

Western & Southern  
Financial Group



**2001 Annual Report**

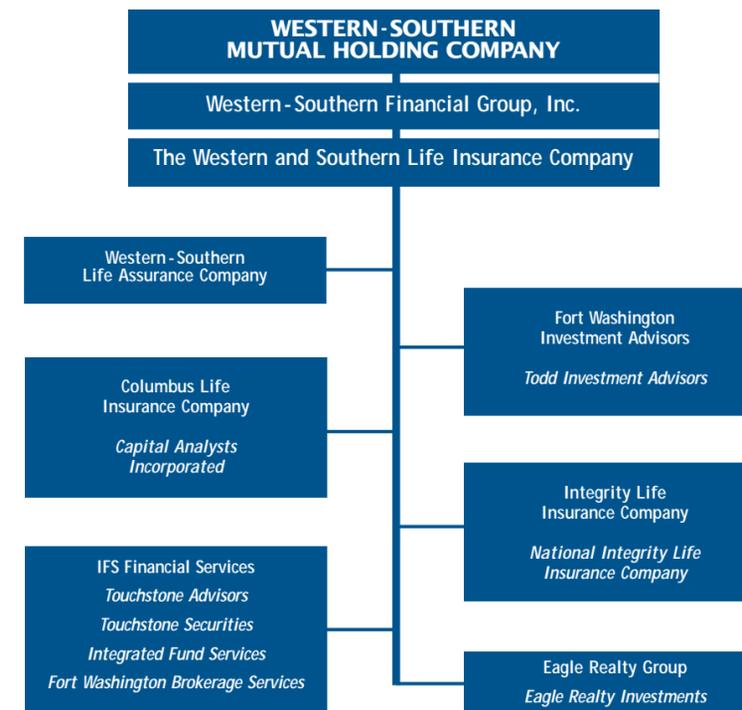
WESTERN & SOUTHERN FINANCIAL GROUP  
**STRENGTH IN NUMBERS**

**COMPOUND ANNUAL GROWTH RATE**  
 \$ IN MILLIONS

	2001	1997	Percent Increase
Total Assets Owned & Under Management	\$ 27,040	\$ 12,624	21%
Total Statutory Assets	\$ 20,214	\$ 12,251	13%
Surplus (Statutory)	\$ 2,643	\$ 1,727	11%
Premium Income	\$ 2,427	\$ 1,551	12%
Net Income (Statutory)	\$ 241	\$ 117	20%

**W**e are Western & Southern Financial Group, an innovative, rapidly growing, service-oriented family of companies. As a nationally recognized leader in consumer and business financial services, we provide life insurance, annuities, mutual funds and investment management for millions of people. Dedication to protecting and growing our customers' assets, as well as securing their futures, unites all of our business units.

**WESTERN & SOUTHERN FINANCIAL GROUP**



OUR STRENGTH IS IN OUR NUMBERS  
**TO OUR FRIENDS AND ASSOCIATES**

**D**uring a tumultuous year that brought inconceivable tragedy as well as renewed national resolve, we report to you that Western & Southern Financial Group finished the year stronger than ever. While uncertainty threatened our country and economy in 2001, our organization was resilient and unyielding. We are pleased to tell you that Western & Southern Financial Group completed 2001 with record financial results.

Our strength as a dynamic financial services organization is reflected in our numbers. Conservative management strategy balanced with cutting-edge technological innovations and product development resulted in another year of record earnings. For the year ended Dec. 31, 2001, assets owned and under management reached \$27 billion. Ten years ago, our assets owned and under management were \$6 billion.

This is an exciting time for Western & Southern Financial Group and its nearly 5,000 associates and tens of thousands

of dedicated representatives. Our organization performed exceptionally well during the most trying year in recent history. Every associate in our organization is dedicated to top-quartile performance in everything we do. We are also pleased to report that we have selected a new name for our enterprise — Western & Southern Financial Group. We adopted this new name because it more clearly identifies us as a multifaceted financial services organization.

We are fast becoming a national annuities success story. Sales of annuities in 2001 were \$1.9 billion, compared to \$1 billion in 2000 and \$424 million five years ago.

Premium income reached \$2.43 billion in 2001, compared to \$1.69 billion in 2000, reflecting a 43 percent growth rate.

With the highest ratings awarded from three well-respected rating agencies and a resulting COMDEX composite ranking of 98 out of 100, our financial results will continue to validate our strength.

Recognition from independent sources spotlights our strength. DALBAR, Inc., the nation's top financial services research firm, honored us in 2001 with its prestigious Crystal Pyramid Award for the work of IFS Financial Services and Western-Southern Life. The award is based on the No. 1 rating the industry's top-producing financial professionals gave us in a survey of fixed annuity sales and service through banks.

Additionally, several of our money managers were recognized by a number of independent sources for their outstanding results in 2001, as highlighted later in the report.

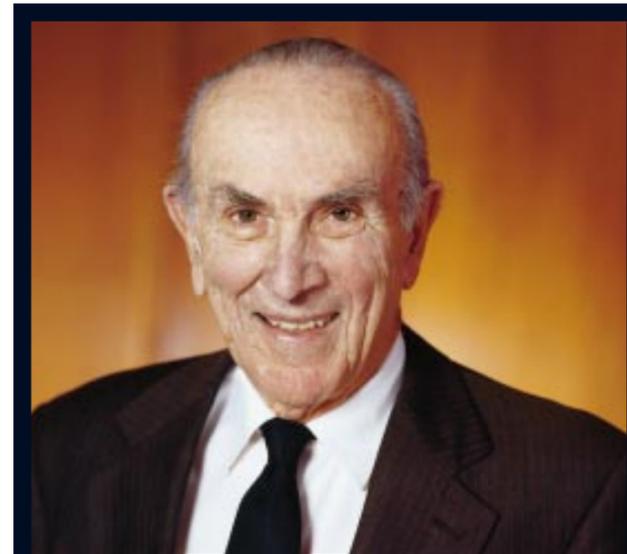
The Western and Southern Life Insurance Company has ranked in the Top Five among Ward's 50 Benchmark Group of life and health insurers for the past five years. Outstanding financial results in the areas of safety, consistency and performance during that period garnered us the award.

The final measure of success, however, lies in our exceptionally strong workforce. Our company is about talented people generating ever-improving financial results. The secret to our success is that we continually strive for excellence in service and customer satisfaction.

During 2002, Western & Southern Financial Group will grow its assets and build even stronger partnerships to help further diversify our business. Our goal is to raise distribution systems and operational productivity, control expenses and seek growth opportunities. We will continue to develop new and improved products as we plan for an even better future. We will continue to be resilient and resolute in our determination to become the finest personal financial services enterprise based in the United States.

Sincerely,

  
**William J. Williams**  
 Chairman of the Board



**William J. Williams**, Chairman of the Board



**John F. Barrett**, President and Chief Executive Officer

  
**John F. Barrett**  
 President and Chief Executive Officer

## WESTERN-SOUTHERN LIFE SETS NEW STANDARDS

The Western and Southern Life Insurance Company — flagship of Western & Southern Financial Group — is now entering its 114<sup>th</sup> year. During 2001, Western-Southern Life, home of its career agency group, implemented dramatic improvements in its business fundamentals, positioning the company for top-quartile performance. Introduction of new portfolios, redesign of the sales compensation system and creation of more efficient processes allowed The Western and Southern Life Insurance Company and its affiliate, Western-Southern Life Assurance Company, to focus on improving the customer experience and commitments to their distribution channels.

These companies are in the business of manufacturing and distributing risk protection and wealth accumulation products for the middle-income consumer. Those products include life insurance, health insurance and annuities. Through their affiliates, they also distribute other financial services products, including mutual funds. They enjoy a dominant market position in the Ohio Valley and upper Midwest and market share leadership in Ohio, Florida, Illinois, Indiana, Louisiana, Michigan, North Carolina and Pennsylvania.

Western-Southern's products are sold through face-to-face interactions, a state-of-the-art Client Relationship Center, and over the Internet. Its goal is to provide service Any Way, Anywhere, Any Time.

In 2001, Western-Southern Life Assurance Company and Charles Schwab & Co. Inc., the No. 1 online brokerage service, partnered to distribute Western-Southern's eTerm insurance on Schwab.com. Western-Southern is one of only three insurance companies with term life insurance products available on Schwab.com. Western-Southern was selected because of its excellent ratings within the insurance industry and its innovative and progressive approach with on-line consumers.

When eTerm was introduced in 2000, it was the first Internet-only term life insurance product in the industry. eTerm is sold through a growing number of Internet insurance mall sites. Success of eTerm earned the company a Best Practices Award in 2001 by the Association of Information and Imaging Management. Western-Southern was one of only four companies to be honored internationally. Back-office automation of eTerm products, resulting in a two-thirds time reduction of application processing and greater accuracy,

was cited as the reason. Another blockbuster product introduced in 2001 by Western and Southern was Critical Illness insurance. On the industry's leading edge, the Critical Illness product provides a variety of benefits, including a cash-up-front, lump-sum payment upon diagnosis of a qualified disease. This is a new type of coverage, different from life insurance or indemnity health insurance. During 2001, Western and Southern had the best sales of any company introducing the Critical Illness product in the U.S. — 30 percent above projections.

A number of initiatives developed in 2001 further advanced the companies. One is the Intelligent New Business project, which provides a common electronic application and underwriting system for various distribution channels; provides common underwriting standards for all Western & Southern Financial Group products; harmonizes the various system platforms to gain operating efficiencies and help facilitate increased product sharing among business units; and improves the customer experience.

PROSPER, Process Redesign for Organizational Speed, Profit and Expense Reduction, is another initiative designed to increase



*Sophisticated interactive software allows clients to customize planning of their financial future.*

efficiency. Developed in 2001 and scheduled to be implemented in 2002 and 2003, the PROSPER initiative is projected to have a significant impact on the company through customer service improvements and cost savings.

In mid-2001, Western-Southern introduced a new Internet site that offers information to help consumers make sense of financial challenges that arise with the changing events in their lives. Consumers may obtain quotes, complete applications and purchase financial products. The site even offers LiveChat, the ability to talk electronically with a customer service representative.

While 21st-century innovations are making much of today's success possible, it is the company's continuing financial strength that provides Western-Southern's rock-solid foundation. The Western and Southern Life Insurance Company and Western-Southern Life Assurance Company continued to hold top-notch ratings in 2001 — the highest ratings awarded by three highly respected, independent insurance rating firms: Standard & Poor's AAA (Extremely Strong) for financial strength; Fitch AAA (Exceptionally Strong) for insurer financial strength; and A.M. Best A++ (Superior) for financial strength, operating performance and market profile.

## AT A GLANCE

**THE WESTERN AND SOUTHERN LIFE INSURANCE COMPANY**  
Cincinnati, Ohio

**PRODUCTS/SERVICES**  
Life insurance and personalized needs analysis.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**  
Individuals, families and businesses in the middle-income market; 184 field offices, plus Internet and contact center coverage, nationwide; licensed in 43 states and the District of Columbia.

**WESTERN-SOUTHERN LIFE ASSURANCE COMPANY**  
Cincinnati, Ohio

**PRODUCTS/SERVICES**  
Interest-sensitive life insurance, fixed and variable annuities, retirement planning and personalized needs analysis.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**  
Individuals, families and businesses in the middle-income market; 184 field offices, plus Internet and contact center coverage, nationwide; licensed in 44 states, the District of Columbia and Guam.

## COLUMBUS LIFE INSURANCE COMPANY CULTIVATES EXCELLENCE

**C**olumbus Life Insurance Company grew significantly in 2001 — sales of annuities soared 72 percent over the previous year, while life insurance sales increased 51 percent.

Continuing with its strategic plan to market annuity and life insurance products to the affluent market, Columbus Life has successfully developed three distinct sales channels. In 2001, 1,700 producing general agents, financial services organizations and independent broker/dealers throughout the country offered Columbus Life products. Columbus Life also offers investment products and services through its wholly owned broker/dealer, Capital Analysts Incorporated.

Columbus Life's financial strength and ratings, products, internal service in advanced sales support and ability of its producers position the company for strong future growth. The company, which operates in 45 states and the District of Columbia, received a 2001 COMDEX composite ranking of 96 out of 100. The company also holds the following ratings: Standard & Poor's AAA (Extremely Strong) for financial strength; Fitch AAA

(Exceptionally Strong) for insurer financial strength; and A.M. Best A+ (Superior) for financial strength, operating performance and market profile.

Columbus Life attributes much of its 2001 success to the strategic execution of its business plan. This plan has directed Columbus Life to expand its distribution channels, enhance producer relationships, develop new programs for producer recognition, and create competitive and flexible life insurance and annuity products.

As part of its strategic plan, Columbus Life introduced three new products in 2001: Pinnacle Variable Universal Life, Explorer Universal Life and Passport Multi-Rate Annuity. Outstanding performance and sophisticated features, including extended maturity riders and accelerated death benefits with provisions for critical illness and nursing home care, make the Explorer and Pinnacle products especially attractive. Pinnacle also enables clients to choose from more than 30 investment sub-accounts and manage their accounts with features

such as automatic asset rebalancing and dollar-cost averaging.

In addition, the Passport multi-rate single premium deferred annuity offers choices, flexibility and tax-deferred growth. Passport is the newest addition to Columbus Life's annuity line, which also includes the recently released Accelerator single premium deferred annuity. Accelerator features a five-year guaranteed interest rate that increases annually in the second through fifth years.

**C**apital Analysts Incorporated (CAI), a full-service broker/dealer and investment advisory services company for the affluent market, also excelled in 2001. The Columbus Life subsidiary invested more than \$1.1 billion in 2001 on behalf of its clients. Based in Radnor, Pa., CAI has a strong presence in Arizona, California, Colorado, Florida, Indiana, Massachusetts, New Jersey, Ohio, Pennsylvania and Tennessee.

CAI distinguishes itself through superb personalized service, while also being at the leading edge of the technology curve. High client retention and availability to its field associates make CAI a



*Outstanding performance and sophisticated features are hallmarks of Columbus Life products.*

sought-after broker/dealer. CAI's gross revenue for 2001 was \$34.2 million; it has grown at a compound annual rate of 14 percent since 1997.

In 2001, CAI added CAAMS Select Managers, a program that offers professional money management and a tax-efficient investment

approach. CAI also introduced CAI University, which encompasses a broad spectrum of on-line and in-person education opportunities for its registered representatives and administrators, as well as home office staff.

## AT A GLANCE

**COLUMBUS LIFE  
INSURANCE COMPANY**  
Cincinnati, Ohio

**PRODUCTS/SERVICES**

Life insurance (whole life, universal life, variable universal life, survivor universal life and term), annuities, retirement planning and personalized needs analysis.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**

Businesses, individuals and families in the middle- and upper-income markets; financial services organizations, broker/dealers and producing general agencies.

**CAPITAL ANALYSTS  
INCORPORATED**

Radnor, Pennsylvania  
(Broker/Dealer and Registered Investment Advisor; Member NASD and SIPC)

**PRODUCTS/SERVICES**

Full range of investments, asset management, charitable giving, retirement planning and tax-advantaged investment strategies for wealth accumulation and preservation.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**

High-net-worth individuals, families, professionals and closely held corporations; more than 450 registered representatives.

## FORT WASHINGTON INVESTMENT ADVISORS GOES THE DISTANCE

Providing expert money management while meeting evolving client needs is the strength of Fort Washington Investment Advisors, Inc., a registered investment advisor for foundations, endowments, corporate and public pension funds, insurance companies, mutual funds, nonprofit organizations and high-net-worth individuals across the country.

Though 2001 brought with it nationwide economic difficulties, Fort Washington Investment Advisors experienced excellent overall performance. Assets under management for Fort Washington Investment Advisors and its wholly owned subsidiaries grew to \$24.8 billion, an 8 percent increase over 2000.

Behind those strong numbers are astute management, superlative service and rock-solid research. These three fundamentals allow the company's seasoned professionals to make clients' interests their top priority. The company has enjoyed historically low associate turnover, which cultivates successful long-term relationships. As a member of Western & Southern Financial Group, Fort Washington

Investment Advisors has additional strength to increase its assets under management.

A prudent company with a stable, long-term reputation for protecting investors' interests, Fort Washington Investment Advisors had three products that were top-quartile performers in 2001. Two large state pension funds and three multinational corporations were among the new relationships added in 2001. Fort Washington Investment Advisors was the sole firm chosen to manage Tri-State Growth Capital Fund I, a new venture capital fund of funds geared toward seed funding in the Cincinnati region.

In addition to increased assets and new relationships, Fort Washington Investment Advisors launched two new initiatives in 2001 — Wealth Management Services and Foundation Partners. Wealth Management Services provides complete investment planning and money management services for high-net-worth individuals. Foundation Partners provides a turnkey Web-based, back-office solution for foundations and endowments.



*Foundations, pension funds and high net-worth individuals are among Fort Washington Investment Advisors' clientele.*

A wholly owned subsidiary of Fort Washington Investment Advisors, Todd Investment Advisors, Inc., is a registered investment advisor providing expert equity and balanced management for foundations, endowments, corporate and public pension funds, high-net-worth individuals and brokerage wrap sponsors, as well as mutual funds.

Based in Louisville, Ky., Todd has more than \$3.2 billion in assets under management. In 2001, Todd secured its largest new equity account from an energy company in Oklahoma. The new client hired Todd as a value equity manager to invest \$100 million for its pension plan.

This is the third consecutive year that Todd has been successful in

raising more than \$100 million in new assets. Another Todd accomplishment was its Relative Value Equity performance, which exceeded the S&P 500 and/or the Russell 1000 Value benchmarks during seven of the past 10 years.

## AT A GLANCE

**FORT WASHINGTON INVESTMENT ADVISORS, INC.**  
Cincinnati, Ohio  
(Registered Investment Advisor)

**PRODUCTS/SERVICES**  
Full range of investment solutions for clients, including public and private equity, taxable and tax-free fixed income and cash management.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**  
Foundations, endowments, corporate and public pension funds, insurance companies, mutual funds, colleges and universities, religious organizations and high-net-worth individuals, retirement plans and family trusts.

**TODD INVESTMENT ADVISORS, INC.**  
Louisville, Kentucky  
(Registered Investment Advisor)

**PRODUCTS/SERVICES**  
Equity and balanced account solutions for institutions, high-net-worth individuals and brokerage separate account programs.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**  
Foundations, endowments, corporate and public pension funds, insurance companies, mutual funds, colleges and universities, religious organizations, high-net-worth individuals, and brokerage separate account programs.

## IFS FINANCIAL SERVICES ANCHOR OF SUCCESS

**I**FS Financial Services, Inc. (IFS), a premier manufacturer, marketer and distributor of investment products and services, is an emerging financial powerhouse. With formidable products, award-winning sales support and dynamic distribution partners, IFS surpassed the \$1 billion mark in sales in 2001. Total sales for the 10-year-old company were \$1.32 billion, of which fixed annuity sales were nearly \$1 billion.

Established in 1991 and now one of Western & Southern Financial Group's key growth engines, IFS complements the goals of the organization by successfully diversifying earnings, products and distribution channels. IFS consists of four core revenue-generating business units — IFS Agency, Inc.; Touchstone; Integrated Fund Services, Inc.; and Fort Washington Brokerage Services, Inc. Its geographic concentration is national, with a primary focus on the Midwest, Southeast and Southwest.

According to Ken Kehrer & Associates, IFS/Western-Southern Life Assurance Company ranked in the top 10 nationally for bank-sold annuities during the period Jan. 1 through Dec. 31, 2001. While bank sales of fixed annuities rose from 15.4 billion industrywide in

2000 to 27.4 billion in 2001, IFS/Western-Southern posted a 101 percent increase in its sales. The team of IFS and Western-Southern Life was rated No. 1 by DALBAR, Inc., for fixed annuity service and support to banks. The 2001 award marks the third year IFS/Western-Southern Life received the honor.

During 2001, IFS added 13 financial institutions to its producer base of more than 200 banks nationwide, including a prominent bank holding company with more than 40 correspondent banks.

To supplement its top-selling Pacesetter Annuity, IFS introduced the MultiRate Annuity (MRA) in April 2001. In addition to traditional annuity benefits, the MRA guarantees competitive interest rates for longer periods than a traditional annuity. Eleven leading financial institutions sold the MRA in 2001.

One of IFS's biggest success stories is Touchstone. Touchstone provides a diversified offering of financial products and services — including the Touchstone Family of Funds and Variable Annuities — through leading broker/dealers and banks across the nation, including Fort Washington Brokerage

Services, Inc., and Capital Analysts Incorporated.

Touchstone had record funds sales — a growth rate of 23.4 percent — in a year during which the industry struggled. The prolific year was due to strong investment performance and the caliber of professionals managing the funds. The company's success garnered significant national media recognition, with mentions in publications such as *The Wall Street Journal*, *Smart Money*, *Business Week*, *Kiplinger's* and *Mutual Fund Magazine*. *Money Fund Report* recognized one Touchstone money market team as the top tax-free money market manager in the nation.

Touchstone and the Integrity Companies joined forces in mid-2001 to launch Touchstone Choice, a variable annuity featuring a variety of Touchstone funds from the Touchstone Variable Series Trust. The annuity was based on the initial design of Integrity's AnnuChoice variable annuity, which allows customers to select and pay only for the features they choose.

Integrated Fund Services, Inc., IFS's third business unit, is a full-service provider of administration, accounting, financial reporting



and shareholder servicing to 14 independent mutual fund companies. IFS Fund Distributors, Inc., the affiliated broker/dealer of Integrated Fund Services, provides comprehensive services for fund distribution. Integrated positioned itself for future growth in 2001 through management and technology upgrades. The firm implemented new technology that streamlines the processing of shareholder transactions and automates the calculation and distribution of mutual fund performance. Through these and other continuous improvement projects, Integrated

provides exceptional value in helping clients meet their service, asset growth and business objectives.

IFS's fourth business unit is Fort Washington Brokerage Services, Inc., the broker/dealer for Western-Southern Life's career agents. Its charge is to provide clients with personalized service and an array of investment products to meet their financial goals. Fort Washington Brokerage Services offers the Touchstone Family of Funds and Variable Annuities, as well as Columbus Life's variable universal life insurance product.

## AT A GLANCE

**IFS FINANCIAL SERVICES, INC.**  
Cincinnati, Ohio

**IFS AGENCY, INC.**  
Cincinnati, Ohio  
(Annuity Distributor)

**TOUCHSTONE ADVISORS, INC.**  
Cincinnati, Ohio  
(Registered Investment Advisor)

**TOUCHSTONE SECURITIES, INC.**  
Cincinnati, Ohio  
(Registered Broker/Dealer;  
Member NASD and SIPC)

**INTEGRATED FUND SERVICES, INC.**  
Cincinnati, Ohio  
(Registered Transfer Agent)

**IFS FUND DISTRIBUTORS, INC.**  
Cincinnati, Ohio  
(Registered Broker/Dealer;  
Member NASD and SIPC)

**FORT WASHINGTON  
BROKERAGE SERVICES, INC.**  
Cincinnati, Ohio  
(Registered Broker/Dealer;  
Member NASD and SIPC)

**PRODUCTS/SERVICES**  
Marketing of fixed annuities, variable annuities and mutual funds. Full-service provider of administration, accounting, shareholder servicing and distribution services to a diverse and growing base of mutual fund complexes.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**  
Independent broker/dealers, financial planners, brokerage firms, wirehouses, independent agents and financial institutions; mutual fund complexes.

## INTEGRITY LIFE INSURANCE KEEPS ELITE COMPANY

**I**ntegrity Life Insurance Company and its subsidiary, National Integrity Life Insurance Company, have built strong relationships with some of the largest fund managers in the industry — Fidelity, Janus, Putnam, MFS and Gabelli, to name a few, as well as a sister company, Touchstone Advisors.

Offering value-added annuities and other financial tools, The Integrity Companies reported \$4.7 billion in combined assets under management and \$24.2 million in operating income in 2001. Integrity serves customers in 50 states and the District of Columbia through Integrity Life, based in Louisville, Ky., and National Integrity Life, located in Goshen, N.Y.

Integrity products feature portfolios from many of the nation's top money managers. Relationships that Integrity has built with prominent fund managers have helped the company establish its strength of presence in the industry. In addition to superior AAA ratings and an emphasis on superior products, technology and service, Integrity professionals continually focus on making it easier to do business with them.

In early 2001, Integrity developed and introduced the AnnuChoice

variable annuity. AnnuChoice is Integrity's first low-cost "unbundled" annuity that allows producers and their clients to choose product features they value and pay only for features they need. AnnuChoice includes the choice of standard or enhanced death benefits and an additional percentage from 1 percent to 5 percent, which may be added to all first-year contributions to the annuity. Shortly after AnnuChoice was launched in traditional Integrity distribution channels, it was introduced in financial institutions by Integrity's sister company, IFS Financial Services, Inc.

Integrity added 12 Touchstone funds to AnnuChoice and to IQ The Smart Annuity. Portfolios also were added from Putnam, Janus, VanKampen, Baron, Gabelli, Harris Bretall and Third Avenue. The National Integrity version of AnnuChoice was introduced in June.

July brought the introduction of Pinnacle IV enhancements for Integrity, with new portfolios added from Putnam and VanKampen. Momentum Advantage, a new fixed product, was developed and launched in August in approved Integrity states via Webcasts. The company also implemented a National

Securities Clearing Corporation program, which automates and standardizes information flow among Integrity and other insurers to a broad base of participating broker/dealers. In addition, it added DST FanMail, which allows Integrity to support financial advisors and broker/dealers by providing electronic downloads via the Internet.

Integrity's e-commerce initiatives will provide superior service to its producers and policyholders, while reducing the number of required transactions. In addition, Integrity will continue to explore wireless solutions. The company's strategy is simply to make doing business easier through innovative products, industry-leading technology

and solution-based service.

The company holds the following ratings: Standard & Poor's AAA (Extremely Strong) for financial strength; Fitch AAA (Exceptionally Strong) for insurer financial strength; and A.M. Best A+ (Superior) for financial strength, operating performance and market profile.



*Integrity serves customers in 50 states with value-added annuities and other financial tools.*

## AT A GLANCE

**INTEGRITY LIFE  
INSURANCE COMPANY**  
Louisville, Kentucky

**NATIONAL INTEGRITY LIFE  
INSURANCE COMPANY**  
Goshen, New York

**PRODUCTS/SERVICES**  
Fixed and variable annuities and other financial tools.

**MARKETS SERVED/  
DISTRIBUTION CHANNELS**  
Independent broker/dealers, financial planners, brokerage firms, wirehouses and independent agents.

## EAGLE REALTY GROUP ACHIEVES SUPERIOR RESULTS

**E**agle Realty Group, a full-service commercial real estate investment, brokerage and management firm, continued increasing its value to the organization in 2001. Eagle Realty Group oversaw investment portfolios consisting of more than 32 million square feet of real estate valued at more than \$2.7 billion in 2001. Revenue during that period was \$9.1 million.

With primary business concentrations in the Midwest and Southeast, Eagle Realty Group's targeted markets are corporations, financial institutions, pension funds, real estate investment trusts and individual real estate investors.

Eagle Realty Group provides integrated expertise through three core businesses — NAI Eagle, which offers brokerage and commercial property management services; Multi-Family Property Management, which furnishes property management services to apartment communities; and Investment

Management, which supplies asset management and real estate investment advisory services.

Highlights for the year:

- NAI Eagle increased total revenue by 31 percent over 2000; its industrial brokerage group grew by more than 130 percent compared to the previous year.
- Investment Management funded more than \$225 million in new mortgages, which reflected the highest level of new loan production in Eagle's history.
- NAI Eagle gained accounts from several large national firms, such as Borden, Alcoa, Dr Pepper/7 Up, International Paper and Citibank.
- Investment Management completed 54 commercial lease transactions for a total of 330,000 square feet and an aggregate lease value of \$27 million.
- Investment Management entered the Charleston, S.C., market with a new joint-venture opportunity, which consists of a \$1.14 million equity investment and a \$14.4 million construction loan.



*Eagle Realty Group provides integrated expertise through three core businesses.*

• Eagle Realty Group exceeded \$72 million in construction and renovation activity, primarily in new developments.

• Investment Management concluded two third-party refinancing transactions totaling \$24 million.

• Multi-Family Property Management opened a district office in central Florida to oversee a portfolio of managed apartment communities and increase business development efforts.

## AT A GLANCE

**EAGLE REALTY GROUP, LLC**  
Cincinnati, Ohio

### PRODUCTS/SERVICES

Brokerage services and commercial property management; multi-family management for apartment communities; and real estate investment management encompassing asset management and real estate investment advisory services.

### MARKETS SERVED/ DISTRIBUTION CHANNELS

Corporations, financial institutions, pension funds, real estate investment trusts and individual real estate investors; direct marketing, business referrals and NAI, the 3,500-agent global organization of which Eagle Realty Group is the Greater Cincinnati affiliate.

DYNAMIC PEOPLE  
**OUR VITAL ELEMENT**

**W**estern & Southern Financial Group is a dynamic organization destined to grow. Our world-class status requires that we employ the highest-caliber professionals. The strength of our company is indeed a reflection of the strength of our people.

The quality of our associates can be seen in the myriad accomplishments and recognitions they received throughout the year. Industry media regularly rely upon the expertise of our associates. A number of our senior officers and managers in 2001 were profiled, quoted or selected to provide market commentary in several publications, including *The New York Times*, *The Wall Street Journal*, *Financial Advisor* and *National Underwriter*, as well as on CNN and Bloomberg TV.

An unwavering tenet during our 114 years in business has been to build long-lasting relationships with our associates. We do so in a number of ways, including providing extensive educational opportunities for career advancement and personal development. As our progressive family of companies continues to diversify, even more opportunities will be available for our associates to strengthen their career portfolios.

Believing that communication is the key to connecting associates with strategy, Western & Southern Financial Group provides valuable information and discussion forums. One avenue is "Breakfast Briefings with John Barrett," which encourages associates to participate in question-and-answer sessions with our chief executive officer to gain a deeper understanding of the company. Another avenue is *Direct Connect*, Mr. Barrett's intranet Web site, where he communicates current company business news and invites feedback.

Western & Southern Financial Group is equally committed to philanthropic involvement in the community. In fact, Mr. Barrett served as chairman of the 2001 Greater Cincinnati United Way Campaign, raising more than \$60 million, the largest amount to date in Greater Cincinnati.

Western & Southern Foundation, Inc., annually supports numerous community programs. Involvement in 2001 included:

- Nearly 1,000 Western & Southern Financial Group employees taking part in the Ohio Valley MS Walk, which funds multiple sclerosis research and support programs.



*Our associates are partners in education at Hoffman Elementary School in Cincinnati.*

- Participation in a capital and endowment campaign for the National Underground Railroad Freedom Center.
- Support for construction of the Cincinnati Contemporary Arts

- Center, as well as funding for renovations of Taft Museum of Art.
- Ongoing support of the Partners in Education Program at Hoffman Elementary School in Cincinnati.



*"Breakfast Briefings with John Barrett" give associates a deeper understanding of the organization.*

- Support for Xavier University's Williams College of Business, named for Western-Southern Life founders William J. Williams and Charles F. Williams.
- Assistance for Wilberforce University through Western & Southern Foundation Endowed Scholarship Fund.
- Contributions for the renovation of Good Samaritan Hospital's neonatal intensive care unit.

2001 FINANCIAL HIGHLIGHTS

**WITNESS OUR STRENGTH IN NUMBERS**

**F**or the year ended Dec. 31, 2001, Western & Southern Financial Group corporate assets owned exceeded \$20 billion. This reflects a compound annual growth rate of 13 percent since 1997, when assets were approximately \$12 billion.

During 2001, Western & Southern Financial Group maintained its strength in numbers. Such an accomplishment was possible through popular new products, diversified distribution systems and the intelligent application of technology.

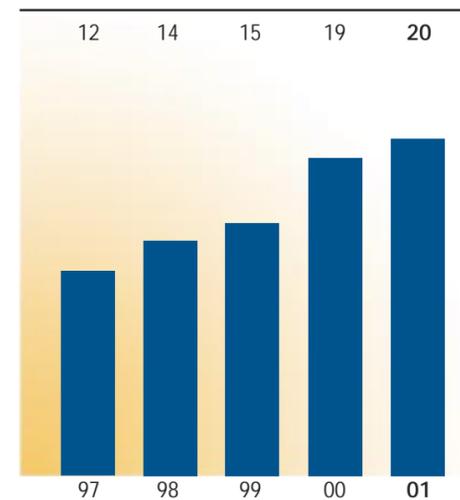
**2001 BALANCE SHEET**  
\$ IN MILLIONS

	2001	1997
Western-Southern Life	\$ 10,708	\$ 8,687
Columbus Life	\$ 2,122	\$ 1,917
Integrity & National Integrity	\$ 4,895	NA
Other Subsidiaries	\$ 2,489	\$ 1,647
<b>Total Corporate Assets</b>	<b>\$ 20,214</b>	<b>\$ 12,251</b>
Reserves & Other Liabilities	\$ 17,571	\$ 10,524
Surplus	\$ 2,643	\$ 1,727
<b>Total Liabilities &amp; Surplus</b>	<b>\$ 20,214</b>	<b>\$ 12,251</b>

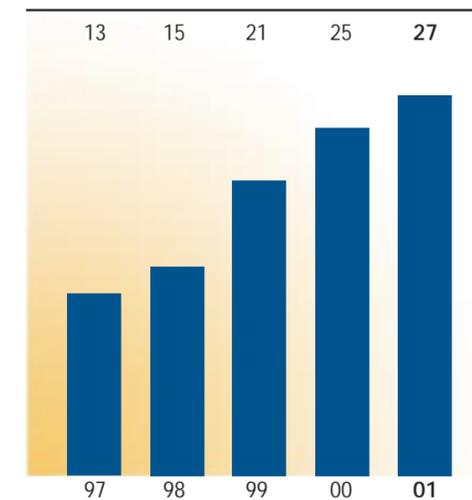
**SUMMARY OF OPERATIONS**  
\$ IN MILLIONS

	YTD 2001	YTD 1997
Total Revenue	\$ 3,704	\$ 2,364
Total Benefits, Expenses & Taxes	\$ 3,463	\$ 2,247
Net Income	\$ 241	\$ 117

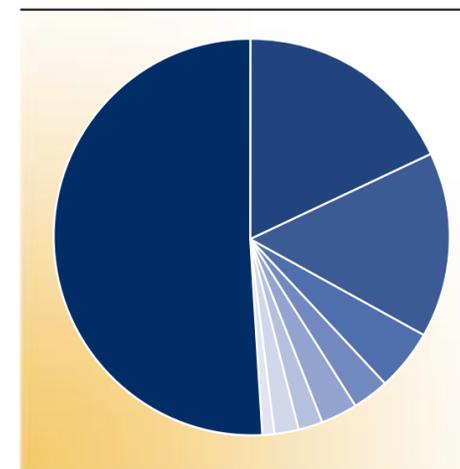
**GROWTH IN STATUTORY ASSETS**  
\$ IN BILLIONS



**SUMMARY OF ASSETS OWNED/MANAGED**  
\$ IN BILLIONS



**STATUTORY ASSET COMPOSITION**



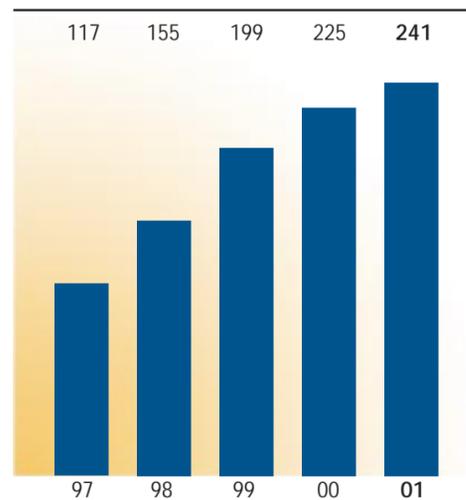
Bonds	51%
Separate Accounts	18%
Stocks-Common	15%
Other	5%
Mortgages	3%
Cash	3%
Stocks-Preferred	2%
Policy Loans	2%
Real Estate	1%
<b>Total</b>	<b>100%</b>

## 2001 FINANCIAL HIGHLIGHTS

# WITNESS OUR STRENGTH IN NUMBERS

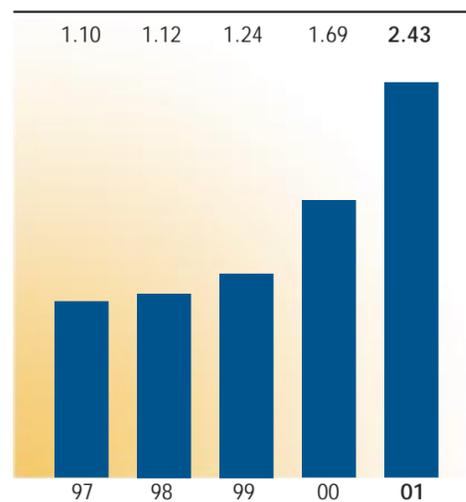
**S**tatutory net income for 2001 was \$241 million, a 7 percent increase over \$225 million in 2000. Western & Southern Financial Group's investment portfolio in 2001 reflected a healthy mix of high-quality and highly liquid investments. Despite turbulence in the financial markets, the value of our portfolios grew throughout the year.

STATUTORY NET INCOME  
\$ IN MILLIONS



**P**remiums reached \$2.43 billion in 2001, compared to \$1.69 billion in 2000, reflecting a 43 percent growth rate. Western-Southern Life provided \$585 million, IFS supplied \$947 million, Integrity contributed \$735 million and Columbus Life delivered \$160 million.

TOTAL PREMIUM  
\$ IN BILLIONS



## WESTERN & SOUTHERN FINANCIAL GROUP

# BOARD OF DIRECTORS

**William J. Williams**, Chairman of the Board

**John F. Barrett**, President and Chief Executive Officer

**Donald A. Bliss**

**James N. Clark**, Secretary

**Jo Ann Davidson**

**Lawrence C. Hawkins**, Ed.D.

**Rev. James E. Hoff**, S.J.

**J. Harold Kotte**, M.D.

**Eugene P. Ruehlmann**

**George H. Walker, III**

**Thomas L. Williams**

All of the above 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.

## EXECUTIVE MANAGEMENT

### SENIOR OFFICERS

**Herbert R. Brown**

**Bryan C. Dunn**

**Clint D. Gible**

**Noreen J. Hayes**

**Edward S. Heenan**

**Carroll R. Hutchinson**

**William F. Ledwin**

**J. J. Miller**

**Nora E. Moushey**

**James M. Teeters**

**Robert L. Walker**

**Mark A. Wilkerson**

**Donald J. Wuebbeling**

**David G. Ennis**, Auditor

**Bradley J. Hunkler**, Comptroller

**James J. Vance**, Treasurer

### COMPANY PRESIDENTS

**John F. Barrett**, President and Chief Executive Officer  
Western-Southern Mutual Holding Company  
Western-Southern Financial Group, Inc.  
The Western and Southern Life Insurance Company  
Western-Southern Life Assurance Company

**Lawrence L. Grypp**  
Columbus Life Insurance Company

**Robert S. Cogan**  
Capital Analysts Incorporated

**William F. Ledwin**  
Fort Washington Investment Advisors, Inc.

**Robert P. Bordogna**  
Todd Investment Advisors, Inc.

**John R. Lindholm**  
Integrity Life Insurance Company  
National Integrity Life Insurance Company

**Jill T. McGruder**  
IFS Financial Services, Inc.

**Scott A. Englehart**  
Integrated Fund Services, Inc.

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

## Western & Southern Financial Group

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Cincinnati, Ohio 45202  
1-800-333-5222



Western-Southern Life®

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*Columbus Life  
Insurance Company*

[www.westernsouthernlife.com](http://www.westernsouthernlife.com)

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TODD INVESTMENT ADVISORS  
Member Western & Southern Financial Group

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**IFS**  
Financial Services Inc.

[www.touchstonefunds.com](http://www.touchstonefunds.com)

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FORT-WASHINGTON  
BROKERAGE SERVICES INC.

**Integrity**  
Life Insurance  
Company

The logo for Eagle Realty Group, featuring a stylized eagle head profile.  
**Eagle Realty Group**