

Board of Directors

John F. Barrett, *Chairman of the Board,
President and Chief Executive Officer*

Donald A. Bliss

James N. Clark, *Secretary*

Jo Ann Davidson

Lawrence C. Hawkins, *Ed.D.*

J. Harold Kotte, *M.D.*

Eugene P. Ruehlmann

Jack Twyman

George H. Walker, III

Thomas L. Williams

William J. Williams

*All 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. Gibler

Noreen J. Hayes

Edward S. Heenan

Carroll R. Hutchinson

William F. Ledwin

Jill T. McGruder

J. J. Miller

Nora E. Moushey

James M. Teeters

Robert L. Walker

Mark A. Wilkerson

Donald J. Wuebbling

Phillip E. King, *Auditor*

Bradley J. Hunkler, *Comptroller*

James J. Vance, *Treasurer*

COMPANY PRESIDENTS

John F. Barrett, *Chairman, 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.

Touchstone Securities, Inc.

Touchstone Advisors, Inc.

Scott A. Englehart

Integrated Fund Services, Inc.

Mario J. San Marco

Eagle Realty Group, LLC



l e a d e r s h i p

To Our Friends and Associates

Leadership is critical for any high-performance organization. However, it becomes even more essential during downturns in the national economy. Fortunately, our leadership was extremely focused during 2002. At Western & Southern Financial Group®, there was reason for celebration at the close of 2002. We ended the year with our strength intact, and growth occurred throughout each of our core businesses.

In fact, we had the best operating year in our history. Operating income, which represents the collective earnings of our businesses in the Enterprise, is the true test of our organization's vitality. I am pleased to report that Western & Southern's 2002 operating income was \$181 million – up 66 percent from 2001 – as our main life insurance and annuity businesses turned in strong results.

Total assets owned and under management, which includes third-party assets, were \$28.7 billion – another record. Our capital-to-asset ratio remained an incredibly strong 17.1 percent. We have retained industry-leading financial strength at a time when many companies are faltering. Total assets owned reached another record high of \$23.7 billion, an increase of nearly \$2 billion over 2001 levels.

The good news is that we made money during a year in which many in our industry did not. However, the difficult national economy proved challenging for our investment portfolios, and we experienced some declines in the overall values. These declines contributed to a reduction in our net income (\$60 million for the year 2002 versus net income of \$189 million in 2001) and a 4.4 percent decline in our net worth to \$4.1 billion at year-end 2002. Nevertheless, we are very well capitalized and are perhaps the best-capitalized life insurer in the United States.

The Legacy lives on...

On February 23, we celebrated our 115th anniversary. Over all these years, we have kept our promise to those who purchased our financial products – to be here when they needed us.

Given the long-term commitments we make to our clients, we take the long-term view in our decision-

making. We invest for the long term and make decisions for our organization based on its best future interests, not just to maximize next quarter's earnings.

This decision-making philosophy is further proof of why Western & Southern is a leader in our industry. Consider the following facts:

- Western & Southern was named the No. 1 private company* in Ohio by *Ohio Business* magazine.
- We continued our extraordinary achievement as one of only nine life insurance groups in the world to earn Standard & Poor's AAA (highest) rating for extremely strong financial security.
- Fixed annuity sales reached record levels, as IFS Financial Services Inc., our wholly owned subsidiary that sells Western & Southern products, ranked 10th in the nation for fixed annuity sales through the bank channel. Enterprise-wide sales of annuities in 2002 were \$2.5 billion, compared to \$1.9 billion in 2001.

Adding to our numerous successes in 2002 was the opportunity to introduce Western & Southern to the global community. Our sponsorship of the "Western & Southern Financial Group Masters" tennis tournament is raising awareness of our organization as a financial services powerhouse. The Western & Southern Financial Group Masters is one of the 13 most prestigious tennis tournaments in the world. It was broadcast internationally for 36 hours in 167 countries last August.

This period of time is our time. We are within reach of achieving our dream of attaining world-class status as a financial services organization. As long as we continue to make the right business decisions and work together as a team, there is no doubt we will achieve that dream.

Sincerely,



John F. Barrett
Chairman, President and Chief Executive Officer

John F. Barrett,
Chairman, President and
Chief Executive Officer of
Western & Southern
Financial Group.

2003 Chairman of the
American Council of Life
Insurers' Board of
Directors.

* Defined by *Ohio Business* magazine to be any company that does not have publicly held common stock.



In this annual report, you will notice a variety of subsidiaries with separate identities. While the names may be different, each maintains the integrity, tradition and stability that have evolved during our 115-year history.

- Western & Southern Financial Group's vision of growth is being realized through partnerships which further diversify our businesses and provide us with additional products and services to satisfy our customers.
- Columbus Life Insurance Company has a clear vision of robust growth in the affluent market. In 2002, the company introduced five new products tailored to that market.
- The Western and Southern Life Insurance Company, through W&S Agency, successfully implemented the new iNB Electronic App/ Automated Underwriting System in a pilot program. This visionary technology creates a paperless environment that utilizes the Internet to transmit applications and interact with outside service providers.
- IFS Financial Services' vision is one of aggressive growth. Teamwork will continue to leverage the product manufacturing capabilities of Integrity Life, Columbus Life, Western-Southern Life and Touchstone Investments to fuel growth and capitalize on the distribution partnerships of more than 500 banks and broker-dealers.
- Fort Washington Investment Advisors* vision is powered by specialized knowledge. Understanding that people are the most important asset, Fort Washington – as with all our business units – is focused on attracting and retaining talented individuals and providing them the opportunity to capitalize on their unique abilities.



vision

Noreen Hayes, Senior Vice President of Human Resources, in foreground with Michael Addo, Assistant Vice President of Inter-Company Manufacturing and Distribution at IFS Financial Services and graduate of Leadership Development Program. Also pictured are Jeff Ringdahl, left, and Steven Sanders, both LDP Associates. Our Leadership Development Program is designed to develop top MBA graduates for senior management positions in our organization.

Our vision is to become one of the most-trusted, service-oriented and monetarily robust financial services organizations in the world.

We are ambitiously capitalizing on our position of unquestioned financial strength in order to be a top-quartile, best-in-class organization that provides superior value to our customers. It is our vision to become one of America's most-trusted, service-oriented and monetarily robust financial services organizations. Our strategic objectives include helping consumers meet their financial needs by providing responsive and competitive life, health, retirement savings and investment products and services while creating a results-driven culture in which all individuals add value. To accomplish our objectives and attain our vision, we have five core businesses: The Western and Southern

Life Insurance Company, which meets the needs of moderate and middle-income individuals, families and small businesses; Columbus Life Insurance Company, which services middle- and upper-income individuals, families and businesses; Integrity Life Insurance Company and IFS Financial Services, which both provide financial products through a variety of distribution channels; and Fort Washington Investment Advisors, Inc.*, and Eagle Realty Group which offer investment management services to individuals and institutions. These five core businesses are led by the best and the brightest of the business world.

* A registered investment advisor



- IFS Financial Services produced a 31 percent growth rate in sales during 2002 and maintained its position as one of the nation's top providers of fixed annuities to banks. Touchstone fixed income fund assets increased by 25 percent. Despite dismal overall performance in the stock market, equity fund assets increased by 2 percent.
- W&S Agency distribution channels achieved a 14 percent increase in total premiums over 2001; e-commerce sales skyrocketed 93 percent.
- Columbus Life Insurance Company's fixed annuity sales jumped 48 percent in 2002, while life insurance sales grew 32 percent.
- Fort Washington Investment Advisors* garnered new assets exceeding \$30 million in its Large Cap Value Equity Strategy, and the Tri-State Growth Capital Fund I closed at its targeted size of \$40 million.
- Todd Investment Advisors* raised more than \$100 million in its Relative Value Equity Strategy for the fourth consecutive year.
- Integrity Life Insurance Company sales of \$980 million were a 38 percent increase over 2001.
- Capital Analysts Incorporated¹ increased firm-advised assets under management by 51 percent to \$261 million; revenues increased 10.5 percent.
- Managers of the Touchstone Money Market Fund and Touchstone Tax-Free Money Market Fund were named "Managers of the Year" by *Money Fund Report*.

* A registered investment advisor.

¹ A registered broker-dealer and member NASD/SIPC.



l e a d e r s h i p

Western & Southern Financial Group retirement initiative leadership team members are, from front to back, Lawrence Grypp, President of Columbus Life Insurance Company; William Ledwin, President of Fort Washington Investment Advisors, Inc.; Jill McGruder, President of IFS Financial Services, Inc.; Mark Wilkerson, Senior Vice President and Chief Marketing Officer of Columbus Life Insurance Company; Bryan Dunn, Senior Vice President and Chief Marketing Officer of The Western and Southern Life Insurance Company; and John Lindholm, President of Integrity Life Insurance Company.

Western & Southern Financial Group is the No. 1 private company* in Ohio

— *Ohio Business* magazine

As a nationally recognized leader in consumer and business financial services, we provide life insurance, annuities, mutual funds and investment management for more than 2 million people. Dedication to protecting and growing our customers' assets, as well as securing their future, unites all our business units. The year 2002 was remarkable and

rewarding for us. In addition to being named the No. 1 private company* in Ohio by *Ohio Business* magazine, a majority of our business units achieved record-breaking sales, while forging ahead with major initiatives designed to carry our family of companies to the forefront of the financial services industry.

* Defined by *Ohio Business* magazine to be any company that does not have publicly held common stock.



- The Western and Southern Life Insurance Company earned a 97 Comdex ranking, while Columbus Life Insurance Company and Integrity Life Insurance Company earned a 96 ranking in 2002. The Comdex ranking is a composite of the ratings a company receives on a scale of 1 to 100 in relation to other companies.
- The Women's Market Task Force was created to develop and deploy an enterprise-wide initiative that will attract and retain women clients through education and consultative sales.
- Integrated Fund Services' unique partnership capabilities allow it to create, distribute and service investment products. In 2002, Integrated expanded its services to include processing for variable annuities, unit investment trusts and limited partnerships.
- PROSPER, Process Redesign for Organizational Speed, Profit and Expense Reduction, is an ongoing initiative designed to increase efficiency throughout Western & Southern Financial Group. Implementation is expected to result in more than \$15 million in economic benefit during the next five years.
- Western & Southern Financial Group formed a cross-enterprise retirement initiative team in 2002 to fortify our strong retirement foundation through synergistic marketing opportunities.
- According to Ken Kehrer & Associates, IFS/Western-Southern Life Assurance Company ranked No. 10 nationally for bank-sold annuities during the period Jan. 1 through Dec. 31, 2002.



Our strength as a dynamic financial services organization is reflected in our financial statements and ongoing recognition by rating agencies, independent sources, industry peers and customers.

distinction

We differentiate our family of companies from industry peers by achieving market-share leadership, developing innovative business solutions and capitalizing on cross-selling opportunities. Our strength as a dynamic financial services organization

is reflected in our financial statements and ongoing recognition by rating agencies, independent sources, industry peers and customers. Most importantly, we hold our position of distinction by exceeding the expectations of customers and being their provider of choice.

Western & Southern Financial Group Women's Market Task Force members include, clockwise from left, Donna Schenk, Columbus Life Insurance Company Vice President of Marketing Services; Nora Moushey, Senior Vice President and Chief Actuary; Noreen Hayes, Senior Vice President of Human Resources; Jill McGruder, President of IFS Financial Services, Inc.; and Tamarra Pace, Columbus Life Insurance Company Editor of Field Communications.

The Western and Southern Life Insurance Company and its affiliate, Western-Southern Life Assurance Company, have the following outstanding ratings:

- Standard & Poor's AAA for extremely strong financial security characteristics (highest of 21 ratings).
- A.M. Best A++ superior for financial strength, operating performance and market profile (highest of 16 ratings).
- Fitch AA+ for very strong insurer financial strength (second highest of 24 ratings).
- Moody's Aa2 excellent for insurance financial strength (third highest of 21 ratings).

Columbus Life Insurance Company has the following ratings:

- Standard & Poor's AAA for extremely strong financial security characteristics (highest of 21 ratings).
- A.M. Best A+ superior for financial strength, operating performance and market profile (second highest of 16 ratings).
- Fitch AA+ for very strong insurer financial strength (second highest of 24 ratings).
- Moody's Aa2 excellent for insurance financial strength (third highest of 21 ratings).

Integrity Life Insurance Company and subsidiary National Integrity Life Insurance Company have the following ratings:

- Standard & Poor's AAA for extremely strong financial security characteristics (highest of 21 ratings).
- A.M. Best A+ superior for financial strength, operating performance and market profile (second highest of 16 ratings).
- Fitch AA+ for very strong insurer financial strength (second highest of 24 ratings).
- Moody's Aa2 excellent for insurance financial strength (third highest of 21 ratings).



strength

We are one of only nine life insurance groups in the world to earn Standard & Poor's AAA rating.

Western & Southern Financial Group has earned its reputation as a leader in the financial services and insurance industries through exceptional financial strength. Our financial leadership team actively participates in the management of our many businesses and diligently monitors each for achievement of desired financial results. Our financial

strength is reflected in the fact that we are one of only nine life insurance groups in the world to earn Standard & Poor's stringent AAA rating. Western & Southern Financial Group also has been consistently recognized by other industry authorities such as A.M. Best, Fitch and Moody's for financial strength and sound management.

James Vance, Vice President and Treasurer, from left, with Bradley Hunkler, Vice President and Comptroller; Robert Walker, Senior Vice President and Chief Financial Officer; and Edward Heenan, Senior Vice President of Corporate Financial Planning.



MS Walk 2002

- Sponsoring one of the world's largest tennis tournaments – the Western & Southern Financial Group Masters – allows us to partner with Tennis for Charity, Inc. and raise funds for Cincinnati Children's Hospital Medical Center and Tennis for City Youth.
- The Western and Southern Life Insurance Company partners with insurance mall Web sites such as Insweb and Reliaquote, as well as Charles Schwab & Co. Inc., to provide first-rate choices for clients.
- Partnering with associates to help them achieve their career goals is accomplished through extensive continuing education programs and on-the-job training.
- In conjunction with Eagle Realty Group, we have invested \$20 million in a partnership that will provide housing for qualified low-income individuals throughout the United States.
- Keeping associates up to date on Western & Southern Financial Group activities is a goal of "Breakfast Briefings With John Barrett," during which associates participate in question-and-answer sessions with the CEO.
- Western & Southern Foundation annually supports numerous community programs, including the Partners in Education Program at Hoffman Elementary School in Cincinnati; National Underground Railroad Freedom Center; Ohio Valley MS Walk; and Xavier University's Williams College of Business, named for Western-Southern Life founders William J. Williams and Charles F. Williams.

Carlos Moya, winner of the 2002 Western & Southern Financial Group Masters, after his victory. The 2003 Western & Southern Financial Group Masters will be Aug. 7-17 in Cincinnati.



partnership

Developing profitable, long-term relationships is an important part of our mission.

For 115 years, we have been resolute in our dedication to partnerships. An active and strong corporate citizen, Western & Southern fully encourages associates to volunteer and serve in leadership roles, both locally and nationally. As a company, we are the proud sponsor of one of only nine Tennis Masters Series tournaments in the world. Every August, our associates volunteer hundreds of hours supporting this prestigious tennis tournament, an event that significantly benefits Children's Hospital Medical Center and Tennis for City Youth.

Developing profitable, long-term relationships with our customers, producers, community and associates is an important part of our mission. At Western & Southern Financial Group, we build partnerships based on integrity and commitment. Whether we are serving clients for a lifetime, developing associates' careers, sponsoring the Western & Southern Financial Group Masters or partnering with low-income housing advocates, our priority always has been and always will be people.



Western & Southern Financial Group Chairman John F. Barrett, left, with 2002 runner-up Lleyton Hewitt, second from left, winner Carlos Moya and Western & Southern Financial Group Masters Tournament Chairman Paul Flory.

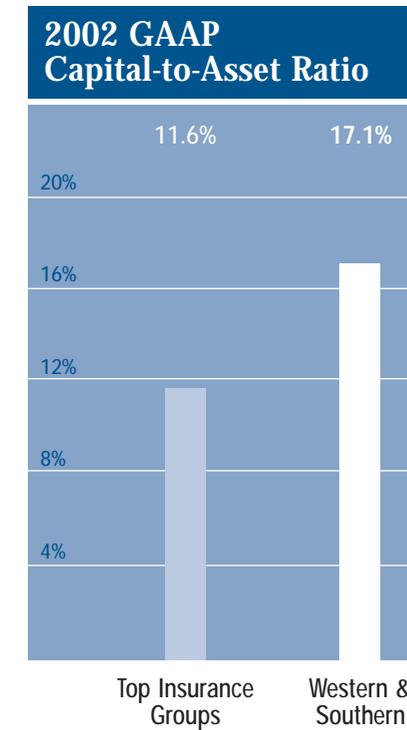
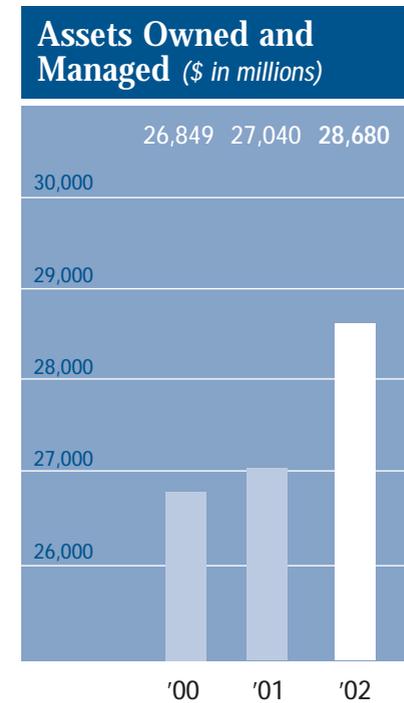
2002 Financial Highlights

Western & Southern Financial Group continued to post solid gains in 2002, despite a prolonged national economic downturn that took a heavy toll on many in the financial services industry.

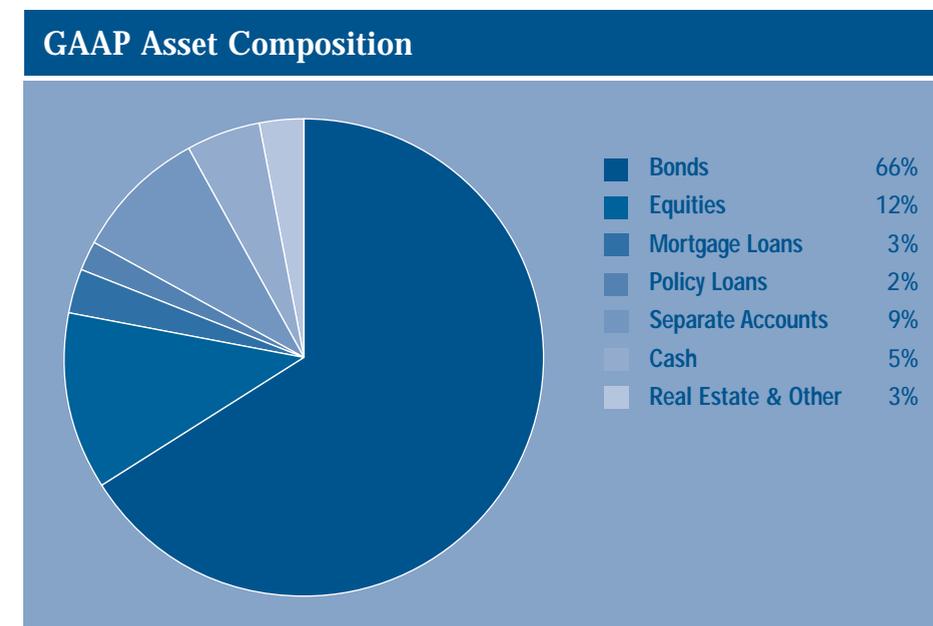
For the year ended Dec. 31, 2002, assets owned and under management were approximately \$28.7 billion. This reflects a compounded annual growth

rate of 16 percent since 1997. Premiums at the close of 2002 topped \$3 billion, with a 14 percent growth rate.

These financial achievements were accomplished by delivering profitable new products; utilizing diversified distribution systems; and leveraging technological innovations.



Compound Annual Growth Rate (\$ in millions)			
	Dec 1997	Dec 2002	Annual Growth
Total Assets Owned and Under Management	13,635	28,680	16%
GAAP Capital	3,261	4,068	5%
Premiums	1,568	3,075	14%
GAAP Operating Earnings	107	181	11%



2002 Financial Highlights

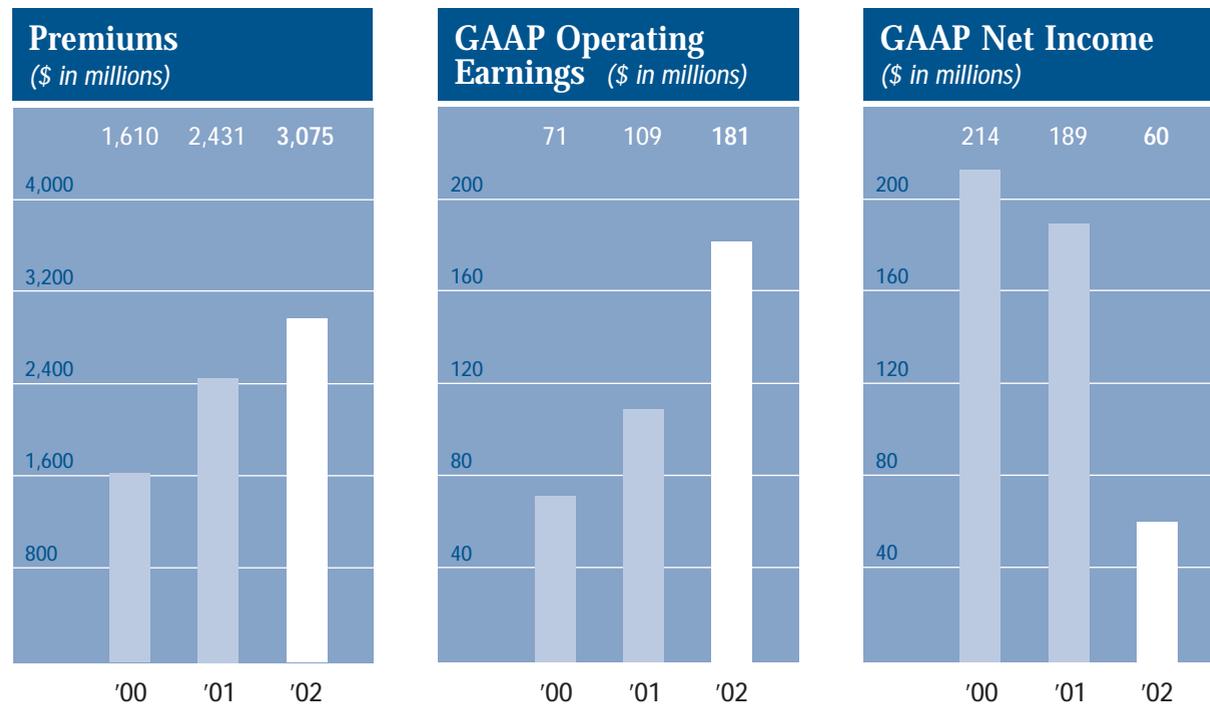
Western & Southern was not immune to the economic climate last year. The company experienced changes in the values of its bond portfolio which reduced its net income to \$60 million compared to \$189 million in 2001, on a GAAP basis.

Operating earnings are defined as net income excluding federal income tax, net investment gains or losses and minority interest. Operating earnings are the primary measure we use in

managing our company's business and evaluating its results.

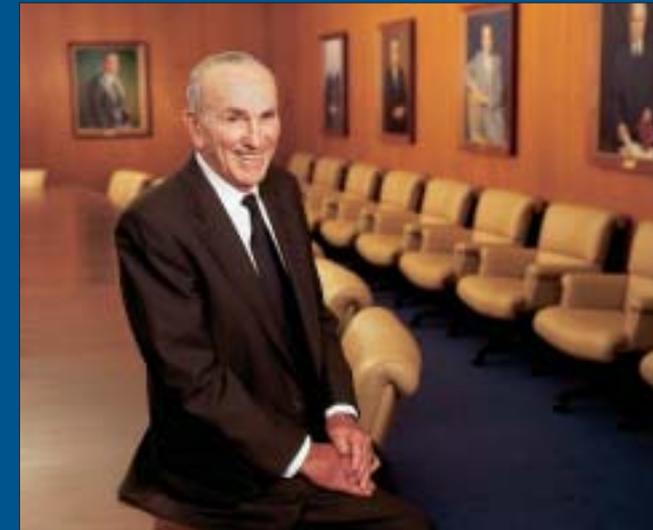
Western & Southern Financial Group's premiums for 2002 reached \$3.1 billion, compared to \$2.4 billion in 2001, reflecting a 26 percent growth rate.

W&S Agency distribution provided \$685 million; IFS supplied \$1.2 billion; Integrity Life contributed \$980 million; and Columbus Life delivered \$194 million.



William J. Williams

Leadership At Its Best



In 1955, Mr. Williams pursued business interests apart from insurance, including the founding of North American Management and Development Company, one of the first developers of shopping centers in the United States. During that time, Mr. Williams continued to be an active member of Western & Southern's Board of Directors, playing a key role in guiding the company. His astute efforts paid off. Western & Southern remains one of the strongest and most highly rated life insurers in the nation.

Mr. Williams returned to Western & Southern in 1984, first as President and Chief Operating Officer and later as Chief Executive Officer and Chairman of the Board. During his tenure, Western & Southern Financial Group experienced significant growth while increasing its financial strength.

Mr. Williams' stature in the financial services industry is rivaled only by his reputation as a philanthropist. Mr. Williams' commitment to community service and compassion for others led the organization to create what is now known as Western & Southern Foundation. The Foundation has become involved in myriad activities, ranging from building low-income and senior-citizen housing to supporting the Multiple Sclerosis Society's major local fund-raiser, the MS Walk.

Through the years, Mr. Williams has touched millions of lives. His legacy and vision will continue to guide our leaders in making Western & Southern Financial Group one of the most-trusted, service-oriented and monetarily robust financial services organizations in the world.

William J. Williams – visionary leader of Western & Southern Financial Group for nearly 20 years – stepped down as Chairman of the Board of Directors in 2002. Mr. Williams remains on the Board and chairs its executive committee. Though Mr. Williams may not be as actively involved in the company he joined in 1934, his legacy endures.

Mr. Williams grew up in the environs of The Western & Southern Life Insurance Company, which was founded by his uncle, William J. Williams, in 1888. Through the years, the younger Williams learned all aspects of the thriving Cincinnati business. He worked at Western & Southern during summer vacations as a boy and upon graduation from Georgetown University became a full-time insurance salesman. After serving in the United States Army during World War II, Mr. Williams returned to Cincinnati, becoming head of sales operations in 1949.

Our Family of Companies

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; 182 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; 182 field offices, plus Internet and contact center coverage, nationwide; licensed in 44 states, the District of Columbia and Guam.

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 500 registered representatives.

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.

IFS FINANCIAL SERVICES, INC.

Cincinnati, Ohio

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, financial institutions and mutual fund complexes.

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)

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.

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.

www.westernsouthern.com

www.westernsouthernlife.com

www.columbuslife.com

www.capitalanalysts.com

www.fortwashington.com

www.toddinvestment.com

www.touchstoneinvestments.com

www.integritycompanies.com

www.integratedfundservices.com

www.eaglerealtygroup.com