



WESTERN *&* SOUTHERN
FINANCIAL GROUP®

2005 ANNUAL REPORT

To Our Valued Friends & Colleagues,

Thank you for your interest in our family of companies. The year 2005 was our best yet as seven of our eleven main businesses recorded their strongest financial results to date. We reported record high net income of \$267.8 million for the year ended Dec. 31, 2005, versus \$209.6 million for 2004. This represents a 28 percent increase in net income.

Many highs and firsts were realized in 2005, and this report provides an overview of our accomplishments. Three in particular stand out: The Lafayette Life Insurance Company merger, which added \$2 billion in assets upon completion in June; the announcement – and subsequent closing on March 1, 2006 – of the acquisition of the Constellation Mutual Fund Group, bringing an additional \$3 billion into our Touchstone mutual fund family; and the successful move of our \$7.5 billion Integrity Life Insurance Company to Cincinnati from Louisville, Ky.

Our organization's outstanding financial performance was due to the hard work of thousands of our colleagues who have bought into our energized culture and are improving the way we do business every day. We fully recognize that our industry is going to consolidate further, and we want to be the ideal partner for those who want to combine with us and bring value to Western & Southern Financial Group.

The life insurance industry continues to evolve as part of the larger financial services industry. However, one major area of concern facing the life insurance industry is its outdated mode of regulation. Our industry is currently regulated on a state-by-state basis, which is cumbersome as compared to the national scope of regulation for the banking and securities industries. We believe the life insurance industry would benefit from national regulation (i.e., the Optional Federal Charter). We feel that if we do not achieve national regulation, we risk a decline in market share and are concerned that the current system limits our ability to compete with other financial service organizations at the national level.

In addition to this major industry issue, like many financial service organizations, the rate of change has greatly impacted how we do business. Technology continues to radically reshape the financial services world as innovation and integration replace many long-held traditions. Yet, while our own business mix is shifting toward annuity, retirement and investment products, W&SFG continues to stress life insurance as the foundation for our clients' long-term financial security.

We also are moving deliberately to improve our business and our standing in the market every single day. In 2005, we took great strides to build a strong risk management culture with the implementation of an Enterprise Risk Management

process. Guided by a risk assessment committee, we continue to work to identify and manage any material threats to our organization, clients and associates, and to identify opportunities to take advantage of the risks that complement our current risk-return profile.

In order to grow and increase our competitive capabilities, we continue to diversify our sources of income and penetrate a number of new markets without losing the focus on what we do best: serving the markets for individuals and institutions as they seek the proper choices to ensure their financial security.

As an Enterprise, we will continue to take the "road less traveled" by taking the long view (both in business strategies and investments); avoiding the traps that compromise margins; building capital to ensure our future options; employing multiple strategies that effectively respond to changes in market conditions; expanding our client base while deepening our relationships with current clients; carefully controlling expenses; and reinforcing an ever-improving culture that attracts and keeps the best people possible.

Based on our AA+ Standard & Poor's rating, we are one of the 10 highest rated life insurance groups in the world. We are incredibly well-positioned to take advantage of this as we grow our business and ultimately become the first choice for financial products and services in the markets we serve.

With your support, coupled with our hard work, we will continue to build this Enterprise into an even more special place to work and do business.

Sincerely,



John F. Barrett
Chairman, President
and Chief Executive Officer



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

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 Mutual Holding Company

Western & Southern Financial Group, Inc.

The Western and Southern Life Insurance Company

Western-Southern Life Assurance Company

W&S Agency Group

Fort Washington Savings Company

Insurance Profillment Solutions, LLC

W&S Brokerage Services, Inc.

Lifetime Income Solutions Group

Columbus Life Insurance Company

Capital Analysts Incorporated

The Lafayette Life Insurance Company

IFS Financial Services, Inc.

Integrated Fund Services, Inc.
 Touchstone Advisors, Inc.
 Touchstone Securities, Inc.
 W&S Financial Group Distributors, Inc.

Fort Washington Investment Advisors, Inc.

Todd Investment Advisors, Inc.

Eagle Realty Group, LLC

Integrity Life Insurance Company

National Integrity Life Insurance Company



Western & Southern Financial Group continues to create an unbeatable culture. (Left photo) Touchstone Investments associates, from left: James M. Reckley, Natalie M. Stormer, Julie L. Smith and Daniel Gonzalez with James H. Grifo, President (standing). (Right photo) Eagle Realty Group associates, from left: Doc Gladden, Stephen F. Merkt and Teresa L. Meyer.

One of the reasons Western & Southern Financial Group enjoys a unique position among financial services companies is our culture.

It is exemplified by doing what is right for our clients and W&SFG. In addition, we share a common vision to continue our evolution into an extraordinary world-class financial services organization.

We are fortunate to draw upon the rich talents of an energized workforce. Our clients continually benefit from the depth of knowledge displayed by experienced professionals, combined with industry best practices employed by our associates. At W&SFG, we recognize the value each person brings to our Enterprise and we nurture an environment of teamwork.

Since 1888, we have continually looked ahead and stayed true to our course. We are patient, investing in long-term solutions that will pay off over the years.

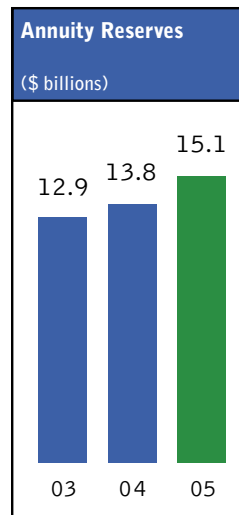
We execute with urgency and skill. We never stop scanning the horizon to uncover strategic opportunities.

Our financial strength is rock solid. We are a Fortune 500 company and one of only 10 life insurance groups in the world to earn Standard & Poor's AA+ or higher rating.

W&SFG has an unwavering drive for excellence. Our many achievements stem from our disciplined approach at every level of the organization.

With that shared understanding, we work in partnership for the greater good. This is a philosophy that serves as the foundation as we continue our evolution into a financial services powerhouse – a road we are traveling with passion as we move from "good to great."

With Americans living healthier and longer lives – often 20 or more years past retirement – W&SFG continues its leadership in the retirement market by offering annuity solutions to an expanding universe of clients.



At year-end 2005, annuity account values exceeded \$15 billion, representing another successful year of delivering top-quality products and services to individuals seeking tax-deferred wealth accumulation and preservation of their retirement savings coupled with the confidence of income guarantees at retirement.

According to LIMRA International, W&SFG continues to be ranked among the 30 largest individual annuity providers in the United States. This success is the result of a disciplined, focused strategy that combines sustained organic sales growth, well-executed entry into new markets and continued development of innovative products that stand out for value and responsiveness to clients' needs.

In addition, member companies of W&SFG are attuned to the needs of our distribution channel partners. By delivering strong, consistent performance and superior service, we foster mutually profitable relationships that benefit a growing customer base.

W&S Financial Group Distributors, Inc., the distribution arm of IFS Financial Services, Inc., participates in some of the nation's largest and most successful bank annuity sales programs.

Recognizing that change is the only constant in today's financial services world, we strive to help financial institutions manage and capitalize on the forces of change through innovative training, marketing support and technology.

W&S Financial Group Distributors partners with leading financial institutions to market annuities issued by Western-Southern Life Assurance Company, Integrity Life and National Integrity Life.

In 2005, despite the continued low interest rate environment, flattened yield curve and increasingly competitive certificate of deposit rates, we ranked among the top 10 providers of fixed annuities to banks, maintaining W&SFG's relative position in the bank channel.

Throughout the year, we continued developing significant new relationships and strengthening bonds with existing strategic partners. We expanded special proprietary relationships with top financial institutions, enabling even stronger ties.

In a random survey of bank program managers and sales representatives conducted by an independent market research firm, W&S Financial Group Distributors received high marks for our overall sales and wholesaler support. Respondents cited wholesaler support as our most valuable service, noting key attributes that included proficiency in meeting customer needs, resourcefulness for value-added information, effectiveness in presenting ideas for sales training, problem solving, responsiveness, and efficiency with follow-up.

Throughout 2005, use of our online fixed annuity application tool, ZapApp, which was first introduced on accessful.com in late 2004, increased an average of 28 percent among our bank partners. ZapApp allows financial services professionals to complete customer applications online, thereby streamlining the submission process and improving application accuracy and operating efficiencies. This is yet another example of a competitive advantage that makes doing business with W&SFG a wise choice.

W&S Financial Group Distributors continues to connect financial institutions across the nation with the exceptional products and services provided by W&SFG member companies.

Integrity Life Insurance Company and National Integrity Life Insurance Company experienced tremendous change and opportunity in 2005. We successfully integrated our back office and sales support functions with the relocation of our Louisville, Ky., headquarters to Cincinnati, Ohio. The move allows us to achieve greater economies of scale to expand and more efficiently participate in the marketplace with fixed, variable and income annuities. Our wholly owned subsidiary, National Integrity in Goshen, N.Y., and our sales support office in Stamford, Conn., were not physically affected by the move.

Sales were strong for the Integrity Companies during 2005 as assets under management grew to more than \$6.8 billion and new sales reached \$828 million, a 24 percent increase over 2004. A.M. Best reaffirmed our A++ Superior rating for financial strength, operating performance and market profile.

With the growing demand to meet the income needs of retiring baby boomers, Integrity strives to become a leader in providing income annuities and user-friendly online tools to help producers offer valuable solutions to their clients. Sales of Income Source, our single premium immediate annuity, neared \$100 million for an increase of more than 50 percent over the prior year.



Jill T. McGruder (left), President and Chief Executive Officer of IFS Financial Services, Inc., Integrity Life Insurance Company, and National Integrity Life Insurance Company; and Brian A. Haberman, Manager of Finance and Administration for Integrity Life Insurance Company and National Integrity Life Insurance Company.

Exchange-traded fund options, now available in all Integrity and National Integrity variable annuities, enjoyed a healthy increase in assets during 2005. We continue to be recognized throughout the industry for our innovation in offering these low-cost solutions within our variable annuity products.

Our move to Cincinnati aligns us well within W&SFG, enabling us to leverage the superior service, technology and distribution capabilities that characterize our companies.

As we look ahead, the Integrity Companies are now positioned for a future of continued growth with more innovative product solutions and enhanced technology that allow us to fulfill the needs of both our producers and contract holders.

W&SFG's life and health insurance member companies continued their long-standing tradition of providing individuals, families and businesses with life insurance, financial products and services, and peace of mind.

The Western and Southern Life Insurance Company career agency force (W&S Agency Group) generated a 25 percent increase in first year and single premium life sales revenue in 2005. We continued to keep our expenses flat for the sixth consecutive year through PROSPER (Process Redesign for Organizational Speed, Profit and Expense Reduction) initiatives producing an estimated 2005 savings of \$2.5 million.

We continued to see positive response to our new, single premium life product, resulting in \$26 million in protection for our clients. In the DALBAR rankings for the fourth quarter 2005, wslife.com ranked 10th among the nation's top life insurance and annuity consumer Web sites. This innovative, customer-oriented site features dynamic content that delivers product education and interactive service functionality such as the ability to correspond online or obtain instant access to view and/or make changes to policy information.

Our Intelligent New Business platform, one of several tools introduced to support the delivery of a superior customer experience, received the A.M. Best National e-Fusion Award in the category of Pricing and Underwriting Solutions. The platform was designed to help ensure complete and accurate data while shortening the issuance time for policies.

Our Comdex ranking is 98 out of 100. Comdex uses a composite of industry ratings to rank companies on a scale of 1 to 100 (with 1 the lowest and 100 the highest).

Our financial strength ratings for 2005 were maintained for The Western and Southern Life Insurance Company and affiliate Western-Southern Life Assurance Company: A.M. Best A++ Superior for financial strength, operating performance and market profile (highest of 16 ratings; rating held since May 1991); Standard & Poor's AA+ for Very Strong financial security characteristics (second highest of 21 ratings; rating held since August 2005); Fitch AA+ for Very Strong insurer financial strength (second highest of 24 ratings; rating held since September 2002); and Moody's Aa2 Excellent rating for insurance financial strength (third highest of 21 ratings; rating held since September 1996).

Columbus Life Insurance Company continues to provide life insurance and annuity products to affluent individuals, families and businesses across the country. With a heritage dating back to 1906, our retirement, estate planning and advanced business planning services are available to the affluent market through a nationwide network of independent producers and registered representatives.

In 2005, we marked yet another record-breaking year, capping a five-year annual compound sales growth rate of 36 percent, and we introduced three new products: Pinnacle II Variable Universal Life, Capital Transfer II Rider and Enhanced Cash Value Rider.

Our financial strength and comprehensive suite of financial products attracted a record number of highly qualified producers to our company. In 2005, over 1,000 new producers added Columbus Life to their financial services offerings. To deliver extra value, we developed an Identity Theft Program that has been well received by producers and customers, and we added Practice Management for Financial Professionals to our practice management series to help independent producers

streamline their operations and better serve clients.

Columbus Life maintained outstanding ratings in 2005: A.M. Best A++ Superior for financial strength, operating performance and market profile (highest of 16 ratings; rating held since June 2005); Standard & Poor's AA+ for Very Strong financial security characteristics (second highest of 21 ratings; rating held since August 2005); Fitch AA+ for Very Strong insurer financial strength (second highest of 24 ratings; rating held since September 2002); and Moody's Aa2 Excellent rating for insurance financial strength (third highest of 21 ratings; rating held since September 1996).

The Lafayette Life Insurance Company based in Lafayette, Ind., joined W&SFG in June 2005. Celebrating 100 years in business since our founding in 1905, we offer a broad range of insurance and financial planning products marketed on an individual and group basis, including whole life, equity-indexed annuities, pension sales, service and administration, and group life and ancillary products for businesses.

In 2005, we upgraded and expanded our whole life product portfolio, introducing to more than 2,900 independent agents five Centennial series products (Heritage, Contender 100, Patriot 100, Sentinel and Liberty) designed using the new 2001 CSO Mortality Table.

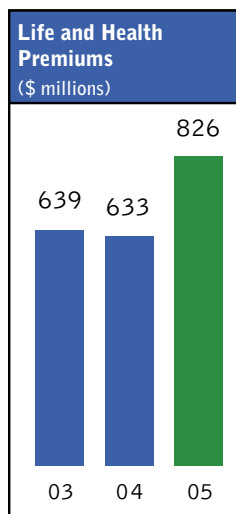
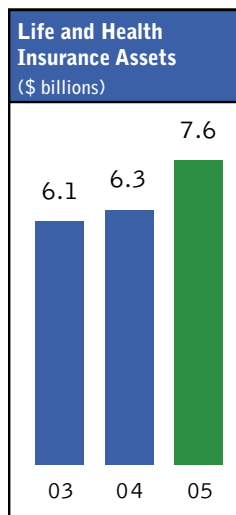
Lafayette Life and Columbus Life initiated a unique co-marketing agreement to strengthen and broaden our distribution networks. Both companies have significant strengths and strive to maintain strong

relationships with producers. The cross-selling agreement provides our independent producers access to more products and services, and it gives both companies greater opportunities to meet client needs.

Lafayette Life's financial strength ratings were upgraded in 2005 as a result of joining W&SFG: A.M. Best A+ Superior for financial strength, operating performance and market profile (second highest of 16 ratings; rating held since June 2005); Standard & Poor's AA+ for Very Strong financial security characteristics (second highest of 21 ratings; rating held since August 2005); and Fitch AA+ for Very Strong insurer financial strength (second highest of 24 ratings; rating held since June 2005).



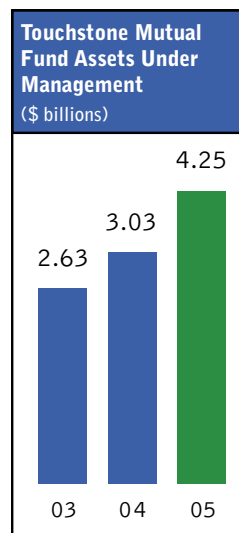
Bryan C. Dunn (left), President and Chief Marketing Officer of W&S Agency Group; and Lawrence L. Grypp, President and Chief Executive Officer of Columbus Life Insurance Company and The Lafayette Life Insurance Company.



The ratings published in this report are correct as of April 30, 2006, 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.

The member companies of W&SFG, providing institutional, corporate and individual investment management and mutual funds, experienced continued growth in 2005 as the U.S. economy overcame rising interest rates, surging energy prices and a series of natural disasters.



Touchstone Investments, founded in 1994, is comprised of Touchstone Advisors, Inc., a registered investment advisor, and Touchstone Securities, Inc., a registered broker/dealer. Touchstone provides a variety of mutual fund solutions across the investment spectrum. We are 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.

Sustained growth in sales and assets under management in 2005 fueled our success. Sales grew 41 percent to \$1.14 billion and assets under management increased 40 percent to \$4.25 billion. According to *Strategic Insight*, Touchstone ranked among the 10 fastest-growing mutual fund firms for sales in 2005.

The Touchstone Large Cap Growth Fund was the largest contributor to our record asset growth, with assets increasing 205 percent to \$890 million. The number of producing financial professionals incorporating Touchstone Funds into their clients' investment portfolios increased 53 percent to more than 13,600, further expanding our distribution.

We re-launched our Touchstone Institutional Money Market Fund aimed at seeking high current income while protecting capital for corporate and institutional investors.

The Fund, which is sub-advised by Fort Washington Investment Advisors, Inc., invests in high-quality domestic bank obligations, U.S. government securities, short-term corporate debt securities, taxable and tax-exempt municipal securities, taxable municipal bonds, variable and floating rate securities, and repurchase agreements.

Culminating a year of tremendous growth, Touchstone completed the acquisition of the assets of Berwyn, Pa.-based Constellation Investment Management Company, L.P., advisor to the Constellation Funds, in early 2006. The acquisition adds \$3 billion to our asset base to bring total assets under management to \$7.2 billion. The move also adds several proven managers to our roster of sub-advisors, broadens the range of funds we offer and adds distribution channels that expand upon as well as complement our existing relationships.

Fort Washington Investment Advisors, Inc., a registered investment advisor, maintains a solid reputation built on stability, discipline and excellence in providing comprehensive investment management and client service for public and private institutions, corporations, mutual funds, endowments, insurance companies and high-net-worth individuals. We are striving to become the premier investment advisor regionally and to compete nationally with select strategies. Founded in 1990, we manage more than \$25.5 billion in assets* through a broad array of investment styles ranging from equity and fixed income to private equity limited partnerships and advisory services.

In 2005, *Pensions & Investments* magazine ranked Fort Washington the 104th out of 775 of the largest managers of domestic institutional assets based upon year-end 2004 total assets under management. Numerous new business wins for our Private Equity team powered that ranking and added more than \$180 million to our assets

under management. The new business included The Ohio Capital Fund aimed at generating up to \$125 million from private sources to drive seed- and early-stage investment in Ohio-based companies and a \$100 million mandate awarded by the Utah State Investment Council. By year end, we also closed on \$78 million in committed capital in our fifth private equity national fund of funds.

Our High Yield team continued its momentum with another successful year. Our high yield strategy, which has provided excellent performance results over multiple time periods, continued to receive high marks from the consultant and institutional markets, generating more than \$2 billion in total new assets under management since its inception in July 1994. *Pensions & Investments* ranked it the top-performing commingled fixed income strategy for the five-year period ending Dec. 31, 2005.

For the fifth consecutive year, Fort Washington was named a top manager by *iMoneyNet* with the receipt of *iMoneyNet's* Money Fund Report™ Top Manager Award for our results in cash management.

We also added a small cap growth equity strategy in 2005. Managed by a team of investment professionals with an average of 18 years' experience, this strategy outperformed the Russell 2000 Growth Index in 2005.**

Todd Investment Advisors, Inc., a wholly owned subsidiary of Fort Washington Investment Advisors, Inc., based in Louisville, Ky., is one of the region's oldest and largest money management firms.



Maribeth S. Rahe (left), Chief Executive Officer; and Nicholas P. Sargen, Chief Investment Officer, both of Fort Washington Investment Advisors, Inc.

With nearly \$3.7 billion in assets under management, our client base includes public and private institutions, mutual funds, high-net-worth individuals and broker-sponsored separately managed accounts.

Through a combination of new products and expanded distribution channels, Todd raised approximately \$400 million in new client funds during 2005. The largest gain was in our price-to-intrinsic value based international portfolio, which invests solely in American Depository Receipts traded on the U.S. stock market. Other new products included a series of lifestyle fund of funds that use exchange-traded funds as their primary investments for asset allocation.

The flagship product – Relative Value Equity – is a diversified, dynamic approach to value investing. The product is available as a separate account as well as through various other platforms.

* Does not include Todd Investment Advisors, Inc., a wholly owned subsidiary, with nearly \$3.7 billion in assets under management, or Fort Washington Capital Partners Group, an affiliate of Fort Washington Investment Advisors, Inc., with more than \$600 million in assets under management.

** Past performance is not indicative of future results.

Company Information	Products and Services	Markets Served and Distribution Channels
Western & Southern Mutual Holding Company	Mutual insurance holding company; sole shareholder of Western & Southern Financial Group.	
Western & Southern Financial Group, Inc. www.westernsouthern.com (800) 333-5222	Holding company; sole shareholder of The Western and Southern Life Insurance Company and The Lafayette Life Insurance Company.	
The Western and Southern Life Insurance Company www.wslife.com (800) 936-1212	Life insurance and personalized needs analysis.	Individuals, families and businesses in the middle-income market. 181 field offices nationwide. Licensed in 43 states and the District of Columbia.
Western-Southern Life Assurance Company www.wslife.com (800) 936-1212	Interest-sensitive life insurance, fixed and variable annuities, retirement planning and personalized needs analysis.	Individuals, families and businesses in the middle-income market. 181 field offices nationwide. Licensed in 45 states and the District of Columbia.
W&S Agency Group www.wslife.com (800) 936-1212	Life insurance, annuities, mutual funds, retirement services and health insurance products.	Individuals, families and businesses in the middle-income market. 181 field offices, plus Internet and Client Relationship Center.
Fort Washington Savings Company (866) 819-4263	Provides beneficiaries of The Western and Southern Life Insurance Company with an FDIC-insured checking account upon the payment of a death benefit.	Life insurance beneficiaries.
Insurance Profillment Solutions, LLC (866) 590-0161	Comprehensive call center services for insurance brokers, including insurance application completion, underwriting submission, case management, policy placement and payment procurement.	Insurance brokers selling term insurance through the Internet or direct marketing channels.
W&S Brokerage Services, Inc.* § www.wslife.com (513) 629-1055	Mutual funds, variable annuities, equity-indexed annuities and variable universal life insurance.	Middle-income market through W&S Agency Group field force and Client Relationship Center.
Columbus Life Insurance Company www.columbuslife.com (800) 677-9696	Life insurance (universal life, variable universal life, survivor universal life and term), annuities, retirement planning and personalized needs analysis.	Individuals, families and businesses in the middle- and upper-income markets. Licensed in 48 states and the District of Columbia.
Capital Analysts Incorporated* ** www.capitalanalysts.com (800) 685-7515	Investments, asset management, charitable giving, retirement planning and tax-advantaged investment strategies.	High-net-worth individuals, families, professionals and closely held corporations. More than 500 registered representatives.
Fort Washington Investment Advisors, Inc.** www.fortwashington.com (888) 244-8167	Broad array of investment strategies, including large cap value and small cap growth public equity, cash management, core and active core and high yield fixed income, as well as private equity limited partnerships and advisory services.	Public and private institutions, corporations, insurance companies, mutual funds, foundations, endowment funds, associations and high-net-worth individuals and their businesses.
Eagle Realty Group, LLC www.eaglerealtygroup.com (800) 361-7040	Commercial property management, multi-family management for apartment communities, and real estate investment management encompassing asset management, real estate investment advisory services and real estate development.	Corporations, financial institutions, pension funds, real estate investment trusts and individual real estate investors.
Todd Investment Advisors, Inc.** www.toddinvestment.com (888) 544-8633	Investment products that include large cap relative value and balanced portfolios for both taxable and tax-exempt clients, lifestyle funds and discretionary portfolio management.	Public and private institutions, corporations, mutual funds, broker-sponsored separately managed accounts and high-net-worth individuals.
IFS Financial Services, Inc. (513) 362-8000	Fixed and variable annuities, mutual funds, fund administration, life insurance and wealth preservation programs.	Broker/dealers, financial planners, brokerage firms, wirehouses, independent agents, financial institutions and mutual fund complexes.
Integrated Fund Services, Inc. www.integratedfundservices.com (513) 362-8000	Administration, accounting, shareholder servicing and distribution services for mutual funds.	Mutual fund and investment management complexes.
Touchstone Investments www.touchstoneinvestments.com (800) 638-8194	Mutual funds.	Individuals, institutions, corporations and retirement plans.
W&S Financial Group Distributors, Inc. www.accessful.com (800) 285-2858	Annuities (fixed, variable and income), mutual funds and life insurance.	Financial institutions.
Integrity Life Insurance Company www.integritycompanies.com (888) 644-2300	Fixed and variable annuities and other financial tools.	Independent broker/dealers, financial planners, brokerage firms, wirehouses and independent agents.
National Integrity Life Insurance Company www.integritycompanies.com (888) 644-2300	Fixed and variable annuities and other financial tools.	Independent broker/dealers, financial planners, brokerage firms, wirehouses and independent agents.
Lifetime Income Solutions Group (502) 540-2855	Guaranteed income products, low-cost annuity products and fee-based products.	Retirement planning markets, individuals and groups.
The Lafayette Life Insurance Company www.lafayettelife.com (800) 243-6631	Whole life, senior age whole life, term life, universal life, equity-indexed annuity products, equity-indexed universal life and pension products and services.	Middle- and upper-middle income individuals, small- and medium-size businesses.

* Member NASD/SIPC ** Registered Investment Advisor § Effective June 1, 2006

Our diversified portfolio of non-traditional financial services, including mutual fund services, automated insurance policy fulfillment, banking and broker/dealer support, commercial and multi-family property management, and retirement solutions, continued to deliver client value in 2005.

Integrated Fund Services, Inc., is a customized, flexible and responsive provider of services to the investment management industry, including transfer agency, shareholder service, fund accounting, compliance and distribution.

With innovative pricing strategies, Integrated breaks new ground with client-focused servicing that aligns our interests with those of our customers. While other mutual fund service providers offer a standard package of sales and management reports, we offer enhanced reporting products that provide clients additional flexibility and delivery options.

Among our 2005 accomplishments, we successfully added the MMA Praxis mutual funds to our family of clients. MMA offers nine mutual funds with nearly 45,000 shareholder accounts and over \$787 million in assets. We surpassed \$10 billion in total assets serviced with over \$11 billion at year end and exceeded 300,000 shareholder accounts, both firsts.

Throughout the year, we continued to diversify our revenue sources by enhancing our products and services outside our core product line, generating more than \$1.2 million in non-core revenue.

We became the first mutual fund service provider to offer SunCard Investment Systems InvestOne Enterprise, a Web-based portal comprising specialized interface screens that can be customized to improve workflow efficiency and lower staff training costs.

We pioneered enhanced technology in the mutual fund transfer agent business with implementation of Check 21, an electronic check deposit system, and the CheckFree Auto-Recon system. And we fully implemented a suite of unique i-Compliance Services, providing a wide range of cost-effective mutual fund audit and compliance services.

Fort Washington Savings Company provides the beneficiaries of The Western and Southern Life Insurance Company with an FDIC-insured checking account upon the payment of a death benefit. Operating as a state-chartered thrift since July 2003, we continually evaluate additional banking services to benefit the company's policyholders.

Insurance Profillment Solutions, LLC, is a third-party administrator established in 2005 to offer the insurance industry one of the first end-to-end automated insurance policy fulfillment solutions.

Leveraging our telephonic infrastructure and core competency of automated insurance fulfillment, we offer insurance direct marketers a level of automation and process efficiency that would be difficult for most companies to cost justify on their own. Through the combination of people, process, and technology, we offer our clients a competitive advantage through shorter policy fulfillment cycle times and higher placement rates.

Our client services include completing insurance applications over the phone using online state-specific forms, scheduling paramed visits, electronically submitting applications to the appropriate carrier, securing missing client or medical information, collecting payment information and placing issued policies.

Capital Analysts Incorporated, a full-service broker/dealer providing customized support for independent financial advisors, experienced gross revenue growth of 15 percent in 2005. Our financial advisors supervised \$6.8 billion of client assets, a record and a 21 percent increase over 2004. Capital Analysts Asset Management Services, our distinguished suite of asset management programs, topped \$1 billion in 2005.

Investment News ranked Capital Analysts 28th among the top 50 independent broker/dealers nationwide based upon year-end 2004 gross revenues of \$50.9 million. This was up from 34th the previous year. We also ranked 43rd by the same publication for representatives producing over \$100,000 and 40th for total number of representatives (520).

Eagle Realty Group, LLC, devoted significant resources toward the extremely successful development of 303 Broadway, a 188,000-square-foot office tower atop a parking garage in downtown Cincinnati. While the building is slated for completion in 2006, it was certified for partial occupancy in 2005. In addition to third-party tenants expected to occupy space, two W&SFG member companies now occupy a portion of the building.

As one of our significant accomplishments, 303 Broadway is the first Class A+ office building constructed in downtown Cincinnati in 14 years. It combines a highly visible location in the city's premier office district with a spectacular architectural design to create an outstanding address for image- and productivity-conscious tenants.

The building offers floor-to-ceiling, high-performance glass windows; a 660-space on-site parking garage; superb highway access; state-of-the-art HVAC system; advanced telecommunication connections; and spectacular river and city views from all floors.



From left: Mario J. San Marco, President of Eagle Realty Group; John R. Lindholm, President and Chief Executive Officer of Lifetime Income Solutions Group; and Roy E. Rogers, President of Integrated Fund Services, Inc.

Our Multi-Family Property Management Division successfully added 2,771 units of new third-party and affiliated property management assignments, allowing Eagle to achieve a high of 4,860 units under management. Oversight also continued on the conversion of a large Cincinnati apartment community to condominiums.

Our Investment Management Division achieved record-setting capital gains in our real estate portfolio. With the successful sale of six properties in 2005, we realized an overall capital gain of \$106.5 million.

Lifetime Income Solutions Group was established in 2005 with the help of executives from Integrity Life Insurance Company as a resource for all W&SFG member companies serving segments of the population in need of retirement solutions. We develop products, services and tools and seek new distribution channels and delivery systems that help enhance and expand the organization's ability to meet the needs of retirees.



Left to right: **Donald J. Wuebbeling**, Senior Vice President and General Counsel; **Constance M. Maccarone**, Senior Vice President of Insurance Operations; **Noreen J. Hayes**, Senior Vice President of Human Resources; **Herbert R. Brown**, Senior Vice President of Public Relations and Corporate Communications; **Nora E. Moushey**, Senior Vice President and Chief Actuary; and **Clint D. Gibler**, Senior Vice President and Chief Information Officer. All are senior executives leading Shared Services within Western & Southern Financial Group.

W&SFG and our subsidiaries continued the evolution into a financial services powerhouse, all while relying upon the expertise and knowledge of highly skilled professionals to support our growing organization.

In 2005, our Shared Services operations helped W&SFG stay the course by successfully meeting the business needs of our individual units, effectively managing corporate expenses, and providing the highest-quality service to our member companies to promote a unified corporate vision.

Actuarial provides pricing and cost determination for life and annuity products; data analysis; financial projections and reporting; product and other state filings; and valuation processing.

Human Resources recruits, develops and retains the highest-quality associates and manages our 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 for insurance and annuity products.

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

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

At W&SFG, we approach our responsibility as an outstanding corporate citizen with the same focus and passion we use to build our businesses.

When Hurricane Katrina devastated the Gulf Coast region, W&SFG carefully considered how we could make the greatest positive impact. As a result, a total donation of \$1 million was made to The American Red Cross, Catholic Charities and The Salvation Army.

Closer to home, we forged a private-public partnership to spearhead the most profound change to Ohio's tax structure in 75 years. Working with the Ohio Business Roundtable, Ernst & Young, the Ohio Governor's Office, state officials and many others, we led an historic tax reform effort to design a tax reform package that would lower personal income taxes for Ohio residents and make Ohio a more favorable home for doing business. Ohio's tax reform plan was signed into law in June 2005, making the new tax structure a model for other states.

Supporting United Way has always been a high priority at W&SFG. In 2005, we surpassed our campaign goal and raised \$1.4 million in associate and corporate contributions, ranking No. 1 in new dollars raised among Cincinnati's United Way pacesetter campaigns.

As part of our support of the local health care community, we co-led a study of physician shortages in the region and then assisted with the creation of a Web site (CincinnatiMDjobs.com) aimed at helping attract physicians to our region. This effort has been a huge success.

In addition to these activities, we continue to be a regional and national leader in the fight against Multiple Sclerosis and cancer. Our volunteer leadership on nearly 100 nonprofit organizations and donations from



The 2005 Western & Southern Financial Group Masters winner **Roger Federer** (left) of Switzerland accepts the tournament trophy from Western & Southern Financial Group Chairman, President and Chief Executive Officer **John F. Barrett**. Photo by Katie Terrill

our corporate foundation quietly advance the well-being of our community.

In one of the city's poorest and most historic neighborhoods, Over-The-Rhine, we maintain the affordable housing community that we developed more than a decade ago.

Our title sponsorship of the Western & Southern Financial Group Masters and Women's Open tennis tournaments brings the Southwest Ohio region international attention and generates charitable contributions as well as more than \$25 million annually in regional economic activity.

At W&SFG, we remain as committed to fulfilling the responsibilities of corporate citizenship as we have been during our history dating back to 1888.

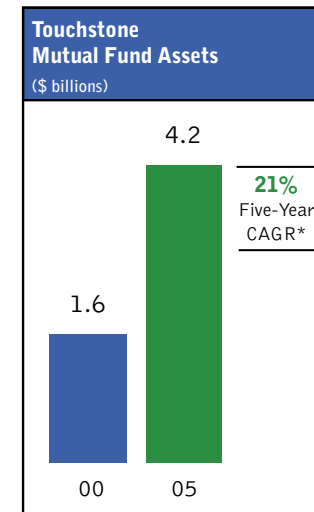
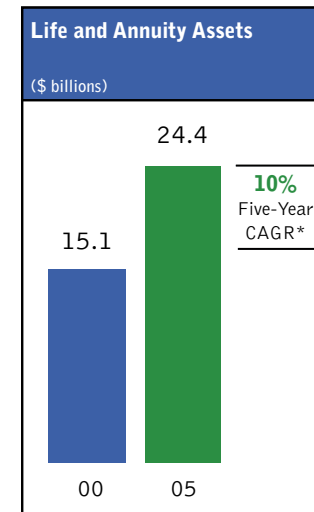
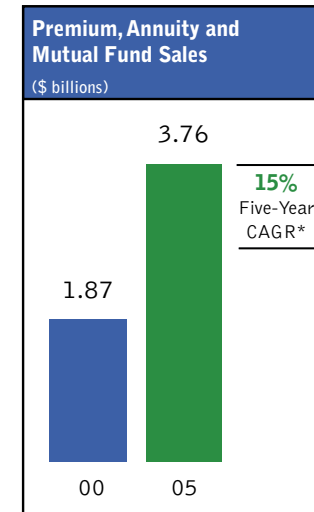
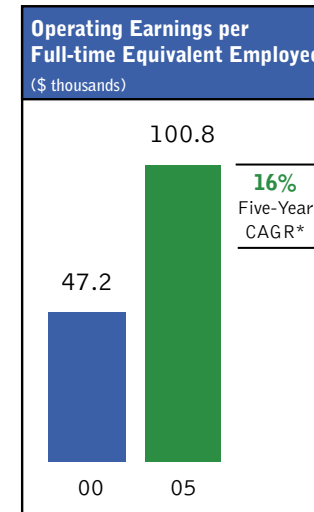
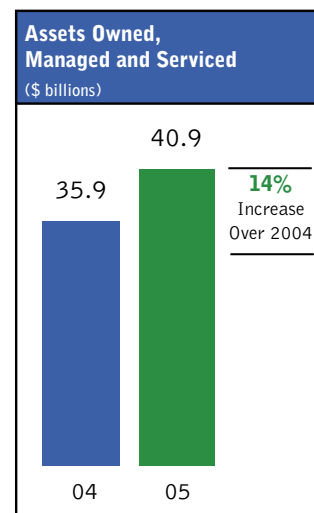
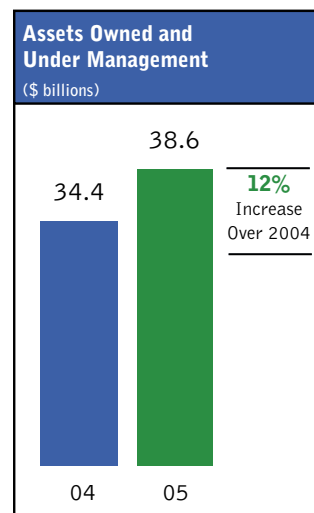
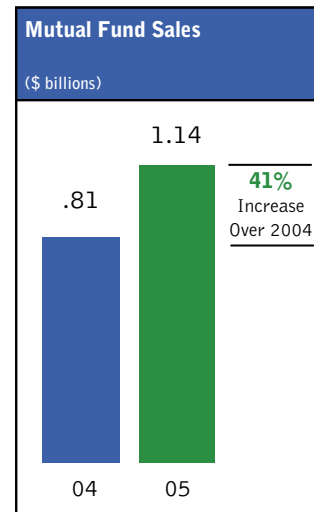
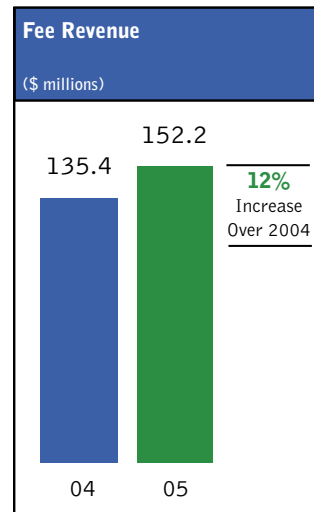
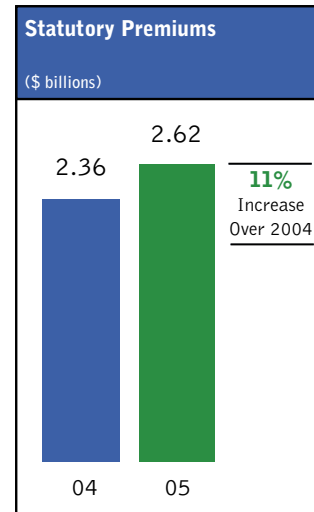
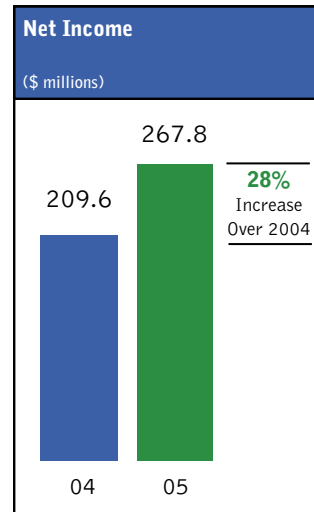
Record Year in 2005 Net Income up 28 Percent

In 2005, Western & Southern Financial Group achieved record net income of \$267.8 million, a 28 percent increase over 2004 on record revenues.

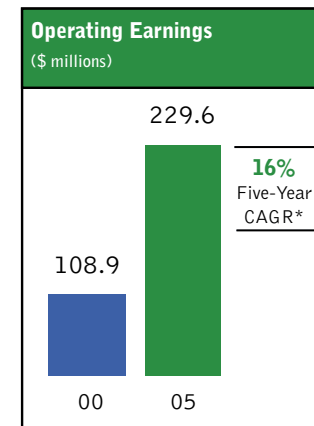
This increase in net income is the result of our continued strong operating earnings and a solid investment performance in 2005. These strong financial achievements demonstrate the value of the financial discipline that continues to guide our management team.

By the end of 2005, W&SFG's assets owned and under management grew 12 percent to \$38.6 billion, up from \$34.4 billion at the end of 2004. Assets owned, managed and serviced grew 14 percent from \$35.9 billion to \$40.9 billion. Total statutory premium for all W&SFG's life insurance entities reached \$2.62 billion for an 11 percent increase over the prior year. Mutual fund sales also reached a record \$1.14 billion, a 41 percent increase over 2004. Non-life insurance fee revenue of \$152.2 million in 2005 represented a 12 percent increase over 2004.

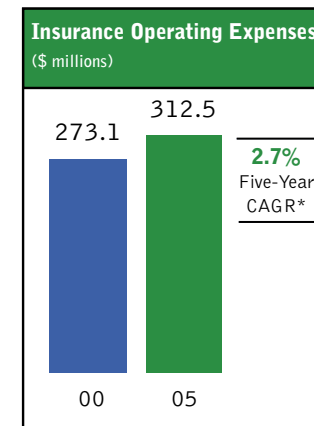
W&SFG remains a very well capitalized company as net worth reached a record \$4.8 billion in 2005, maintaining a 15.5 percent GAAP capital-to-asset ratio. This is the strongest balance sheet in our history.



Double-digit Growth in Earnings



Low Single-digit Growth in Expenses



* Compound Annual Growth Rate

Record Five-Year Performance Growth Trends Continue

Along with record 2005 net income, W&SFG continued our double-digit growth trends as operating earnings reached \$229.6 million for a five-year compound annual growth rate (CAGR) of 16 percent.

Operating earnings per full-time equivalent employee, our primary efficiency measure, reached \$100,800 in 2005, up from \$47,200 in 2000 for a 16 percent five-year CAGR.

Premium, annuity and mutual fund sales reached a record \$3.76 billion for a five-year CAGR of 15 percent. Life and annuity assets reached \$24.4 billion for a five-year CAGR of 10 percent, while mutual fund assets reached \$4.2 billion for a five-year CAGR of 21 percent.

We achieved these double-digit growth trends while managing expenses to a conservative 2.7 percent CAGR over the same five-year period.

In 2005, W&SFG continued to grow as we built upon the positive momentum of our previous five years. These solid financial results along with the fruition of our long-term business strategies position us to continue growing into a financial services powerhouse.

GAAP BALANCE SHEET

Consolidated and Condensed Financial Statements

Amounts in thousands

Assets	December 31, 2005	December 31, 2004
Debt securities	\$ 19,308,373	\$ 17,595,886
Equity securities	3,137,097	3,120,002
Other invested assets	3,031,452	2,431,093
Total invested assets	25,476,922	23,146,981
Other general account assets	2,930,063	1,978,528
Total general account assets	28,406,985	25,125,509
Assets held in separate accounts	2,357,079	2,340,405
Total assets	\$ 30,764,064	\$ 27,465,914
Liabilities and equity		
Future policy benefits and claims	\$ 20,355,253	\$ 18,078,564
Long-term debt	516,961	494,467
Other general account liabilities	2,651,916	1,853,553
Total general account liabilities	23,524,130	20,426,584
Liabilities related to separate accounts	2,357,079	2,340,405
Total liabilities	25,881,209	22,766,989
Minority interest in net assets of consolidated partnerships	120,012	75,314
Total equity	4,762,843	4,623,611
Total liabilities and equity	\$ 30,764,064	\$ 27,465,914

GAAP STATEMENT of INCOME

Consolidated and Condensed Financial Statements

Amounts in thousands

Revenue	Year Ended December 31, 2005	Year Ended December 31, 2004
Insurance premiums, product charges and other considerations	\$ 730,163	\$ 603,338
Net investment income	1,276,093	1,202,906
Net realized investment gains	188,449	130,520
Net other income	242,311	116,111
Total revenue	2,437,016	2,052,875
Benefits and expenses		
Policy benefits, interest credited and dividends to policyholders	1,291,719	1,125,516
Minority interest in net gain of consolidated partnerships	20,620	13,220
Other operating expenses	730,481	587,763
Total benefits and expenses	2,042,820	1,726,499
Income before income tax expense and cumulative effect of change in accounting principle	394,196	326,376
Income tax expense	120,468	98,700
Net income before cumulative effect of change in accounting principle	273,728	227,676
Cumulative effect of change in accounting principle, net of taxes	5,904	18,074
Net income	\$ 267,824	\$ 209,602
Additional statements of income performance measures		
Operating earnings*	\$ 229,650	\$ 209,801

* Operating earnings are defined as net income excluding federal income tax, net realized investment gains or losses, minority interest relating to capital gains, one-time restructuring charges, and cumulative effect of change in accounting principle.

BOARD of DIRECTORS



Seated left to right: Elizabeth A. Smith, John F. Barrett, William J. Williams and Jo Ann Davidson. Standing left to right: Lawrence C. Hawkins, Ed.D., Donald A. Bliss, Thomas L. Williams, Jack Twyman, James N. Clark, Eugene P. Ruehlmann and J. Harold Kotte, M.D.

John F. Barrett

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

Donald A. Bliss

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

James N. Clark

Secretary; Former Executive Vice President and Chief Financial Officer, Western & Southern Companies

Jo Ann Davidson

Former Speaker, Ohio House of Representatives

Lawrence C. Hawkins, Ed.D.

Former Executive Vice President of Administration, University of Cincinnati

J. Harold Kotte, M.D.

Cardiologist; Former Medical Director of Western & Southern Life; Former President, Good Samaritan Hospital medical staff

Eugene P. Ruehlmann, Esq.

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

Elizabeth A. Smith, Esq.

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

Jack Twyman

Former Chief Executive Officer, Super Food Services, Inc.

Thomas L. Williams, Esq.

President, North American Management and Development Company

William J. Williams

Chairman of the Executive Committee; Former Chief Executive Officer, Western & Southern Companies

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 and Chief Executive Officer

Herbert R. Brown	Constance M. Maccarone
James N. Clark	J. J. Miller
Clint D. Gibler	Nora E. Moushey
Noreen J. Hayes	Robert L. Walker
Edward S. Heenan	Donald J. Wuebbeling
Carroll R. Hutchinson	

Keith W. Brown, Chief Underwriter
 Keith T. Clark, M.D., Medical Director
 David T. Henderson, Chief Risk Officer
 Bradley J. Hunkler, Comptroller
 Phillip E. King, Auditor
 Michael R. Moser, Chief Compliance Officer
 Douglas Ross, Chief Technology Officer
 James J. Vance, Treasurer

W&S Agency Group

Bryan C. Dunn, President and Chief Marketing Officer

Fort Washington Savings Company

Robert J. DalSanto, President

Insurance Profillment Solutions, LLC

Robert J. DalSanto, President

W&S Brokerage Services, Inc. §

Bryan C. Dunn, President

Columbus Life Insurance Company

Lawrence L. Grypp, President and Chief Executive Officer
 Mark A. Wilkerson, Chief Marketing Officer

Capital Analysts Incorporated

Robert S. Cogan, President

§ Effective June 1, 2006

Fort Washington Investment Advisors, Inc.

Maribeth S. Rahe, President and Chief Executive Officer
 Nicholas P. Sargen, Chief Investment Officer

Eagle Realty Group, LLC

Mario J. San Marco, President

Todd Investment Advisors, Inc.

Bosworth M. Todd, Chairman Emeritus
 Robert P. Bordogna, Chairman
 Curtiss M. Scott, President and Chief Executive Officer

IFS Financial Services, Inc.

Jill T. McGruder, President and Chief Executive Officer

Integrated Fund Services, Inc.

Roy E. Rogers, President

Touchstone Investments

James H. Grifo, President

Integrity Life Insurance Company

National Integrity Life Insurance Company

Jill T. McGruder, President and Chief Executive Officer

Lifetime Income Solutions Group

John R. Lindholm, President and Chief Executive Officer
 Dennis L. Carr, Chief Actuary

The Lafayette Life Insurance Company

Lawrence L. Grypp, President and Chief Executive Officer
 William F. Olds, Chief Operating Officer

Robert J. Gibbons retired as Chairman and Chief Executive Officer of The Lafayette Life Insurance Company in late 2005. Under his leadership, Lafayette Life reorganized into a mutual insurance holding company; increased its asset base to become among the top 25 percent of all U.S. life insurers; broadened its offerings to include policies that provided for such needs as estate planning, annuities, retirement income, pension or profit-sharing plans, and cash accumulation; and formed a strategic partnership with W&SFG. We thank Bob for his strong leadership and wish him continued success in the years ahead.



Western & Southern Financial Group, Inc.
www.westernsouthern.com
(800) 333-5222

The Western and Southern Life Insurance Company
www.wslife.com
(800) 936-1212

Western-Southern Life Assurance Company
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(800) 936-1212

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Lifetime Income Solutions Group
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The Lafayette Life Insurance Company
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§ Effective June 1, 2006



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