



Western & Southern
Financial Group®

STRENGTH. VISION. LEADERSHIP.

Western & Southern Financial Group 2004 **Annual Report**

Working hard today to build the ideal company for tomorrow.™

We are Western & Southern Financial Group[®], an innovative, rapidly growing, service-oriented family of companies.

We are a FORTUNE 500 company. As a nationally recognized leader in consumer and business financial services, we provide life and health 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 our business units.

Western & Southern Financial Group

The Western and Southern Life Insurance Company

Western-Southern Life Assurance Company

Fort Washington Trust Company

Columbus Life Insurance Company

Capital Analysts Incorporated

Integrity Life Insurance Company

National Integrity Life Insurance Company

W&S Financial Group Distributors, Inc.

Touchstone Investments

Integrated Fund Services, Inc.

Fort Washington Investment Advisors, Inc.

Todd Investment Advisors, Inc.

Eagle Realty Group, LLC



John F. Barrett

Chairman, President & Chief Executive Officer
Western & Southern Financial Group

Chairman's Letter

Dear Fellow Stakeholders:

2004 was a very good year for Western & Southern Financial Group as we built upon our positive momentum and achieved a number of historical milestones. This solid performance was marked by Western & Southern's best operating year ever, as each of our businesses performed well.

For 2004, Western & Southern Financial Group achieved GAAP net income of \$210 million on revenues of \$2.05 billion compared to net income of \$190 million on revenues of \$1.94 billion in 2003. This was driven by our best ever operating earnings which were up by 12.7 percent.

Total assets owned and under management were \$33.7 billion, corporate-owned assets totaled \$27.5 billion and GAAP net worth reached \$4.62 billion – all record year-end highs. Western & Southern ended 2004 with the strongest balance sheet in our history. This continued our position as one of the most highly capitalized organizations within our industry.

Western & Southern also successfully placed \$150 million in 5.75 percent, 30-year senior notes in January 2004. This was in addition to the \$350 million issuance of senior notes issued in July 2003. These dollars continue to strengthen our already extraordinary capital base. The 5.75 percent coupon represented the third lowest coupon for a 30-year insurance bond in the history of senior debentures. These senior notes should give us a comparative cost advantage relative to our peers and confirm the capital markets' respect for Western & Southern and its ratings.

Also, consider the following accomplishments:

- At this writing, we are one of only seven life insurance groups in the world to earn Standard & Poor's AAA rating for extremely strong financial security characteristics;
- For the second straight year, Western & Southern Financial Group was listed among *Fortune* magazine's 500 largest U.S. corporations;
- Western & Southern Financial Group was once again ranked among the nation's top 10 insurance groups for bank-sold fixed annuity sales, as reported by Kenneth Kehr Associates;
- For the fourth consecutive year, Fort Washington was singled out as a Top Manager by iMoneyNet;

- According to Financial Research Corporation, for the first time, Touchstone Investments ranked among the top 25 for Wholesale Mutual Fund firms in long-term funds net sales in 2004;
- Fort Washington was selected to manage \$250 million of a \$500 million mandate for the Illinois State Board of Investment (ISBI). The ISBI manages and invests state pension funds for various public employee groups of the State of Illinois. We also were selected to manage a \$46 million direct investment fund in New Mexico;
- Integrity Life Insurance Company became the first insurance company in the United States to develop exchange traded funds featuring iShares® Funds created by Barclays Global Investors. These Touchstone Variable Series Trust ETF Funds were introduced in all Integrity and National Integrity variable annuities during 2004;
- Our ongoing PROSPER (Process Redesign for Organizational Speed, Profit and Expense Reduction) initiatives saved more than \$2 million in 2004; and
- We have negotiated an agreement to merge the \$2 billion asset Lafayette Life into our Enterprise. We anticipate the merger will close in the second quarter of 2005.

We also continued to forge ahead toward our vision of becoming a truly world-class financial services organization. Progress was reported in all our major operating areas. For the second straight year, Western & Southern lowered our general operating expenses such that our 10-year compounded annual growth rate of expenses was equal to 2 percent, while our 10-year growth rate in assets under management was 15 percent.

At Western & Southern Financial Group, we are working hard today to build the ideal company for tomorrow. By doing so, our customers will continue to have a company that is deeply committed to helping them meet their evolving financial needs, now and in the future.



John F. Barrett

Chairman, President & Chief Executive Officer

Strength. Vision. Leadership. Culture.

Western & Southern Financial Group's elite position among financial services companies has been achieved through our financial strength, our focused vision, our exceptional leaders and our unique culture.

We draw our **strength** from our financial position and from the associates who are critical in making W&SFG a leader in our industry and within our communities. We are a FORTUNE 500 company and remain one of only seven life insurance groups in the world to earn Standard & Poor's AAA (highest) rating for extremely strong financial security characteristics.

Our **vision** is to leverage our financial strength to be the absolute best at everything we do in our pursuit of excellence.

Our disciplined approach and emphasis on high performance continually solidify our **leadership** position within the financial services industry. W&SFG's family of companies continues to achieve recognition. We attract and develop individuals who share our passion to be the very best at everything we do.

Culture, ultimately, is the fiber that unites all the diverse elements and motivates W&SFG's associates to build our organization together. We have spent decades working on our ever-improving and evolving culture. We will keep strengthening it as our organization moves from good to great.

The core values that W&SFG has embraced continue to define our culture. It is a disciplined culture that generates a "can do" attitude, combining attention to detail with a strong work ethic that drives us in our quest to become a truly great company.

We are driven by:

- Integrity
- Concern for the customer
- Concern for the organization
- Positive leadership
- Desire to succeed
- Strong work ethic
- Excellent performance
- Commendable financial results
- Constant improvement
- Outstanding execution
- Loyalty and teamwork
- Good citizenship
- Passion for the business

Pursuit of our vision motivates us to excel each day in every way possible. We are inspired by our history. We learn from it and move on to build an exciting future together. We execute with urgency and proficiency those tactics necessary to achieve our goal of becoming a well-recognized, world-class financial services organization.

The ratings published in this report are correct as of March 31, 2005, and are subject to change. Ratings refer to the financial strength of the insurance company and do not reflect the performance or safety of any investment product.

Women's Market Initiative



Front left to right: Noreen J. Hayes, Nora E. Moushey, Jill T. McGruder, Maribeth S. Rahe

Back left to right: Donna N. Schenk, Karen L. Cronan, Audrey Blair-Gentry, Catherine A. Huggins

WOMEN'S MARKET INITIATIVE STEERING COMMITTEE

Western & Southern Financial Group

Nora E. Moushey, Senior Vice President & Chief Actuary (Chairperson)
Noreen J. Hayes, Senior Vice President of Human Resources
Catherine A. Huggins, Assistant Vice President of PR-Corporate Communications

The Western and Southern Life Insurance Company and Western-Southern Life Assurance Company

Karen L. Cronan, Director of Field Compensation
Audrey Blair-Gentry, Manager of Market Research & Development

Columbus Life Insurance Company

Donna N. Schenk, Vice President of Marketing Services

IFS Financial Services, Inc.

Jill T. McGruder, President & Chief Executive Officer

Fort Washington Investment Advisors, Inc.

Maribeth S. Rahe, President & Chief Executive Officer

In 2004, a Cincinnati Enquirer editorial stated that, "...with annual earnings of \$1.2 trillion and the power to make 83 percent of all consumer purchases, American women are clearly an economic force."

While that might have been news to some organizations, at Western & Southern Financial Group we have been focusing our attention on the women's market since the 1990s. Our "Women's Market Initiative" (WMI) Steering Committee has been instrumental in helping us reach out to this unique market. For example, at Western-Southern Life, more than 4,000 policies were placed due to 2004 initiatives totaling over \$2.5 million in annual premium. In addition, Columbus Life's sales to women have tripled during the past two years.

The foundation of W&SFG's success is the development of a comprehensive education program that teaches our associates, sales force, wholesalers and producers how best to reach women. This outreach program also provides meaningful tools for educating women about the need for and value of life insurance.

Implementation of the WMI effort across our organization is distinctly flexible so different business units have the freedom to use technology combined with producer training and customer educational seminars, direct mail, newsletters and other tools to meet the needs of their female customers and prospects.

Guided by the WMI Steering Committee, W&SFG and its business units produced award-winning marketing materials, sponsored "Women & Money" seminars throughout Ohio, hosted a statewide roundtable for leading female and minority small business owners and opinion leaders, and developed a strategic communications plan.

Annuities



Jill T. McGruder and John R. Lindholm

EXECUTIVE MANAGEMENT

W&S Financial Group Distributors, Inc.

Jill T. McGruder, President & Chief Executive Officer

Integrity Life Insurance Company and National Integrity Life Insurance Company

John R. Lindholm, President & Chief Executive Officer

PRODUCTS AND SERVICES

Fixed Annuities
Variable Annuities
Income Annuities

As one of America's leading annuity providers, Western & Southern Financial Group serves the evolving needs of individuals who seek the advantage of tax-deferred wealth accumulation and preservation for their retirement savings, as well as the confidence of income guarantees at retirement. In 2004, we advanced that reputation as our combined annuity sales exceeded \$1.7 billion.

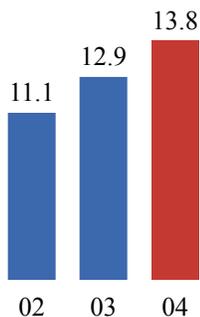
According to LIMRA International, Western & Southern Financial Group ranked among the 28 largest individual annuity providers in the United States in 2004. We attribute our success to a focused strategy that combines sustained organic sales growth, well-executed entry into new markets and continued development of responsive products that stand out for value and innovation. In addition, member companies of Western & Southern Financial Group are attuned to the needs of their distribution channel partners. By delivering strong, consistent performance and superior service, we foster mutually profitable relationships that bring annuity solutions to an expanding universe of customers.

W&S Financial Group Distributors, Inc.

W&S Financial Group Distributors, the financial institution distribution arm of IFS Financial Services, recognizes change as the sole constant in today's financial services world and endeavors to help financial institutions manage and capitalize on its forces. We do so by partnering with financial institutions to market annuities issued by Western-Southern Life and the Integrity Companies to the customers of those institutions.

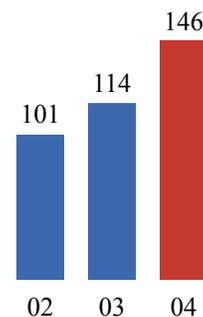
ANNUITY ACCOUNT VALUES

(\$ billions)



ANNUITY OPERATING EARNINGS

(\$ millions)



Again in 2004, W&S Financial Group Distributors supported some of the nation's largest and most successful bank investment sales programs. We provided banks with flexible, affordable financial solutions, feature-rich products and comprehensive services, enhanced Internet access for timely, up-to-date information, and exceptional customer support. Western & Southern Financial Group once again ranked among the nation's top 10 insurance groups for bank-sold fixed annuity sales, as reported by Kenneth Kehrer Associates. This success positions Western & Southern Financial Group as a leader in the bank distribution channel.

Employing technology to create a competitive advantage and deliver unmatched service to our customers, W&S Financial Group Distributors leveraged our producer Web site, www.accessful.com, as an exclusive online resource for financial institutions. During 2004, this powerful tool earned national recognition, ranking among the 30 best in the financial services industry by DALBAR, which measures Web-based technology for financial services professionals.

In the last quarter of 2004, W&S Financial Group Distributors empowered our bank partners with an online fixed annuity application tool. This new capability allows financial services professionals to complete customer applications online, thereby streamlining the submission process and improving application accuracy. This is yet another example of a competitive advantage that makes doing business with Western & Southern Financial Group preferable.

As we seize new opportunities for serving the expanding retirement planning needs of Americans, W&S Financial Group Distributors remains committed to delivering value in the form of products, services, marketing support and partnerships that provide a clear and sustainable advantage to financial institutions and our customers.

Integrity Life Insurance Company and National Integrity Life Insurance Company

Integrity Life Insurance Company and its wholly owned subsidiary, National Integrity Life Insurance Company ("Integrity Companies"), continue to expand their reach in retirement markets through fixed, variable and income annuities. Through broker-dealers, independent financial planners, independent agents and fee-only advisors, the Integrity Companies strive to become "Your Choice for Lifetime Income Solutions."

At mid year, the Integrity Companies became the *FIRST* insurance provider in the industry to combine variable annuities and exchange traded funds (ETFs) featuring iShares® Funds created by Barclays Global Investors, N.A.* Two innovative products containing four Touchstone ETF Funds are now available to fee-only advisors: ETF easyAnnuity®, a no-surrender-charge variable annuity, and IQSM Advisor, a multi-manager variable annuity. In the fourth quarter, these four ETF funds of funds became available in all Integrity and National Integrity variable annuities, and therefore available to all distribution channels.

Two online financial tools were introduced: "Bridging the Income Gap" utilizes IncomeSource®, a single premium, fixed income annuity, to address the shortfall between current guaranteed income and primary expenses. The "Optimized Income" program provides a split annuity approach, offering guaranteed income from IncomeSource while simultaneously rebuilding principal with MOMENTUM Advantage®, a fixed interest rate annuity. Financial representatives may log on to Integrity's "Live Quote Center" to run instantaneous illustrations.

The Integrity Companies continue to meet the needs of financial representatives by offering low-cost solutions and high-quality annuity products and programs.

*iShares is a registered mark of Barclays Global Investors, N.A. (BGI). Variable annuities and the Touchstone ETF Funds are not sponsored, endorsed, sold or promoted by BGI, and BGI makes no representation regarding the advisability of investing in them.

Life and Health Insurance



Left to right: Bryan C. Dunn, Mark A. Wilkerson and Lawrence L. Grypp

EXECUTIVE MANAGEMENT

The Western and Southern Life Insurance Company and Western-Southern Life Assurance Company

John F. Barrett, Chairman, President & Chief Executive Officer
Bryan C. Dunn, President, Western & Southern Agency Group

Columbus Life Insurance Company

Lawrence L. Grypp, President & Chief Executive Officer
Mark A. Wilkerson, Senior Vice President & Chief Marketing Officer

PRODUCTS AND SERVICES

Traditional Life
Universal Life and Survivorship Universal Life
Variable Universal Life and Survivorship Variable Universal Life
Critical Illness
Personalized Needs Analysis
Retirement Planning
Financial Planning

Western & Southern Financial Group, through The Western and Southern Life Insurance Company, has been providing quality life insurance products and services for more than a century. With a heritage dating back to 1888, Western & Southern has stood by our promise of being a financially sound institution and being ready when our customers are in need. We now serve more than 2.5 million policyholders and provide more than \$57 billion of life insurance protection to those customers.

The Western and Southern Life Insurance Company and Western-Southern Life Assurance Company

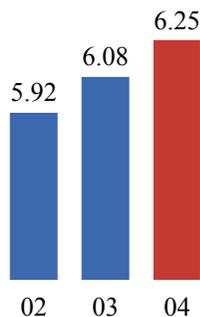
Serving individuals, families and businesses in the middle-income market with life insurance and financial services, The Western and Southern Life Insurance Company has 182 field offices nationwide and is licensed in 43 states and the District of Columbia.

In 2004, The Western and Southern Life Insurance Company career agency force generated a 5.8 percent increase in life policies placed, exceeding the industry average for the second consecutive year. Total life premium placed increased by 10.1 percent, also exceeding the industry for the second consecutive year.

- The Western and Southern Life Insurance Company and its affiliate, Western-Southern Life Assurance Company, maintained the outstanding ratings of

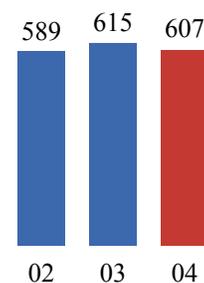
LIFE AND HEALTH INSURANCE ASSETS

(\$ billions)



LIFE AND HEALTH INSURANCE PREMIUMS

(\$ millions)



Standard & Poor's AAA for extremely strong financial security characteristics (highest of 21 ratings; rating held since August 1991); A.M. Best A++ superior for financial strength, operating performance and market profile (highest of 16 ratings; rating held since May 1991); Fitch AA+ for very strong insurer financial strength (second highest of 24 ratings; rating held since September 2002); Moody's Aa2 excellent for insurance financial strength (third highest of 21 ratings; rating held since September 1996).

- DALBAR ranked www.westernsouthernlife.com 13th in the fourth quarter 2004, up nine places from the third quarter. The www.westernsouthernlife.com ranking reflects its position in an evaluation group of more than 200 life insurance and annuity consumer Web sites.
- The Western and Southern Life Insurance Company continues to benefit from our ongoing PROSPER (Process Redesign for Organizational Speed, Profit and Expense Reduction) initiatives saving more than \$2 million in 2004.
- In 2004, Western-Southern Life Assurance Company added two products to our portfolio, a Return of Premium Term product, accounting for 10 percent of the 21 percent increase in Term sales, and a Single Premium product introduced in October, accounting for \$2.7 million of premium.
- The Western and Southern Life Insurance Company achieved a Comdex ranking of 97 out of 100.

Columbus Life Insurance Company

Columbus Life Insurance Company provides life insurance and annuity products to affluent individuals, families and businesses nationally. In addition to our strength as a provider of personal life and retirement products and services, the company is emerging as an expert in meeting the needs of business owners and estate planning clients.

Columbus Life Insurance Company made history in 2004 when it reached new highs for monthly paid annualized target life premium and overall sales for the year with \$39.5 million in sales. The company experienced an overall 43 percent increase in life sales, exceeding industry growth for the fourth straight year. These milestones are particularly impressive considering that fully 96 percent of the company's 2004 sales were from products that did not exist three years ago. This innovation and ability to respond to market needs are the hallmarks of the Columbus Life approach to product development.

- Columbus Life Insurance Company maintained the excellent ratings of Standard & Poor's AAA for extremely strong financial security characteristics (highest of 21 ratings; rating held since June 1994); Fitch AA+ for very strong insurer financial strength (second highest of 24 ratings; rating held since September 2002); A.M. Best A+ superior for financial strength, operating performance and market profile (second highest of 16 ratings; rating held since May 1989); Moody's Aa2 excellent for insurance financial strength (third highest of 21 ratings; rating held since September 1996).
- Columbus Life Insurance Company achieved a Comdex ranking of 96 out of 100.

The ratings published in this report are correct as of March 31, 2005, and are subject to change. Ratings refer to the financial strength of the insurance company and do not reflect the performance or safety of any investment product.

Investments



Left to right: Robert P. Bordogna, Bosworth M. Todd, Maribeth S. Rahe and Nicholas P. Sargen

EXECUTIVE MANAGEMENT

Fort Washington Investment Advisors, Inc.

Maribeth S. Rahe, President & Chief Executive Officer

Nicholas P. Sargen, Senior Vice President & Chief Investment Officer

Todd Investment Advisors, Inc.

Bosworth M. Todd, Chairman

Robert P. Bordogna, President & Chief Executive Officer

Touchstone Investments

Jill T. McGruder, Chief Executive Officer

James H. Grifo, President

PRODUCTS AND SERVICES

Fort Washington/Todd

Fixed Income

Public Equity

Private Equity

Wealth Management

Touchstone

Mutual Funds

Fort Washington Investment Advisors, Inc.

Fort Washington Investment Advisors, Inc., established in 1990, has earned a solid reputation built on stability, discipline and excellence in investment management and client service. Our firm offers skills in the fixed income and public and private equity areas through a collaboration of specialists.

Fort Washington provides expert investment management to the following range of clients using its proven specialized approach:

- Insurance Companies
- Mutual Fund Sub-Advisory
- Endowments & Foundations
- Wealthy Families & Individuals
- Corporations
- Hospitals
- Public Funds
- Religious Orders

Fixed Income Highlights

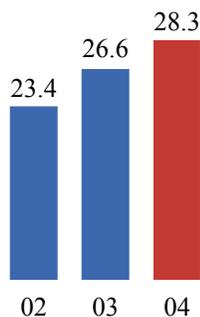
Utilizing this approach, the Fort Washington High Yield Team had a successful year in 2004. Our High Yield strategy focuses on the higher quality portion of the market and has provided excellent results over multiple time periods. As a result, this strategy has captured the attention of the consultant channel. We have raised more than \$400 million in total new assets to manage in public and corporate funds.

Other business highlights include Fort Washington's selection as the High Yield sub-advisor for Sierra Investment Partners, Inc. of Walnut Creek, California. Sierra Investment Partners, a manager of managers platform, is dedicated to serving the investment needs of 60 Taft-Hartley plans and is one of the nation's leading investment firms dedicated exclusively to joint trustee plans.

Another area of growth was our cash management strategy. We raised \$117 million in new assets under management and have continued to be ranked #1 by iMoneyNet for the past four years. The 2004 iMoneyNet awards were presented to portfolio managers of top-performing money market funds based on the gross total return for the year ended Dec. 31, 2004.

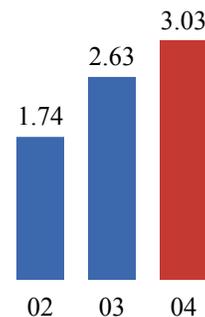
FORT WASHINGTON AND TODD ASSETS UNDER MANAGEMENT

(\$ billions)



TOUCHSTONE MUTUAL FUNDS ASSETS

(\$ billions)



Private Equity Highlights

On the Private Equity front, Fort Washington Capital Partners Group was selected by the New Mexico State Investment Council to manage a \$46 million direct co-investment fund. We also opened an office in Albuquerque, New Mexico.

The Fort Washington Capital Partners Group also was named program administrator for the Ohio Venture Capital Authority's "The Ohio Capital Fund" along with Cleveland-based Peppertree Partners. This entity is called Buckeye Venture Partners, LLC. As a fund of funds, The Ohio Capital Fund is expected to generate \$100 million from private sources for investment in qualified venture capital funds committed to investing at least 50 percent in Ohio-based companies.

Public Equity Highlights

Fort Washington has expanded our regional presence. We opened a new office in Columbus, Ohio, that is staffed by four highly qualified growth equity specialists. These seasoned professionals have an average of 18 years experience investing in growth equity. This will allow us to expand our products and services for our clients in the small, mid and large-cap growth category.

Sales and Marketing Highlights

Fort Washington also was pleased to announce the expansion and creation of our sales/business development and marketing communications team, thus providing greater external distribution and internal support for all aspects of marketing.

Total assets under management by Fort Washington reached \$24.2 billion¹ at year-end 2004. Also in 2004, *Pensions & Investments* magazine ranked Fort Washington Investment Advisors, Inc., the 103rd largest out of a total of 787 managers for worldwide institutional assets under management.

¹ Does not include Todd Investment Advisors, a wholly owned subsidiary, with \$3.5 billion in assets; or Fort Washington Capital Partners Group, the private equity division of Fort Washington Investment Advisors, with \$555 million in assets under management.

Todd Investment Advisors, Inc.

Todd Investment Advisors, Inc., based in Louisville, Kentucky, is one of the region's oldest and largest money management firms with more than \$3.5 billion in assets under management. Todd's client base includes public and private institutions, corporations, mutual funds, third-party platforms and high net worth individuals. In 2004, Todd Investment Advisors raised approximately \$87 million in new client assets. For the past six years in a row, we have raised between \$70 million and \$140 million in our flagship strategy, Relative Value Equity. Within this strategy, Todd Investment Advisors manages over \$2.2 billion.

Touchstone Investments

Touchstone Investments, established in 1994, provides a variety of mutual fund solutions across the investment spectrum. Our firm is adept at identifying investment professional needs, designing innovative products and delivering a selection of premier money managers who act in a sub-advisory capacity. Utilizing a disciplined approach, Touchstone offers proven results focused on consistent performance. The Touchstone Funds are offered nationally through broker-dealers, financial planners and financial institutions.

Touchstone assets under management increased 15 percent to \$3 billion in 2004; equity assets under management grew an impressive 61 percent. 2004 also was a record year for our long-term fund net sales, which reached \$463 million. According to Financial Research Corporation, we ranked in the top 25 for wholesale mutual fund firms for long-term sales in 2004.

Other highlights include the launch of the Touchstone Micro Cap Growth Fund and the establishment of Class I shares for our growing institutional base. During the year, several Touchstone funds were added to fee-based platforms at prominent broker-dealers, expanding the availability of our funds and providing enhanced distribution.

Financial Services



Left to right: Robert J. DalSanto, Mario J. San Marco, Roy E. Rogers and Jill T. McGruder

EXECUTIVE MANAGEMENT

Integrated Fund Services, Inc.

Jill T. McGruder, Chief Executive Officer

Roy E. Rogers, President

Fort Washington Trust Company

Robert J. DalSanto, President & Chief Executive Officer

Capital Analysts Incorporated

Robert S. Cogan, President

Eagle Realty Group, LLC

Mario J. San Marco, President

PRODUCTS AND SERVICES

Commercial Property Management
Multi-Family Property Management for Apartment Communities
Real Estate Investment Management
FDIC-insured Death Benefit Beneficiary Accounts
Investment Management
Charitable Giving
Retirement Planning
Tax-Advantaged Investment Strategies
Shareholder Services
Distribution Services

A diversified portfolio of financial services remains a key element of Western & Southern Financial Group's business strategy. In addition to "traditional" financial products and services such as Annuities, Life Insurance and Investments, we also offer our clients services from Integrated Fund Services, Fort Washington Trust Company, Capital Analysts, and Eagle Realty Group.

Integrated Fund Services, Inc.

As W&SFG's mutual fund servicing company, Integrated Fund Services increased revenue 31 percent in 2004. The company continued to leverage processing efficiencies, cost savings and economies of scale to improve and add value for our clients.

- Contributing to Integrated's success in 2004 was the addition of two new clients, Navellier Funds and FBR Family of Funds, the proprietary mutual funds of Friedman, Billings, Ramsey Group, Inc. These two new clients represent 18 funds, over 95,000 shareholders and more than \$2.5 billion in assets.
- Integrated Fund Services installed a new customer relationship management and sales reporting system for its clients. The system, MARS (Marketing and Reporting Sales), provides Integrated's clients online access to important sales and asset information.
- A full suite of compliance services was added to Integrated's service offerings in 2004 to provide an efficient and cost-effective solution to our fund clients' ever-expanding regulatory requirements.

Fort Washington Trust Company

Fort Washington Trust Company, a full-service banking institution, provides Western & Southern Agency beneficiaries with an FDIC-insured checking account upon the payment of a death benefit. Operating as a state-chartered thrift since July 2003, Fort Washington Trust Company continually evaluates additional financial services that might benefit the company's policyholders.

Capital Analysts Incorporated

Capital Analysts Incorporated, a full-service broker/dealer, had revenue growth of 20.8 percent in 2004. Capital Analysts financial advisors now supervise \$5.6 billion of client assets, a record for the company and a 14 percent increase over 2003.

Eagle Realty Group, LLC

- Eagle Realty Group's Commercial Property Management Division added more than 1 million square feet to our management portfolio, bringing the total square feet under management to in excess of 4.2 million square feet – a record level.
- Eagle Realty Group's Multi-Family Property Management Division added four apartment communities within the Greater Cincinnati area to our portfolio and oversaw the conversion of a large Cincinnati apartment community to condominiums.
- Eagle Realty Group's Investment Management Division took advantage of an unusual market in which buyers are paying extremely high prices and sold five multi-family properties for a total gain of \$13.6 million.

- In the development area, the Investment Management Division continued construction efforts on 303 Broadway at Queen City Square in downtown Cincinnati, a mid-rise office building containing eight floors of office space and 680 parking spaces.
- Construction also was commenced on the 10th full-service Marriott Hotel, which is being developed in the Cleveland area.
- Eagle Realty Group constructed an 18,000 square-foot Disaster Recovery Site located in Lebanon, Ohio. With independent telecommunication and power systems, the facility provides for the restoration of critical business functions and related data center needs to support W&SFG in the unlikely event of the loss of primary facilities.

Shared Services



Left to right: Herbert R. Brown, Noreen J. Hayes, Donald J. Wuebbling and Constance M. Maccarone

EXECUTIVE MANAGEMENT

Shared Services

Noreen J. Hayes, Senior Vice President of Human Resources
Clint D. Gibler, Senior Vice President & Chief Information Officer
Constance M. Maccarone, Senior Vice President of Insurance Operations
Donald J. Wuebbling, Senior Vice President & General Counsel
Herbert R. Brown, Senior Vice President,
Public Relations and Corporate Communications

Western & Southern Financial Group's home office and member companies function at peak efficiency, in part because of the knowledgeable, highly skilled professionals who support our organization.

To meet individual business unit needs and effectively manage corporate expenses, W&SFG centralized our human resources, information services, insurance operations, legal and public relations functions. Sharing these expert teams among our family of companies helps provide support services that are of the highest quality and reflect a unified corporate vision.

Shared Services Operations:

Human Resources recruits, develops and retains the highest quality associates and manages associate benefits programs.

Information Services proactively leverages information technology for increased profitability and sustainable competitive advantage.

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

Law provides and obtains expert legal counsel and representation in the wide range of legal disciplines required by W&SFG and our member companies.

Public Relations leads the efforts for sharing W&SFG's story and supports member companies through the following Divisions: Document Services, Meeting Planning & Corporate Events, PR-Corporate Communications and Purchasing.

Community Involvement

As W&SFG's businesses continued to grow in 2004, so did our impact on the larger Cincinnati community. Last year, our corporate headquarters and member companies made a difference locally and nationally through volunteerism, philanthropy and sponsorship.

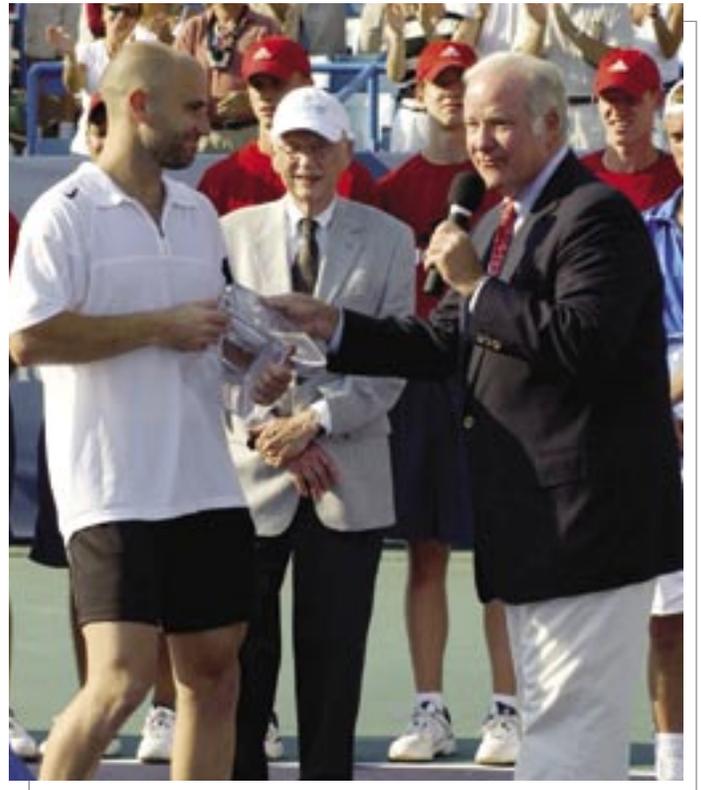
For more than a half century, Greater Cincinnati's United Way Campaign has been a major focus of our corporate and associate philanthropy. In 2004, W&SFG was recognized for being the ninth largest United Way campaign in the region in terms of overall contributions.

In addition to monetary donations, many of our associates offered leadership to United Way and its agencies by serving as committee members, trustees, "executives on loan" and volunteers.

W&SFG also reached out to help a number of Cincinnati community initiatives come to fruition in 2004. Foremost among these was the National Underground Railroad Freedom Center, which held its grand opening in August.

In addition to that landmark event, W&SFG supported the grand reopening of the expanded and refurbished Taft Museum of Art, the African American Masters exhibit at the Cincinnati Art Museum and the Cincinnati May Festival's pre-concert recitals, to name just a few memorable activities.

Nationally and internationally, W&SFG's professional tennis sponsorships were watched by more than 26 million television viewers. We were proud to learn that our tennis events generated more than \$23 million in local economic activity.



Western & Southern Financial Group Masters 2004 winner, Andre Agassi, accepts the winner's trophy from John F. Barrett, Chairman, President and Chief Executive Officer.

In 2004, the Western & Southern Financial Group Masters again lived up to its reputation as one of the 13 most prestigious men's tennis tournaments in the world. In addition, we were proud to bring professional women's tennis back to Cincinnati by sponsoring the inaugural Western & Southern Financial Group Women's Open. Together, the two tournaments drew more than 200,000 attendees and made substantial donations to Cincinnati Children's Hospital Medical Center, Tennis for City Youth and the Charles M. Barrett Cancer Center.

Financial Highlights

| GAAP RESULTS (\$ millions) | 2002 | 2003 | 2004 |
|-------------------------------|---------|---------|---------|
| Total Revenue | 1,594.8 | 1,942.2 | 2,052.9 |
| Investment Income | 1,070.0 | 1,161.1 | 1,202.9 |
| Operating Earnings | 180.4 | 186.1 | 209.8 |
| Net Income | 60.3 | 189.9 | 209.6 |

In 2004, Western & Southern Financial Group continued to grow as we built upon our positive momentum from 2003. Our solid financial results – the fruition of long-term business strategies – position us to continue our evolution into a financial services powerhouse.

Western & Southern Financial Group continued our trend of solid operating earnings as we reached a record \$209.8 million in 2004. Operating earnings are defined as net income excluding federal income tax, net investment gains or losses and the realized gain or loss component of minority interest. We use operating earnings as the primary measure in managing our company's businesses and evaluating our results.

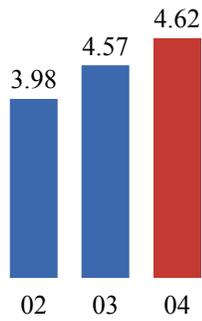
Net income increased in 2004 to \$209.6 million from \$189.9 million in 2003. This increase was the result of continued strong operating earnings and to solid investment performance during 2004.

In addition to the 11.1 percent growth rate achieved in operating earnings over the past five years, Western & Southern recorded strong performance in several other important measures. Assets owned and managed grew at a compound annual rate of 9.6 percent, reaching \$33.7 billion at the end of 2004. This result was fueled by a very strong 13 percent compound annual growth rate in premium and annuity considerations over the period. We achieved these high five-year rates of growth while managing expenses to a conservative 2.8 percent compound annual growth rate over the same period.

These strong financial achievements were the result of the financial discipline that guides our management as we continue to position ourselves to be the absolute best at everything we do in our pursuit of business excellence.

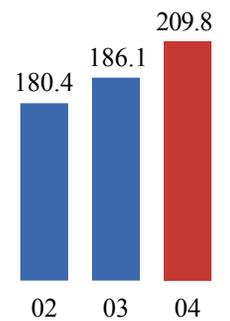
TOTAL EQUITY

(\$ billions)



OPERATING EARNINGS

(\$ millions)

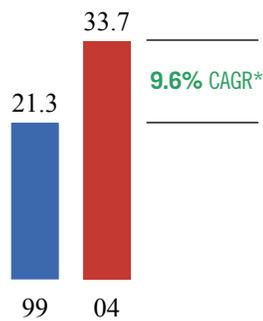


Five-Year Growth Rate Measures (GAAP)

ASSETS OWNED & MANAGED

Five-year compound annual growth rate = 9.6%.

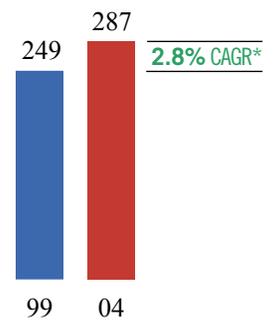
(\$ billions)



INSURANCE EXPENSES

Five-year compound annual growth rate = 2.8%.

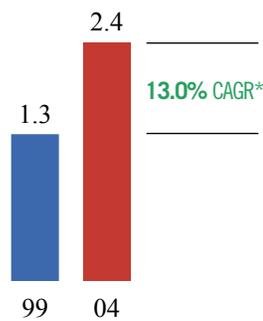
(\$ millions)



PREMIUM & ANNUITY CONSIDERATIONS

Five-year compound annual growth rate = 13.0%.

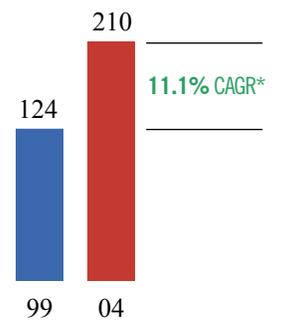
(\$ billions)



OPERATING EARNINGS

Five-year compound annual growth rate = 11.1%.

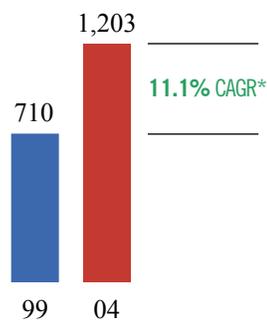
(\$ millions)



NET INVESTMENT INCOME

Five-year compound annual growth rate = 11.1%.

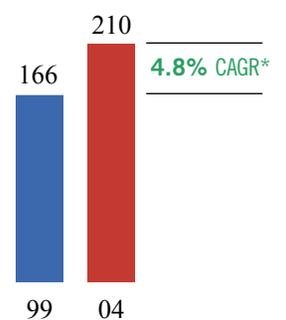
(\$ millions)



NET INCOME

Five-year compound annual growth rate = 4.8%.

(\$ millions)



*Compound Annual Growth Rate

GAAP Balance Sheet

Consolidated and Condensed Financial Statements

Amounts in thousands

| | December 31, 2004 | December 31, 2003 |
|--|----------------------|----------------------|
| Assets | | |
| Debt securities | \$ 17,595,886 | \$ 14,286,510 |
| Equity securities | 3,120,002 | 3,103,426 |
| Other invested assets | 2,431,093 | 2,133,428 |
| Total invested assets | 23,146,981 | 19,523,364 |
| Other general account assets | 1,978,528 | 2,008,828 |
| Total general account assets | 25,125,509 | 21,532,192 |
| Assets held in separate accounts | 2,340,405 | 4,773,559 |
| Total assets | \$ 27,465,914 | \$ 26,305,751 |
| Liabilities and equity | | |
| Future policy benefits and claims | \$ 18,078,564 | \$ 14,576,519 |
| Long-term debt | 494,467 | 348,238 |
| Other general account liabilities | 1,853,553 | 1,973,874 |
| Total general account liabilities | 20,426,584 | 16,898,631 |
| Liabilities related to separate accounts | 2,340,405 | 4,786,257 |
| Total liabilities | 22,766,989 | 21,684,888 |
| Minority interest in net assets of consolidated partnerships | 75,314 | 53,032 |
| Total equity | 4,623,611 | 4,567,831 |
| Total liabilities and equity | \$ 27,465,914 | \$ 26,305,751 |

GAAP Statements of Income

Consolidated and Condensed Financial Statements

Amounts in thousands

| | Year Ended December 31, 2004 | Year Ended December 31, 2003 |
|---|---------------------------------|---------------------------------|
| Revenue | | |
| Insurance premiums, product charges and other considerations | \$ 603,338 | \$ 577,428 |
| Net investment income | 1,202,906 | 1,161,141 |
| Net realized investment gains | 130,520 | 84,529 |
| Net other income | 116,111 | 119,129 |
| Total revenue | 2,052,875 | 1,942,227 |
| Benefits and expenses | | |
| Policy benefits, interest credited and dividends to policyholders | 1,125,516 | 1,148,750 |
| Minority interest in net gain of consolidated partnerships | 13,220 | 6,961 |
| Other operating expenses | 587,763 | 522,773 |
| Total benefits and expenses | 1,726,499 | 1,678,484 |
| Income before income tax expense and cumulative effect of change in accounting principle | 326,376 | 263,743 |
| Income tax expense | 98,700 | 73,822 |
| Net income before cumulative effect of change in accounting principle | 227,676 | 189,921 |
| Cumulative effect of change in accounting principle, net of taxes | 18,074 | — |
| Net income | \$ 209,602 | \$ 189,921 |
| Additional statements of income performance measures | | |
| Pre-tax operating earnings* | \$ 209,801 | \$ 186,056 |

* Pre-tax operating earnings are defined as net income excluding federal income tax, net investment gains or losses, minority interest relating to capital gains, and cumulative effect of change in accounting principle.

Board of Directors



Standing left to right: Thomas L. Williams, Eugene P. Ruehlmann, Jack Twyman and James N. Clark

Seated left to right: Lawrence C. Hawkins, Ed.D., J. Harold Kotte M.D., John F. Barrett, William J. Williams, Jo Ann Davidson and Donald A. Bliss

John F. Barrett, Chairman of the Board
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
Thomas L. Williams
William J. Williams

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.

Senior Management

Western & Southern Financial Group

(Senior officers may serve within one or more member companies.)

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

| | |
|----------------------|------------------------|
| Edward J. Babbitt | Carroll R. Hutchinson |
| Herbert R. Brown | Phillip E. King |
| James N. Clark | Constance M. Maccarone |
| Keith T. Clark, M.D. | J. J. Miller |
| Clint D. Gibler | Michael R. Moser |
| Stephen P. Hamilton | Nora E. Moushey |
| Daniel W. Harris | Jonathan D. Niemeyer |
| Noreen J. Hayes | Richard K. Taulbee |
| Edward S. Heenan | James J. Vance |
| David T. Henderson | Robert L. Walker |
| Bradley J. Hunkler | Donald J. Wuebbeling |

Western & Southern Agency Group

Bryan C. Dunn, President & CMO

| | |
|-------------------|-------------------|
| Robert J. DaSanto | Harold V. Lyons |
| James J. DeLuca | David E. Theurich |
| Robert S. Kahn | Daniel L. Thomas |

Columbus Life Insurance Company

Lawrence L. Grypp, President & CEO
Mark A. Wilkerson
Charles W. Wood Jr.

Capital Analysts Incorporated

Robert S. Cogan, President
Janice W. Maggetti
Stephen T. Mayhew

Fort Washington Investment Advisors, Inc.

Maribeth S. Rahe, President & CEO
Nicholas P. Sargen, Chief Investment Officer

| | |
|-------------------------|--------------------------|
| Stephen A. Baker | Howard R. Lodge |
| Margaret C. Bell | Augustine A. Long |
| Brian P. Birk | James A. Markley Jr. |
| Rance G. Duke | John J. O'Connor |
| Thomas L. Finn | Timothy J. Policinski |
| John J. Goetz | David K. Robinson |
| John C. Holden | Charles E. Stutenroth IV |
| Richard R. Jandrain III | Scott D. Weston |
| Daniel J. Kapusta | Brendan M. White |
| Roger M. Lanham | |

Eagle Realty Group, LLC

Mario J. San Marco, President
Edward W. Grout
Thomas M. Stapleton

Todd Investment Advisors, Inc.

Bosworth M. Todd, Chairman
Robert P. Bordogna, President & CEO

| | |
|---------------------|----------------------|
| Gayle S. Dorsey | Curtiss M. Scott Jr. |
| Matthew J. Saltzman | John J. White |

IFS Financial Services, Inc.

(Includes W&S Financial Group Distributors, Inc.,
Touchstone Investments and Integrated Fund Services, Inc.)

Jill T. McGruder, President & CEO

| | |
|--------------------|----------------------|
| William A. Dent | Roy E. Rogers |
| James H. Grifo | Teri L. Schultz |
| James W. Loveridge | Terrie A. Wiedenheft |

Integrity Life Insurance Company and National Integrity Life Insurance Company

John R. Lindholm, President & CEO

| | |
|------------------|-------------------|
| Dennis L. Carr | Barry P. Meyers |
| Edward J. Haines | Kenneth A. Palmer |
| James G. Kaiser | |

Family of Companies



Western & Southern Financial Group

800.333.5222 ■ www.westernsouthern.com

The Western and Southern Life Insurance Company

800.936.1212 ■ www.westernsouthernlife.com

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Fort Washington Trust Company

866.819.4263

Columbus Life Insurance Company

800.677.9696 ■ www.columbuslife.com

Capital Analysts Incorporated* **

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National Integrity Life Insurance Company

888.644.2300 ■ www.integritycompanies.com

W&S Financial Group Distributors, Inc.

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Touchstone Investments

800.638.8194 ■ www.touchstoneinvestments.com

Integrated Fund Services, Inc.

800.543.8721 ■ www.integratedfundservices.com

Fort Washington Investment Advisors, Inc.**

888.244.8167 ■ www.fortwashington.com

Todd Investment Advisors, Inc.**

888.544.8633 ■ www.toddinvestment.com

Eagle Realty Group, LLC

800.361.7040 ■ www.eaglerealtygroup.com

* Member NASD/SIPC

** Registered investment advisor

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Western & Southern Financial Group, Inc.

The Western and Southern
Life Insurance Company

Western-Southern Life
Assurance Company

Fort Washington
Brokerage Services, Inc.

Fort Washington
Trust Company

Columbus Life
Insurance Company

Capital Analysts
Incorporated

Fort Washington
Investment Advisors, Inc.

Todd Investment
Advisors, Inc.

Integrity Life
Insurance Company

National Integrity Life
Insurance Company

IFS Financial
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Distributors, Inc.

Touchstone Advisors, Inc.

Touchstone Securities, Inc.

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Group, LLC



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