>
<b>Liabilities and equity</b>		
Future policy benefits and claims	\$ 28,493,577	\$ 27,704,204
Long-term debt	510,571	505,914
Other general account liabilities	2,353,733	1,998,834
Liabilities related to separate accounts	1,814,581	1,723,656
Total liabilities	<u>33,172,462</u>	<u>31,932,608</u>
Total equity	<u>6,847,537</u>	<u>6,060,806</u>
Total liabilities and equity	<u>\$ 40,019,999</u>	<u>\$ 37,993,414</u>

## Consolidated and Condensed GAAP Income Statement

Amounts in thousands

	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
<b>Revenue</b>		
Insurance premiums and product charges	\$ 1,095,166	\$ 1,075,989
Net investment income	1,648,970	1,640,376
Commissions, fees and other income	220,931	158,408
Total revenue	<u>2,965,067</u>	<u>2,874,773</u>
<b>Benefits and expenses</b>		
Policyholder benefits	\$ 1,035,760	\$ 932,414
Interest credited to policyholder account balances	813,839	860,026
Other operating expenses	810,622	792,686
Total benefits and expenses	<u>2,660,221</u>	<u>2,585,126</u>
Operating income*	304,846	289,647
Investment gains and non-operating charges	124,713	117,254
Income tax expense	128,664	121,883
Net income	<u>\$ 300,895</u>	<u>\$ 285,018</u>

\* Operating income is defined as net income excluding federal income tax, net realized investment gains or losses, non-controlling interest related to capital gains, one-time restructuring charges and discontinued operations.

# Financial Highlights

Looking back, 2012 will be remembered for its unprecedented low interest rates, a volatile financial climate and an economy struggling to overcome persistent fiscal and political uncertainty.

Despite those headwinds, Western & Southern Financial Group continued to provide real value to its customers, policyholders and contract holders while delivering exceptionally strong financial results.

## Higher GAAP Income

Western & Southern achieved year-over-year improvement in several key financial benchmarks. Foremost was an increase in operating income, which is used as a primary measure in managing the company's businesses, along with an increase in net income. Additionally, assets owned and managed and total equity attained record highs.

Western & Southern's 2012 GAAP operating income was \$304.8 million compared with \$289.6 million for 2011. The \$15.2 million increase was attributable largely to an increase in premium revenues and strong performance

from investment portfolios, combined with disciplined expense management.

GAAP net income increased to \$300.9 million, a 5.6 percent increase over 2011. Helping it was a year-over-year increase in net realized gains. This marks the fourth year in a row for increasing net income and a record high since the 2009 financial crisis.

## Valuable Expense Control

Western & Southern continued its tradition of maintaining laser focus on expense management. Utilizing an efficient shared services platform, total expenses for the company decreased 2 percent compared with the prior year. Its five-year compound annual growth rate in expenses was only 0.4 percent, a remarkable achievement while the compound annual growth of assets was 4 percent over the same period.

Life and health premiums reached a milestone by surpassing the \$1 billion mark with a nearly 5 percent increase over the prior year. Mutual fund sales reached

**\$60.3 billion**

assets owned and managed

### OPERATING REVENUE

(\$ billions)

10	2.89
11	2.87
12	2.97

### GAAP NET INCOME

(\$ millions)

10	273.5
11	285.0
12	300.9

### ASSETS OWNED & MANAGED

(\$ billions)

OWNED | MANAGED

10	37.5	12.8	50.3
11	38.0	14.4	52.4
12	40.0	20.3	60.3

### TOTAL EQUITY

(\$ billions)

10	5.6
11	6.1
12	6.8



**ROBERT L. WALKER** (center), Senior Vice President and Chief Financial Officer, with (left to right) **RICHARD K. TAULBEE**, Vice President, Tax; **JAMES J. VANCE**, Vice President and Treasurer; **DAVID T. HENDERSON**, Vice President and Chief Risk Officer; and **BRADLEY J. HUNKLER**, Vice President and Chief Accounting Officer.

another record, increasing nearly 69 percent to \$5.9 billion. Due to continuation of the extremely low interest rate environment, annuity premiums declined 24 percent to \$1.4 billion.

### Performance Backed by Strong Sales

Robust life and health sales, extremely strong mutual fund sales, very good investment performance and excellent customer persistency were the key drivers that propelled

both assets owned and managed to record highs. Assets owned reached a record \$40 billion, a \$2 billion increase over the prior year. Total assets owned and managed attained a record \$60.3 billion, a \$7.9 billion increase.

In 2012, Western & Southern established another record as total equity grew to \$6.8 billion, a 13 percent increase over the prior year. Its capital-to-asset ratio, an industrywide measure of capital adequacy, topped 17 percent, more than double the average capital-to-asset ratio of the 15 largest publicly traded U.S. life companies.

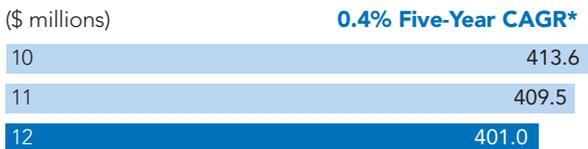
Now, more than ever, Western & Southern possesses the capital and the assets necessary to meet the security and financial needs of its customers, clients and other stakeholders, and to take advantage of future growth prospects as they emerge. ▶

**17.1%**  
capital-to-asset ratio

#### GAAP CAPITAL-TO-ASSET RATIO (%)



#### TOTAL EXPENSES



\*Compound Annual Growth Rate

# Life & Health

Drawing on a heritage that dates to 1888, Western & Southern Financial Group helps bring stability to families' financial futures with life insurance products offered through several life insurance member companies.

## THE WESTERN AND SOUTHERN LIFE INSURANCE COMPANY

(Western & Southern Life) continued to leverage its career agent, face-to-face distribution model to offer a broad array of products and services to address middle-income Americans' protection, retirement savings and investment needs.

### Superior Customer Experience

According to a recent study, nearly two-thirds of consumers prefer to purchase life insurance from an insurance or financial professional face-to-face.<sup>1</sup>

At the core of Western & Southern Life is a dedicated field agent sales team, W&S Agency Group. Supporting this nationwide team is a multi-access sales and service strategy that includes a state-of-the-art customer service call center and an award-winning website, WSLife.com.

The website, which provides 24/7 access to product information, financial calculators, retirement planning tools and more, ranked among the top 25 technology-based sites within the life insurance and annuity industry in 2012, according to DALBAR. It also earned an Excellent rating from the Customer Respect Group, an independent online experience rating firm.

The field agent sales team continues to make a difference in the lives of many every day. In 2012, the company experienced a 4 percent decrease in policy lapse rates, underscoring the vital role service plays in helping customers keep the coverage needed to ensure their financial security.

### Building Careers

Western & Southern Life continues to offer an outstanding long-term career choice for financial professionals who

desire to help middle-market consumers pursue their goals for lifetime financial security.

In 2012, the company completed the 20-month installation of a new franchise business model throughout its field operation. The goal was to position the company to grow sales by enhancing the careers of Western & Southern Life field associates and ensuring a consistent customer experience across its offices nationwide.

To date, the initiative has grown agent recruitment and retention by 17 percent. In December, the company's strong military recruiting and retention programs earned it recognition by *G.I. Jobs* as a 2013 Military Friendly Employer®.

Western & Southern Life also established its first-ever field advisory board in 2012. Select financial representatives, staff managers and agency managers from across the sales force collaborate routinely with home office leadership to create innovative solutions that respond directly to customer needs.



### Better Business Through Technology

Western & Southern Life made several technological advancements in 2012 to evolve the means by which W&S Agency Group engages with its customers and prospects.

With a crisply defined field technology strategy, 2012 witnessed the creation of several additional consumer awareness and access points, introduction of enhanced tools, and improved personal and corporate branding for agents.

The year also saw the introduction of field-wide agent web pages, enhanced social media marketing, and



**ANTHONY M. GARCIA,**  
President, W&S Agency Group

**4%**  
**decrease**  
policy lapse rates

The product mix offered by the company and other Western & Southern subsidiaries includes life insurance, fixed annuities, mutual funds, retirement strategies, health insurance, variable and indexed annuities, and variable universal life.

In 2012, Western & Southern Life's growing network of registered field representatives, who sell securities products through Western & Southern member company W&S Brokerage Services, Inc.,<sup>2</sup> achieved another record year with nearly \$49 million in sales. Much of this success was attributed to growing demand among middle-market consumers for investment products that help them manage their retirement, and aging and wealth transfer needs.

implementation of a "bring your own device" program to give financial representatives and managers the flexibility to use their own mobile devices to connect with clients and back-office systems.

The company also launched its proprietary Financial Focus™ needs-analysis software to enable its field sales force to efficiently evaluate consumer needs and recommend custom-tailored solutions — a need made clear by middle-income Americans.

### Setting the Stage for Growth

Western & Southern Life's franchise business model positions the company for long-term sustainable growth.

### Leading Insurer for the Middle Market

Income protection is at the root of a life insurance purchase. Increasingly, however, Americans do not have the coverage in place to ensure that necessary expenses and bills are paid in the event of a loved one's death. This protection gap has widened for middle-market Americans by 56 percent to \$10.2 trillion since 2006.<sup>3</sup>

Looking forward, the company is well-positioned to fill this gap by expanding its support to more families and small businesses to meet their needs for wealth protection, retirement income, and investment strategies through its customer-focused employee-agents nationwide. ▶

<sup>1</sup> 2012 Insurance Barometer Study, N. Denley, J. Mitchel, and LIMRA, 2012.

<sup>2</sup> Securities products offered through W&S Brokerage Services, Inc., member FINRA/SIPC.

<sup>3</sup> Opportunities in Reaching the Middle Market with Life Insurance: New Pathways to Growth, Conning Research & Consulting, 2012.

## COLUMBUS LIFE INSURANCE COMPANY

continued to build on its unwavering reputation with independent producers and customers as a strong, reliable life insurance provider.

The low interest rate environment and changing industry regulations of 2012 challenged the life insurance industry as a whole. Only the strongest companies — Columbus Life among them — prospered. These pressures, more than ever before, brought financial strength to the forefront of the day-to-day operation of life insurance companies and in turn helped Columbus Life distinguish itself.



**J. J. MILLER**, President  
and Chief Executive Officer,  
Columbus Life Insurance Company

## Strong Financial Performance

For the third consecutive year, premium rose for life insurance products sold by producing general agents appointed with Columbus Life.

Overall, universal life (UL) sales proved to be a bright spot, with the number of policies sold

in 2012 increasing more than 7 percent over 2011. The number of indexed universal life (IUL) policies increased 21 percent compared to 2011, reflecting the growing popularity of indexed products.

In addition to strong customer persistency for its UL products, Columbus Life's fixed annuity sales remained steady despite the low interest rate environment. Columbus Life also demonstrated continued fiscal discipline in 2012 by reducing company expenses compared to 2011.

## Recruiting Success

According to LIMRA, the overall number of life insurance agents in the United States is shrinking industrywide.<sup>1</sup> Columbus Life, in contrast, is bucking that trend. The company contracted with 79 new producing general agencies in 2012 — one of the company's best recruiting years ever and a testament to the quality of products and services Columbus Life offers.

## Importance of Technology

Technology will continue to play a key role in supporting existing producers and attracting new ones to Columbus

**21%**  
**increase**  
indexed UL  
policy sales

Columbus Life provides an integrated framework of products, personal service and sales tools that solidify relationships and support the success of independent producers.

Life. In 2012, Columbus Life continued to work toward its vision of offering an entirely electronic sales process by leveraging technology that streamlines business from the initial client conversation to application submission.

Most noteworthy, Columbus Life introduced the iGO online electronic life insurance application. The company placed policies in force 35 percent faster with iGO than with paper applications processed during the same period.

Other technological highlights included the development of mobile-friendly applications and the addition of Columbus Life products to a Web-based illustration aggregator that helps simplify the life insurance policy illustration process for agents.

### Valued Partnerships

Columbus Life's independent producers are key to the company's growth. The company provides an integrated framework of products, personal service and sales tools that solidify relationships and support the success of independent producers.

In addition, the company expanded its live and on-demand webinar offerings in 2012, allowing producers to gain knowledge when and where it best served their needs. The sales and marketing team conducted more than 35 webinars, with more than 500 total producers attending, to introduce sales ideas, provide tax and legislative updates, and present tips to help producers build their businesses.

Columbus Life will continue to provide the personal attention, competitive products, responsive training and proven marketing support necessary to attract and retain only the best producers in the industry. This will be augmented by the company's overriding commitment to long-term financial strength and stability. ▶

<sup>1</sup> *Forces of Change: Issues Facing Distribution Leaders*, LIMRA and McKinsey & Company, 2010.

35%  
faster  
electronic  
application  
processing

## Life Insurance Through Banks

Western & Southern Financial Group expanded its efforts to deliver life insurance products through banks in 2012. Through the focused wholesaling efforts of subsidiary W&S Financial Group Distributors, the company experienced significant growth in bank channel life insurance premium to reach \$48 million. The company maintains life insurance sales agreements with 11 of the 50 largest banks nationwide (as ranked by assets).

## THE LAFAYETTE LIFE INSURANCE COMPANY,

with its wide range of life insurance, annuity and pension products, continues to respond to the growing demand among American families for financial products designed to provide safety and stability.

Since Lafayette Life's move to Cincinnati last year, the company has continued to produce outstanding results.

### Consistent Growth

Lafayette Life's direct individual life statutory premium, which has grown at a 13.4 percent compound annual growth rate over the last five years, increased 9 percent in 2012 to \$418 million.

Annuity sales remained strong at more than \$172 million, doubling the premium level from five years earlier. As a result, strong sales and good persistency have powered the growth of Lafayette Life's GAAP assets by 10 percent to a new company high of \$3.8 billion.

### Whole Life Leadership

Lafayette Life offers whole life insurance products that encompass guaranteed death benefit protection, guaranteed cash value accumulation and guaranteed level premiums over a lifetime, plus generally available tax advantages not accorded most other types of financial assets.

For many families seeking a stable financial plan, whole life provides the financial benefits they need — when they need them. Lafayette Life is a demonstrated leader in the whole life market, having awarded dividends on its whole life policies every year since its founding

more than 100 years ago. In 2012, Lafayette Life awarded its highest dividend in the company's history.

### Industry-Leading Service

Much of Lafayette Life's ongoing success can be attributed to its focus on cultivating strong service-oriented relationships with its independent producers, their clients and policyholders.

Throughout the year, the company worked tirelessly to improve its level of service through several key initiatives.

### Technology Upgrades

Lafayette Life introduced a newly enhanced public and producer website to deliver improved navigation, enhanced content and expanded 24/7 online access.

This upgrade is the precursor to the company's development of a fully automated online e-application platform that will make its life insurance application and underwriting processes quicker and easier.

### Enhanced Sales Support

The company introduced new sales support materials for both its whole life and indexed annuity product lines during the year, as well as new *Strategic Insights* and *Product Insights* publications for the producer.

In addition, Lafayette Life launched a new Web-based ordering system for marketing materials to give producers greater access to materials when they need them.

### Expanded Communication

Accessibility to home office staff, including underwriting, stands out as a hallmark of Lafayette Life's service to producers. In 2012, the company maintained that level of access, while also increasing the frequency of communications to its producers, including a bimonthly

**\$418  
million**

direct individual  
life statutory  
premium

Lafayette Life is a demonstrated leader in the whole life market, having awarded dividends on its whole life policies every year since its founding more than 100 years ago.



**JERRY B. STILLWELL** (left), Board Member, with **BRYAN C. DUNN**, President and Chief Executive Officer, The Lafayette Life Insurance Company.

e-newsletter, quarterly *Focal Point* newsletter mailings and website announcements. In addition, Lafayette Life is in the early stages of developing a more robust social media strategy.

## Retirement Solutions

Lafayette Life continues to respond to the growing demand to provide products that will help clients protect and grow their assets to ensure a sufficient retirement income. Indexed annuities are a viable solution for those looking for tax deferred growth, safety of principal, access to funds, lifetime income and beneficiary protection.

The company's retirement services team, which includes credentialed members of the American Society of Pension Professionals & Actuaries and the National Institute of Pension Administrators, offers innovative retirement plans to businesses looking to attract and retain quality employees through the enhancement of their benefits packages.

A variety of plan designs can be customized to meet the retirement income and distribution planning needs of employees while offering attractive tax advantages to the employer, including deductible contributions, tax deferred accumulations and a variety of distribution options. ▶

### TOTAL LIFE & HEALTH INSURANCE ASSETS

(\$ billions)	2.9% Five-Year CAGR*
07	7.81
08	7.84
09	7.96
10	8.46
11	8.77
12	9.00

### TOTAL LIFE & HEALTH INSURANCE PREMIUMS

(\$ millions)	4.5% Five-Year CAGR*
07	827.6
08	828.3
09	820.4
10	904.0
11	984.6
12	1,030.4

\*Compound Annual Growth Rate

# Annuities

Western & Southern Financial Group continued its unwavering commitment to integrating innovative products and solutions to help clients achieve retirement security in changing market conditions.

**W&S FINANCIAL GROUP DISTRIBUTORS, INC.**, Western & Southern's wholesale distribution subsidiary, continued to help Americans invest for and live in retirement by providing annuities and life insurance from Integrity Life Insurance Company, National Integrity Life Insurance Company and Western-Southern Life Assurance Company through broker-dealers, financial institutions and independent advisors.

The economic environment in 2012 fueled introspection given Western & Southern's historically strong position in the fixed annuity market. While continuing to deliver quality products and services to clients and prudently managing expenses, the 2012 business plan focused on pivoting to other lines of business and re-engineering W&S Financial Group Distributors' distribution models in order to meet changing needs of both advisors and consumers.

## Dynamic Wholesaling and Technology

In the first quarter, W&S Financial Group Distributors transformed its broker-dealer distribution channel from a traditional, on-the-ground wholesaling model to a dynamic e-selling architecture. This approach, effectively used by the company to serve independent agents for more

than 20 years, delivered a compelling value proposition to broker-dealers, enabling wholesalers to increase sales and marketing support, accommodate advisors' schedules, and demonstrate more availability when their clients need assistance.



**JILL T. McGRUDER**,  
President and Chief Executive Officer,  
Integrity Life Insurance Company and National Integrity Life  
Insurance Company; Chief Executive Officer, W&S Financial  
Group Distributors and Touchstone Investments.

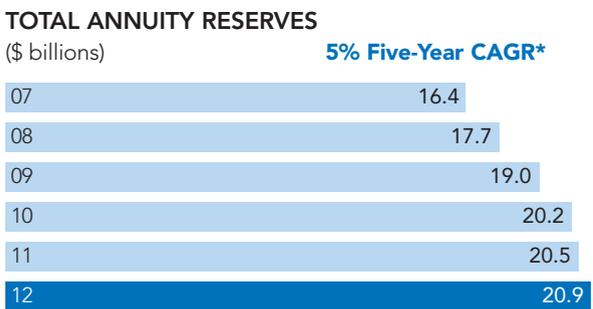


**MARK E. CANER** (left)  
 President, W&S Financial Group Distributors,  
 with **DANIEL J. DOWNING**, Senior Vice President,  
 Independent Agent Distribution, and **CHARLES E. WHITE**,  
 Senior Vice President, Financial Institution Distribution.

In essence, this model ensured wholesalers were always there, virtually or live, by employing both traditional and interactive technology. These tools included telephone and email, Web-based meetings, mobile technology and interactive screen-sharing technology.

The new model has proved successful. The company has retained all but one of its broker-dealer relationships and improved its service levels while reducing wholesaling costs.

For the Western & Southern enterprise, total annuity reserves have grown from \$16.4 billion in 2007 to \$20.9 billion in 2012, a 5 percent compound annual growth rate.



\*Compound Annual Growth Rate

Annuity sales were \$1.4 billion in 2012 compared with \$1.8 billion a year ago, a result consistent with industry trends amid the low interest rate environment.

### Leveraging Expertise

Western & Southern leveraged its reputation as a leading fixed annuity provider in banks to successfully introduce a competitive life insurance product — Legacy Forward® from Western & Southern Life and National Integrity. This product became the company’s first life insurance offering sold in the state of New York.

Life insurance premiums generated through banks increased significantly over 2011. Contributing factors included a competitive approval process that features underwriting decisions in three minutes or less on average, a step-by-step sales process delivering crucial training and information to financial representatives, and a focus on banks with life insurance experience. ▶



# Enterprise at a Glance

Company Information	Products and Services
<b>Western &amp; Southern Mutual Holding Company</b>	Mutual insurance holding company; sole shareholder of Western & Southern Financial Group.
<b>Western &amp; Southern Financial Group, Inc.</b>	Holding company; sole shareholder of The Western and Southern Life Insurance Company and The Lafayette Life Insurance Company.
<b>The Western and Southern Life Insurance Company (Western &amp; Southern Life)</b>	Whole life, juvenile term life, critical illness, accident insurance and personalized needs analysis.
<b>Western-Southern Life Assurance Company (Western &amp; Southern Life)</b>	Universal life, fixed annuities, term life, single premium life, retirement strategies and personalized needs analysis.
<b>W&amp;S Agency Group (Western &amp; Southern Life)</b>	Life insurance, annuities, mutual funds, retirement strategies and health insurance products.
<b>Insurance Profillment Solutions, LLC</b>	Comprehensive fulfillment services for banks and insurance direct marketers.
<b>W&amp;S Brokerage Services, Inc.<sup>1</sup></b>	Registered broker-dealer for Western & Southern Life field agents selling mutual funds, variable and indexed annuity products, and variable universal life.
<b>Columbus Life Insurance Company</b>	Universal life, variable universal life, survivorship universal life, indexed universal life, term life, fixed and immediate annuities, and retirement and business planning.
<b>Eagle Realty Group, LLC</b>	Real estate investment management (asset management, real estate investment advisory services, mortgage loans, equity investments, co-investments and real estate development); commercial property management; and multi-family property management.
<b>Fort Washington Investment Advisors, Inc.<sup>2</sup></b>	Investment management capabilities, including fixed income, public equities, private equity and multi-strategy portfolios.
<b>IFS Financial Services, Inc.</b>	Fixed, variable and income annuities; mutual funds; life insurance; and wealth preservation programs.
<b>Integrity Life Insurance Company</b>	Fixed, variable and income annuities.
<b>National Integrity Life Insurance Company</b>	Fixed, variable and income annuities and life insurance.
<b>Touchstone Investments</b>	Mutual funds subadvised by seasoned institutional asset managers.
<b>W&amp;S Financial Group Distributors, Inc.</b>	Fixed, variable and income annuities and life insurance.
<b>The Lafayette Life Insurance Company</b>	Whole life, term life, fixed and indexed annuity products, indexed universal life, and pension products and services.

Markets Served and Distribution Channels	Contact Information
	westernsouthern.com (877) FOR-WSFG
Approximately 40,000 individuals nationwide are licensed to sell products and services from Western & Southern member companies.	westernsouthern.com (877) FOR-WSFG
Individuals, families and businesses in the middle-income market. 182 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. 182 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. 182 field offices nationwide, plus WSLife.com and Client Relationship Center.	wslife.com (800) 936-1212
Insurance brokers selling life insurance through bank branches, the Internet or direct marketing channels.	iprofillment.com (866) 590-0161
Middle-income market through Western & Southern Life's field agent sales team, W&S Agency Group.	wslife.com (513) 629-1055
Individuals, families and businesses in the mass affluent and affluent markets through a nationwide network of independent producers. Licensed in the District of Columbia and all states except NY.	columbuslife.com (800) 677-9696
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
Public and corporate pension plans, corporate operating and development funds, insurance companies, mutual fund subadvisory, religious orders, universities, Taft Hartley plans, foundations and endowments, and high-net-worth individuals and their families.	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 the District of Columbia and all states except ME, NH, NY and VT.	wfinancialpartners.com (888) 644-2300
Broker-dealers, independent agents and financial institutions. Licensed in ME, NH, NY and VT.	wfinancialpartners.com (888) 644-2300
Broker-dealers, financial planners, registered investment advisors, consultants, retirement plan sponsors, institutions, wealth managers and private banks.	touchstoneinvestments.com (800) 638-8194
Broker-dealers, independent agents and financial institutions.	wfinancialpartners.com (800) 285-2858
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 FINRA and SIPC. 2 Registered Investment Advisor.

# Investment Management

Growth in assets, investment commitments, and relationships, coupled with a culture of professional excellence, continued to drive Fort Washington Investment Advisors' success in 2012.

## FORT WASHINGTON INVESTMENT ADVISORS, INC.

founded in 1990, is Western & Southern Financial Group's primary investment management subsidiary serving institutional clients and their consultants, private equity investors, and individuals and their families. The firm's leadership team and investment professionals are recognized throughout the industry as highly experienced thought leaders in their fields.

**\$44.7 billion**  
total assets

### Best Year in Firm History

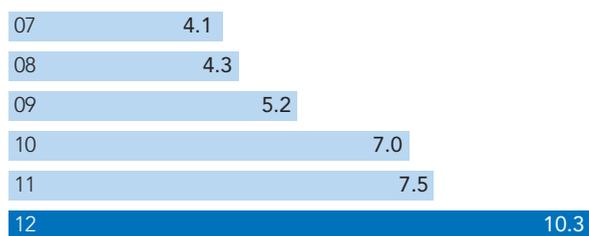
By several metrics, 2012 was the best year in Fort Washington's history.

- Total non-affiliated assets crossed a key threshold to reach \$10.3 billion.
- Total affiliated and non-affiliated assets reached \$44.7 billion.<sup>1</sup>
- New assets and commitments from non-affiliated clients topped \$1.3 billion.
- Year-over-year, new private equity commitments more than doubled.

### FORT WASHINGTON NON-AFFILIATED ASSETS UNDER MANAGEMENT

(\$ billions)

**20.2% Five-Year CAGR\***



\*Compound Annual Growth Rate

- New non-affiliated Corporate Investment Grade Private Placement assets reached \$87.7 million since bringing the strategy to market just two-and-a-half years ago.
- Total consultant relationships have grown 600 percent since 2004.

### Philosophy Fuels Performance

A number of factors contributed to Fort Washington's success in 2012, not the least of which was strong investment performance.

The firm's investment philosophy emphasizes a long-term outlook with flexibility to respond to short-term opportunities. This approach allowed the firm to help clients find innovative ways toward achieving their investment objectives in 2012.

On a five-year basis, 80 percent of Fort Washington's institutional investment strategies beat their market benchmarks. From inception to date, three-fourths, or 75 percent, of its institutional investment strategies achieved benchmark outperformance.

### Strategies of Note

Fort Washington's Focused Equity team, which seeks to outperform its benchmark with an all-cap concentrated portfolio, surpassed the Russell 3000 Index by 6 percent. This puts the team in the top decile of its peer group since the strategy's inception.<sup>2</sup>

Fort Washington's High Yield strategy earned the majority of the firm's new business in 2012. The team's focus on the less volatile segments of the high yield market and goal of providing stable income were attractive prospects in a difficult economic environment.



**MARIBETH S. RAHE**, President and Chief Executive Officer, and **NICHOLAS P. SARGEN**, Senior Vice President and Chief Investment Officer, Fort Washington Investment Advisors, Inc.

As a private equity fund-of-funds manager, Fort Washington Capital Partners Group is active in both primary and secondary investments as well as direct co-investments.

The group's approach, emphasizing key principles of adaptability, selectivity and balance, has produced top-quartile performance for multiple funds.<sup>3</sup>

### Looking Forward

Non-affiliated assets under management have increased at a 20 percent compound annual growth

rate over the last five years. An ongoing commitment to infrastructure and product development has been key.

Building from the foundation of Western & Southern's financial strength, Fort Washington looks to further its competitive advantages through innovative new products and services for its clients in the years ahead. ▶

**\$10.3 billion**

total non-affiliated assets

1 Assets as of Dec. 31, 2012. Includes assets under management by Fort Washington Investment Advisors, Inc., of \$42.4 billion and \$2.3 billion in commitments managed by Fort Washington Capital Partners Group, a division, and Peppertree Partners LLC, a subsidiary.

2 As of Dec. 31, 2012, eVestment Alliance LLC Peer Group Analysis by Fort Washington. Past performance is not indicative of future results. See the Composite Performance Disclosure for complete performance information. Visit [fortwashington.com/instl/](http://fortwashington.com/instl/). Frank Russell Company (FRC) is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information pertaining to FRC and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a Fort Washington presentation of the Russell Index data. FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in Fort Washington's presentation thereof.

3 Quartile information is based on data provided by Cambridge Associates LLC as of Sept. 30, 2012.

# Mutual Funds

Organic growth, acquisitions and strategic initiatives expanded Touchstone Investments' fund lineup, fueled asset growth and drove performance to new heights to achieve outstanding results in 2012.

**TOUCHSTONE INVESTMENTS'** mission is to provide investors with results-oriented investment expertise from best-in-class institutional asset managers to whom the company outsources the management of its mutual funds.

## Access to Experience

Managers serving as subadvisors to the Touchstone Funds are known and respected for proficiency in their specific area of investment expertise. The Touchstone Funds encompass a variety of asset classes, including U.S. equity, global/international equity, U.S. fixed income, international fixed income, and alternative investments as well as asset allocation funds.

The firm distributes its funds through national, regional and independent broker-dealers; registered investment advisors; private banks; and consultants.

Touchstone serves as a partner to financial professionals by delivering product solutions, programs and tools to help them cultivate, build and manage their businesses.

## Expanded Fund Lineup

Touchstone demonstrated its commitment to delivering a wide range of investment products by expanding its fund lineup through acquisitions in 2012.

In April, the firm completed its acquisition of Old Mutual Asset Management's U.S. mutual fund business, adding more than \$1.8 billion and 14 funds to Touchstone's roster. In September, the firm completed

its acquisition of mutual funds from Cincinnati-based Fifth Third Asset Management Inc., which added nearly \$1.8 billion and four funds to its lineup.

Both acquisitions helped bolster Touchstone's offerings, particularly in the areas of U.S. equity, global/international equity, alternative and asset allocation funds.

## Strong Performance

Touchstone's team of investment professionals is responsible for the selection, monitoring and replacement of independent subadvisors following a rigorous due diligence process commensurate with the standards and guidelines typically employed by sophisticated institutional investors.

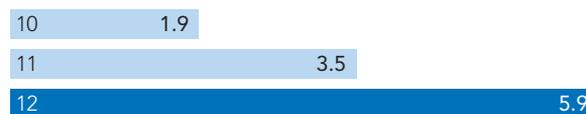
A testament to the firm's subadvisor approach is the strong performance of its funds in 2012. Twenty Touchstone Funds received the coveted 4- or 5-star overall rating by Morningstar as of Dec. 31, 2012, which included several funds launched in 2009 amid the financial crisis.

69%  
increase

mutual  
fund sales

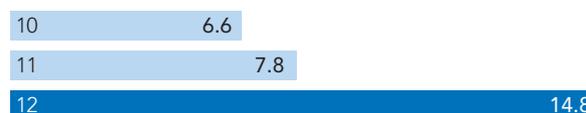
### TOUCHSTONE MUTUAL FUND SALES

(\$ billions)



### TOUCHSTONE MUTUAL FUND ASSETS UNDER MANAGEMENT

(\$ billions)





**STEVEN M. GRAZIANO,**  
President, Touchstone Investments

Many Touchstone Funds outperformed their respective peer groups in several categories throughout the year. For the five-year period through Dec. 31, 2012, Crane Data's *Money Fund Intelligence* newsletter noted that Touchstone Institutional Money Market Fund "... again took top honors for the best-performing money fund ...". This fund is subadvised by Fort Washington Investment Advisors, Western & Southern's investment management subsidiary.

Six Touchstone Funds made *The Wall Street Journal's* "Category Kings" list, the top 10 funds in each of 22 asset class categories ranked by one-year total returns for the period ended Dec. 31, 2012.

Three Touchstone Funds received high ratings in *Investment News'* list of best-performing equity funds ranked by three-year total returns for the period ended Dec. 31, 2012. Touchstone Sands Capital Institutional Growth Fund and Touchstone Sands Capital Select Growth Fund ranked first and second, respectively, among large-cap growth funds, and Touchstone Small Cap Value Fund ranked eighth among small-cap value funds.

Further recognizing the success of the Touchstone Funds, *Fortune* and *Barron's* both spotlighted Touchstone Premium Yield Equity Fund with *Barron's* ranking it one of the Top 25 Dividend Funds.

### Record-Breaking Year

Touchstone's total assets under management nearly doubled — growing from \$7.8 billion at year-end 2011 to \$14.8 billion at year-end 2012.<sup>1</sup>

The firm's sales increased nearly 69 percent, from \$3.5 billion to \$5.9 billion, and net flows increased 36 percent, from \$1.4 billion to \$1.9 billion.

In fact, Touchstone was ranked among the Top 25 Fastest Growing Mutual Fund Managers for 2012 by *Advisor One*, a leading publication for registered investment advisors.

Touchstone remains committed to its goal of building a results-oriented company that strives to deliver investors solid performance over time and through varying economic climates. ▀

<sup>1</sup> Includes asset allocation funds.



# Financial Services

Western & Southern Financial Group continues to enhance its growth in diverse ways with services that deliver maximum value to financial institutions and real estate investment and property management clients.

**EAGLE REALTY GROUP, LLC**, is a full-service real estate investment and property management company that offers debt and equity financing to real estate developers and owners nationwide on behalf of Western & Southern affiliates and other institutional investors. It also offers property management services for owners of commercial and multi-family properties, and facilities management services to Western & Southern.

In 2012, Eagle provided real estate investment and property management services for more than 11.6 million square feet of investment real estate throughout the United States with a value in excess of \$3.4 billion.

The company sustained its long-standing tradition of seeking high quality and outstanding relative value through its mortgage loan investments. Total 2012 mortgage loan production volume exceeded \$360 million, at an average yield of 5.04 percent.

Additionally, a 2012 report by independent rating agency Fitch about the mortgage loan performance of 34 U.S. insurers noted that the mortgage loan portfolio

managed by Eagle Realty Group on behalf of Western & Southern had the highest yield for the two prior years.

Eagle committed to or closed 11 equity and mezzanine loan investments totaling \$137 million in 2012 on new development projects, acquisitions and specialty real estate funds. In addition, these investments, with an estimated average holding period of 5.4 years, are projected to earn an average yield of 17.5 percent.

Eagle continued to grow its multi-family and commercial property management business. Its multi-family property management group was named as the property manager in a fund prospectus for all multi-family properties to be acquired by that fund.

Under the direction of the commercial property management group, Great American Tower, which Eagle developed and opened in downtown Cincinnati in 2011, was awarded the EPA's Energy Star designation.

As Cincinnati's newest, largest, tallest and greenest office tower, it also received a 2012 Emporis Skyscraper Award as the highest-ranked office building in the United States, and it ranked fourth overall among the top 10 skyscrapers in the world. The tower's tiara earned it an award from the American Institute of Steel Construction

**\$137  
million**

new real estate  
investments

IPS has developed a multichannel program to help banks generate significant revenue by offering customers the ability to purchase life insurance from virtually anywhere.



**ROBERT J. DAL SANTO** (left), President, Insurance Profillment Solutions, LLC, with **MARIO SAN MARCO**, President, Eagle Realty Group, LLC.

for innovative design excellence in architecture with steel. These awards continued to fuel Eagle's leasing efforts in Great American Tower with several new office tenants and four retail establishments taking occupancy in 2012.

For the second consecutive year, Residence Inn at the Phelps, an adaptive reuse development initiated by Eagle and opened in downtown Cincinnati in 2011, was named Marriott International's No. 1 hotel in the Residence Inn brand for guest satisfaction. Additionally, it ranked 19th nationwide for service based on customer reviews of 650,000 hotels worldwide in the TripAdvisor® 2013 Travelers' Choice® awards.

**INSURANCE PROFILLMENT SOLUTIONS, LLC** (IPS), provides comprehensive life insurance sales and fulfillment services for external clients, including banks, direct marketers and other financial services companies.

Responding to changes in the banking industry that dramatically reduced lending and debit card interchange revenues, IPS developed a multichannel program to

help banks generate significant revenue by offering their customers the ability to purchase life insurance from virtually anywhere regardless of how they interact with the bank — at a banking branch, online, by mail or over the phone.

IPS allows Western & Southern to capture a share of the commissions paid on life insurance policies sold to consumers each year, either online or through life insurance call centers. Partnering with IPS also helps banks and direct marketing clients tap into those commissions while improving customer persistency and increasing wallet share.

Customers benefit through the ability to complete a confidential health interview with an IPS professional via phone in the privacy of their own home while enjoying access to many of the nation's top term life insurance carriers. These customers also have access to Western & Southern Life's suite of permanent life insurance products to complete their wealth protection and transfer needs. ▶

over  
**\$360**  
million  
mortgage loan  
investments

# Shared Services

Western & Southern Financial Group's member companies avoid redundant operating expenses and leverage the innovations and resources of the enterprise at large by employing a shared approach to key service areas common to its businesses.

**Actuarial** provides risk management to Western & Southern and its member companies. This includes life and annuity product design and pricing, financial projections and reporting, valuation, and risk analysis.

**Corporate Financial Planning** advances Western & Southern's long-term financial strength through financial analysis and strategizing, asset management and control, and risk management services.

**Human Resources** recruits, develops and retains top-tier associates, and manages associate benefits

programs. On-site food services and security teams also perform essential functions under the Human Resources umbrella.

**Information Services** leverages technology with a focus on service, efficiency and adaptability for increased customer satisfaction, profitability and a 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.



**KIM R. CHIODI**, Senior Vice President, Human Resources; **NOREEN J. HAYES**, Senior Vice President, Benefits, Compensation and Education; **MICHAEL J. LAATSCH**, Vice President, Public Relations and Corporate Communications; and **CLINT D. GIBLER**, Senior Vice President and Chief Information Officer.



**CONSTANCE M. MACCARONE**, Senior Vice President, Insurance Operations; **PHILLIP E. KING**, Vice President and Auditor; **NORA E. MOUSHEY**, Senior Vice President and Chief Actuary; and **JONATHAN D. NIEMEYER**, Senior Vice President and General Counsel.

**Insurance Operations** provides timely and accurate service that positively impacts policyholders' and contract holders' satisfaction. Insurance Operations also enhances sales force productivity and profitability by delivering the highest-quality back-office services for insurance and annuity products.

**Internal Audit** provides independent, objective assurance and consulting. It brings a systematic, disciplined approach to evaluating and improving 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 to support Western & Southern's business units. Through its Insurance Compliance and Government Relations groups, Law also provides product compliance and regulatory support services.

**Public Relations and Corporate Communications** delivers meeting planning, travel and event management services; purchasing, contract and vendor relationship management; document development and administration; printing and mail services; corporate reputation management, media relations, social media and all constituency communications; digital marketing, website design, monitoring and analysis; audio-visual multimedia; and advertising, branding and creative services. ▶

## Managing Expenses

Efficient expense management is integral to Western & Southern's continued success. Following are highlights from 2012:

- ▶ Reduced underwriting response time to an average of three minutes or less for single-premium life insurance products sold through banks, helping to grow submitted premium to more than \$1 million per week.
- ▶ Introduced iGO online electronic application to Columbus Life's independent producers, placing policies in force 35 percent faster than paper applications processed during the same period.
- ▶ Saved more than \$600,000 annually through several system infrastructure updates and changes to the mainframe while simultaneously improving Western & Southern's disaster recovery readiness.
- ▶ Saved nearly \$300,000 in outside costs by scanning and indexing records in-house during Touchstone Investments' acquisition of funds from Old Mutual.
- ▶ Saved more than \$1.25 million annually in outside print expenditures by using in-house printing division for commercial printing.

# Corporate Citizenship

Western & Southern Financial Group continues to expand its heritage of community support, in the process becoming one of the most energetic and generous corporate citizens in Greater Cincinnati.

In 2012, Western & Southern, its associates and its corporate foundation contributed more than \$8.2 million in donations and community sponsorships. The vast majority was distributed in the Greater Cincinnati area to programs and institutions in health and human services, education and youth, arts and culture, and community and sports.

In addition to monetary donations, the company provided volunteer leadership, collaborating with others and initiating action designed to make Cincinnati an even more vibrant community.

## Health and Human Services

Company associates and the corporate foundation pledged nearly \$1,348,000 to United Way, making Western & Southern's campaign the sixth largest in the region.

In its 20th year as title sponsor of the National Multiple Sclerosis Society's Cincinnati-area Walk MS fundraiser, associate fundraising and a corporate match combined to produce the company's largest ever donation of \$74,900.

In total, \$2 million has been contributed by Western & Southern to strengthen Greater Cincinnati's nonprofit safety net and enhance the area's health care network.

## Education and Youth

Education and youth are a consistent focus for sponsorship and philanthropy. Again this year, excel-

lence among Cincinnati Public Schools (CPS) educators was recognized with Western & Southern's sixth annual \$10,000 Dr. Lawrence C. Hawkins Educator of the Year Award.

The company also continued its partnerships with CPS' Evanston Academy and Withrow University High School by extending a successful student mentorship program and funding a new technology support specialist position. In addition, donations were made to more than 45 colleges and universities across the country and to more than 35 other youth programs.

## Arts and Culture

Western & Southern's support for the arts hit a high note as its gold medal sponsorship of the 2012 World Choir Games drew the world to Cincinnati.



Roger Federer, 2012 Western & Southern Open men's singles champion, with Western & Southern Chairman, President and Chief Executive Officer John F. Barrett.



Singers from around the globe convened in Cincinnati at the 2012 World Choir Games. Western & Southern was a gold medal sponsor.

The first World Choir Games held in the Western Hemisphere was also the largest international event ever staged in Cincinnati. It generated an estimated economic impact of \$73.5 million for the region and left an incalculable legacy of community pride and public engagement.

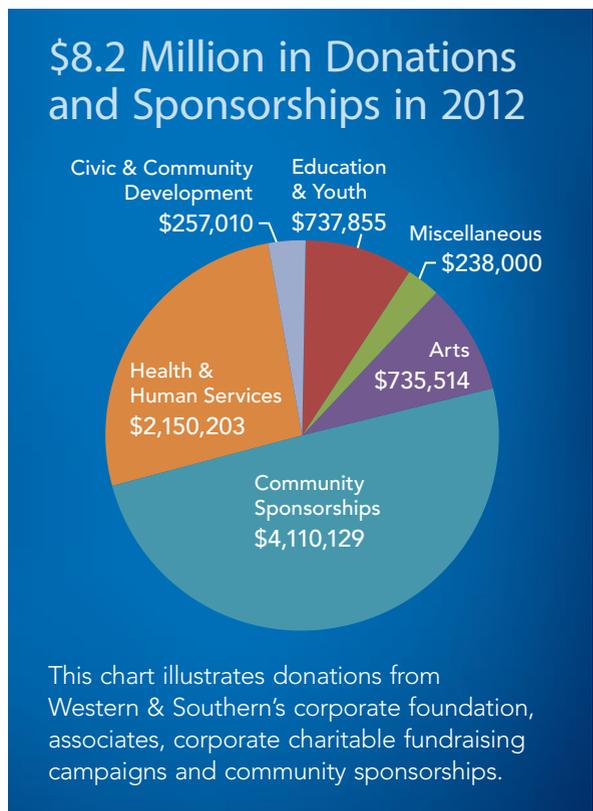
In addition, the company's corporate foundation partnered with associates to contribute more than \$236,300 to Greater Cincinnati's 2012 ArtsWave campaign. The foundation also donated more than \$496,600 to major arts institutions community-wide.

### Community and Sports

The Western & Southern Open tennis tournament, which generates an estimated \$62.5 million in regional economic impact annually, is the largest of more than 120 community sponsorships Western & Southern supported in 2012. Over nine days of competition among the world's top men and women players, the tournament drew nearly 176,000 attendees as well as a worldwide television audience surpassing 60 million.

As in years past, Western & Southern dedicated a portion of the television commercials received through its title sponsorship to promote Greater Cincinnati as an outstanding home for business and a great place to work, live and play. The event helps generate excitement

and buzz throughout the tennis world and in the local region, where it exemplifies Western & Southern's vision of Cincinnati as a center of energy, productivity and all-around excellence. ▸



# Our Culture

Western & Southern Financial Group's distinct corporate culture has sustained our company for many years. We believe its energy and vitality will continue to be the foundation of our future.

The power of our culture comes from values that stand the test of time:

- ▶ Uncompromising commitment to maintaining financial strength;
- ▶ Unwavering commitment to hiring the best people possible and fulfilling their long-term career goals;
- ▶ Steadfast integrity manifested in doing business the right way; and
- ▶ Abiding dedication to serving clients and community.

Day by day, our associates build on these values with a combination of long-term vision, hard work, discipline, and a determination to get better every day.

Their passion for our business is contagious. It challenges old ways of doing things, refines our operations and constantly uncovers new opportunities for putting our financial strength and knowledge to work to improve the lives of our clients and business partners.

We eagerly embrace this mission. We proudly advance our heritage of living up to the responsibility entrusted to us. While change remains constant and

the financial landscape continues to evolve, Western & Southern looks to tomorrow with anticipation — confident that our culture will continue to be a strong platform for future success.

## About Western & Southern

Western & Southern Financial Group is a diversified, customer-oriented family of companies and a nationally recognized leader in consumer and business financial services.

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 12 member companies as well as several companies that provide support to others in the financial services industry.

We employ 3,800 associates nationwide who are united by a commitment to deliver financial solutions that protect and grow our clients' assets to help them achieve lifetime financial security. ▶

## The Western & Southern Way

We continue to develop a unique culture that permeates all facets of our corporate headquarters. It is defined by hard work, sensible decision making, teamwork, collegiality, top-notch performance of our responsibilities 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 believe in getting better every day. 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.

# 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

**Kim R. Chiodi**, Human Resources  
**Clint D. Gibler**, Chief Information Officer  
**Noreen J. Hayes**, Benefits, Compensation & Education  
**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. Taulbee**, Chief Tax Officer  
**James J. Vance**, Treasurer

## W&S Agency Group

**Anthony M. Garcia**, President

### Insurance Profillment Solutions, LLC

**Robert J. DalSanto**, President

### W&S Brokerage Services, Inc.

**Anthony M. Garcia**, President

## Columbus Life Insurance Company

**J. J. Miller**, President & Chief Executive Officer

**Charles W. Wood, Jr.**, Chief Marketing Officer

## Eagle Realty Group, LLC

**Mario 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

## The Lafayette Life Insurance Company

**Bryan C. Dunn**, President & Chief Executive Officer\*

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\* Jerry B. Stillwell retired in December 2012 as President and Chief Executive Officer. He continues to serve on the board of The Lafayette Life Insurance Company.

# Board of Directors

## JOHN F. BARRETT

*Chairman of the Board, President and Chief Executive Officer, Western & Southern Financial Group*



## DONALD A. BLISS

*Former Vice President, U.S. West Communications; Former Chief Executive Officer, Northwestern Bell*



## HERBERT R. BROWN

*Former Senior Vice President, Western & Southern Financial Group*



## JAMES N. CLARK

*Former Secretary, Executive Vice President and Chief Financial Officer, Western & Southern Financial Group*



## JO ANN DAVIDSON

*Former Speaker, Ohio House of Representatives*



## JAMES K. RISK, III

*Chairman and Chief Executive Officer, Kirby Risk Corporation*



## EUGENE P. RUEHLMANN, ESQ.

*Of Counsel, Vorys, Sater, Seymour and Pease (Cincinnati); Former Mayor of Cincinnati*



## ELIZABETH A. SMITH, ESQ.

*Director of Philanthropy, The Nature Conservancy (Indiana); Former Partner, Ice, Miller (Indianapolis)*



## THE HONORABLE GEORGE V. VOINOVICH

*Former United States Senator and Ohio Governor*



## THE HONORABLE GEORGE H. WALKER, III

*Former U.S. Ambassador to Hungary; Former Chairman, President and Chief Executive Officer, Stifel Financial Corp. and Stifel Nicolaus and Co., Inc. (St. Louis)*



## THOMAS L. WILLIAMS, ESQ.

*President, North American Properties*



## JOHN P. ZANOTTI

*Chairman, Integrated Media Technologies, Inc.*



Donald J. Wuebling serves as Secretary and Counsel. • 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.

## In Memoriam

**JACK TWYMAN** was a prominent Cincinnati, accomplished basketball player, distinguished business executive, and recognized humanitarian. He led Super Food Services, Inc., for 24 years as chairman and chief executive officer before serving on the Western & Southern board from 2002 until his passing on May 30, 2012. After a successful basketball career at the University of Cincinnati, Jack joined the professional Cincinnati Royals and eventually earned induction into the Naismith Memorial Hall of Fame in 1983. His devotion as legal guardian of paralyzed teammate Maurice Stokes became an everlasting example of his integrity and compassion for others. ▶



## Disclosures

### Legacy Forward

Legacy Forward is a single premium interest sensitive individual life policy issued by Western-Southern Life Assurance Company, Cincinnati, OH, or National Integrity Life Insurance Company, Goshen, NY. Western-Southern Life Assurance Company operates in the District of Columbia and all states except AK, ME, NH, NY and RI. National Integrity operates in ME, NH, NY and VT. W&S Financial Group Distributors is an affiliated agency of the issuer. Issuer has sole financial responsibility for its products. All are members of Western & Southern Financial Group.

This policy may not mature if indebtedness exceeds current cash value. The policy will be issued as a Modified Endowment Contract (MEC). Any withdrawals or surrenders may result in a taxable event. In order to be issued as a non-MEC, the entire single premium must be in the form of a 1035 Exchange and the original policy must not be a MEC. Western & Southern Financial Group member companies, and their agents, do not give legal or tax advice. Any discussion of federal taxes in this literature is not intended to be complete or to cover all situations. The comments are general in nature and should not be considered tax advice. You should consult an attorney or tax advisor for more complete information. Policy and rider provisions and availability may vary by state. Surrender charges may apply. Policy series ICC10 1010-3030 WSA, 1010-3030 WSA, ICC10 1010-3030 NIL and 1010-3030 NIL NY, and rider series ICC10 1010-305 WSA, ICC10 1010-305 NIL, 1010-305 NIL NY, 1010-305 WSA, ICC10 1010-2622 WSA, ICC10 1010-2622 NIL, 1010-2262 WSA and 1010-2262 NIL NY.

### Touchstone Investments

**An investor should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. The prospectus and the summary prospectus contain this and other information about the fund. To obtain a prospectus or a summary prospectus, contact your financial advisor or download and/or request one at [Touchstoneinvestments.com/home/formslit/](http://Touchstoneinvestments.com/home/formslit/) or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.**

Investment return and principal value of an investment in a fund will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost.

For each U.S.-domiciled fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Funds offer multiple classes of shares which are invested in a common portfolio. Each share class may have a different combination of sales charges and fees and, therefore, may have different performance characteristics.

# RATINGS

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

## A.M. Best

Superior ability to meet ongoing insurance obligations (second highest of 16 ratings; rating held since June 2009)

**A+**  
SUPERIOR

## Standard & Poor's

Very strong financial security characteristics (second highest of 21 ratings; rating held since August 2005)

**AA+**  
VERY STRONG

## Fitch

Very strong capacity to meet policyholder and contract obligations on a timely basis (third highest of 21 ratings; rating held since June 2009)

**AA**  
VERY STRONG

## Moody's

Excellent financial security (fourth highest of 21 ratings; rating held since February 2009)\*

**Aa3**  
EXCELLENT

## Comdex Ranking

The Comdex is a composite of all the ratings a company has received from the four major rating agencies. It ranks insurers on a scale of 1 to 100 (where 1 is the lowest) in an effort to reduce confusion over ratings because each rating agency uses a different scale.

**97**  
OUT OF  
**100**

The ratings are correct as of May 15, 2013, 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.



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