

A Story Worth Telling
The Next 100 Years



Lafayette Life Insurance Co.

The Lafayette Life Insurance Company provides life insurance and annuity products to individuals and small businesses through multiple distribution channels. The individual product portfolio includes whole life, senior age whole life, term life, universal life, immediate annuities, and indexed universal life and annuities. Lafayette Life serves small to medium-sized businesses by offering qualified plan products and administrative services, as well as group life and ancillary products. Lafayette Life is licensed in 48 states and the District of Columbia.

Lafayette Life is a member of Western & Southern Financial Group, a Cincinnati-based diversified family of financial services companies with assets owned and under management in excess of \$38 billion. A FORTUNE 500 company, W&SFG is one of only 10 groups in the world to earn Standard & Poor's AA+ rating or higher for its life insurance units.



A member of Western & Southern Financial Group®

1905 Teal Road
P.O. Box 7007
Lafayette, Indiana 47903

www.llic.com
1-800-243-6631

A Story Worth Telling

The Lafayette Life Insurance Company began as the vision of a handful of turn-of-the-20th century businessmen to provide the best possible insurance protection to people at the lowest reasonable cost. Their vision became reality on December 26, 1905, when the Articles of Incorporation established Lafayette Life as a mutual company, with headquarters in Lafayette, Indiana.



From its humble beginnings in the nation's heartland, Lafayette Life has emerged as a leading provider of insurance products and services. This has been achieved by taking advantage of strategic opportunities, by answering critical challenges, and by embracing changes that have positioned the company to grow and to prosper. The company now operates in 48 states and the District of Columbia. Guided by its three founding principles—solid and unquestioned financial strength, attention and service to policyowners, and close relationships with field associates—Lafayette Life has remained focused, yet flexible, to not only survive, but to thrive in an ever-changing marketplace and industry.

Lafayette Life has remained strong despite the impact of two world wars, the Great Depression, the stock market crash and the challenges that are presented by the changing marketplace, industry and society. Nothing has deterred Lafayette Life from meeting its primary obligation to policyowners. That bedrock of financial security and a sense of rightness allowed Lafayette Life to pay the war claims of World War I casualties, even though the company was not obligated. During the Great Depression, when banks and other mortgage holders were foreclosing on delinquent accounts, Lafayette Life did everything possible to help real estate owners—especially farmers—keep their land. In some

cases, delinquent mortgage holders deeded their farms to Lafayette Life, which then leased it back to the owners. This allowed the farmers to keep their insurance, their farms, and their dignity.

During a Century of Service, Lafayette Life's employees have contributed their time, talent, and financial resources to support civic, educational, cultural and religious activities. During 2005, more than \$20,000 was raised for Hurricane Katrina relief efforts through employee donations and a matching grant from the Lafayette Life Foundation. The Foundation also made a grant of \$35,000 to United Way of Greater Lafayette to support 25 local member agencies that provide valuable services to one in every three local residents.

"We have remained in harmony with our founding principles and practices. Yet, we are also clearly and confidently focused on our future, well prepared to launch our second century of excellence."

Lawrence L. Grypp
President & Chief Executive Officer

Responding to challenges and strategic opportunities, Lafayette Life has continued to grow and evolve as a leading insurance company. In 2000, Lafayette Life reorganized into a Mutual Insurance Holding Company structure. This change added structural flexibility while allowing the company to retain its mutual culture. The reorganization enhanced Lafayette Life's ability to engage in mergers and acquisitions and to access the capital markets, if necessary, to remain competitive and to grow.

Approaching its 100th anniversary, Lafayette Life initiated a strategic alliance that would make the company even stronger and more competitive, as well as provide improved financial ratings and greater resources. In June 2005, Lafayette Life aligned with the Western & Southern Financial Group, a Cincinnati-based diversified family of financial services companies with assets owned and under management in excess of \$38 billion.

President and Chief Executive Officer Larry Grypp states: “Over the years, Lafayette Life has grown and progressed by adapting to the changes and challenges of our industry and by taking advantage of strategic opportunities. William Shakespeare wrote that ‘what’s past is prologue.’ As Lafayette Life begins our second century of service, we are extremely proud of our past, and look forward with excitement to opportunities on the horizon. We have remained in harmony with our founding principles and practices. Yet, we are also clearly and confidently focused on the future, well prepared to launch our second century of excellence. If the past is indeed prologue to the future, be assured that Lafayette Life is committed to fulfilling our vision to be a premier provider of financial protection and security for families in the 21st century.” ■



Lafayette Life Home Office, Lafayette, IN

Mission Statement

The mission of The Lafayette Life Insurance Company is to maintain itself as a financially sound, quality driven, growth-oriented company, dedicated to meeting its customers’ requirements for life insurance products and services, and to distribute its products to well defined U.S. market segments.

Vision Statement

To be a premier provider of financial protection and security through customized use of life insurance and annuity products.

Company Principles

- Help clients, through our representatives, to evaluate insurance needs and recommend products that are best for the client’s situation.
- Offer quality products and services that are fairly priced and competitively valued.
- Provide concise and understandable contracts with supportive information for the client.
- Provide information to the consumer about insurance, including how risk appraisal relates to premium.
- Provide accurate, timely and courteous service to the customer throughout the life of the contract and to the beneficiary at the time of the claim.
- Maintain the integrity of the company, including being honest and forthright in all communication.
- Protect the confidentiality of personal information about clients and maintain procedures to ensure that confidentiality.
- Ensure Company financial soundness and future policy benefits through sound business management practices and prudent investments.
- Provide continuous education for Company personnel and representatives, emphasizing the importance of maintaining good communication with associates and consumers.

Financial Strength

Established in 1905, Lafayette Life is built on a solid foundation of financial strength, quality products and service, and a commitment to excellence. Our financial strength is rigorously examined and evaluated by independent financial reporting agencies. In making their assessments, these agencies consider our financial integrity, the quality of our assets, the amount of funds we have in reserve, the vision and ability of our management team, and our efficiency in running our business.

Exceptional Ratings

The Lafayette Life Insurance Company has received the following industry ratings:

A.M. Best

A++ Superior for financial strength, operating performance and market profile (highest of 16 ratings). Rating held since June 2006.

Standard & Poor's

AA+ Very Strong for financial security characteristics (second highest of 21 ratings). Rating held since August 2005.

Fitch

AA+ Very Strong for financial strength (second of 24 ratings). Rating held since June 2005.

Comdex Ranking

98 out of 100*

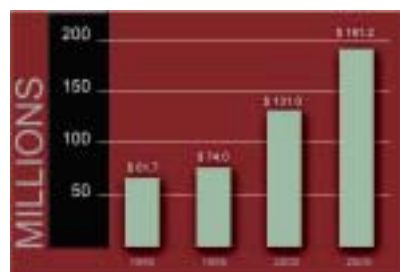
The Comdex is a composite of all the ratings that a company has received. It ranks companies on a scale of 1 (lowest) to 100 (highest) in relation to other companies that have been rated by the services. The Comdex is a mathematical ranking used to consolidate the financial strength ratings, as each rating service uses a different scale.

* The ratings published in this document are accurate as of the publication date (located on the back cover) and are subject to change. These ratings are determined by independent insurance ratings firms. For the latest rating information, contact Lafayette Life.

Quick Facts

| | |
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| Insurance In Force: | \$19.0 billion |
| Total Assets: | \$1.76 billion |
| Surplus and Asset Valuation | |
| Reserve (AVR): | \$125.0 million |
| Ratio of Surplus & AVR to Assets: | 7.1% |
| Net Yield on Investment Portfolio: | 5.53% |
| Annual Effective Yield on New Investments: | 5.64% |
| First Year Ordinary Life Premium | |
| CAGR ('00-'05): | 15.4% |
| Total Income CAGR ('00-'05): | 6.7% |
| Asset Compound Growth Rate ('00-'05): | 8.4% |
| Surplus and AVR Compound Growth | |
| Rate ('00-'05): | 8.9% |

Benefits Paid To Policyowners



2005 Highlights

| | |
|---|-----------------|
| Assets | \$1.76 billion |
| Individual Life First Year Premiums | \$27.1 million |
| Total Annuity Premiums | \$131.1 million |
| Dividends to be Paid in 2006 | \$27.7 million |