

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

December 2009

We are cautiously optimistic that the financial markets have recovered from their lowest point. With that background, I would like to update you on Western & Southern Financial Group's strong performance in 2009 and some outstanding results and milestones achieved across our organization.

While no financial company was immune to the challenges posed by declines in the global economy, Western & Southern withstood the challenges and emerged extremely well positioned to deliver the kind of results and financial stability our clients and other constituents have come to expect from our family of companies. Consider the following:

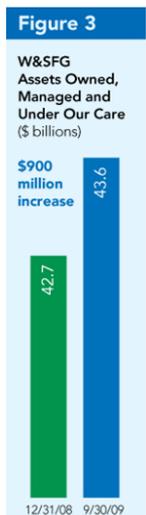
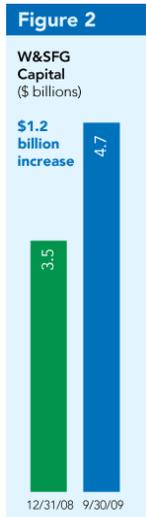
- 1. Extremely strong ratings.** Western & Southern's financial strength ratings continue to underscore our impressive financial strength. While independent rating agency Standard & Poor's (S&P) announced 25 U.S. life insurance downgrades without any upgrades through early September, it affirmed our AA+ rating, upholding our ranking as one of the strongest life insurance groups in the world and one of only nine to receive S&P's AA+ or higher rating. Equally important, all four rating agencies maintain our outlook as "Stable."
- 2. Extremely strong balance sheet.** As of Sept. 30, Western & Southern's GAAP capital-to-asset ratio, a key measure of financial strength, was a robust 13.9 percent. This was a 24 percent gain over our already industry-leading ratio of 11.2 percent at year-end 2008 (Fig. 1). Based on the latest information available, our ratio is about twice the average of the 15 largest publicly traded life companies. This demonstrates rock-solid growth of \$1.2 billion (Fig. 2) and a \$900 million boost in assets owned, managed, and under our care to \$43.6 billion as of Sept. 30 (Fig. 3).
- 3. Outstanding life insurance performance.** Our career agent sales force has enjoyed outstanding success. Through Sept. 30, Western & Southern Life's annual premium on policies sold was up 38 percent, the number of policies sold was up 25 percent and face amounts on those policies increased 29 percent compared to the same period last year. This is in stark contrast to the life insurance industry as a whole. Based on the latest data available through the first six months of 2009, LIMRA International, a leading trade association for the life insurance industry, reported the industry's steepest six-month sales decline since the second half of 1942 with annualized premium down 23 percent and the number of policies sold and their face amounts also declining.
- 4. Flight-to-quality continues with strong annuity sales.** LIMRA International ranked Western & Southern among the Top 20 individual fixed annuity providers in the United States through June 2009. Our total annuity production through Sept. 30 exceeded \$2 billion. Customers continue to seek Western & Southern's strength and stability, affirming our strategy and commitment to high ratings and high capital.

Western & Southern's financial performance underscores our commitment to ensuring our clients' financial security no matter what might lie ahead. We were built for these times and to grow while other insurers falter. We invest for the long term, deliver top-notch customer service and run our operations with the highest degree of ethics and integrity. These uncompromised standards are the key reasons Western & Southern continues to be the company of choice for those seeking lifetime financial security. Contact us at 1-877-FOR-WSFG or visit westernsouthern.com if you have any questions or would like more information.

Sincerely,



John F. Barrett
Chairman, President and
Chief Executive Officer



Western & Southern Financial Group, based in Cincinnati, OH, is a dynamic family of financial services companies whose heritage dates to 1888. Western-Southern Life Assurance Company, Columbus Life Insurance Company, Integrity Life Insurance Company, National Integrity Life Insurance Company, Lafayette Life Insurance Company and Touchstone Securities, Inc., are members of Western & Southern Financial Group.