

State Life and OneAmerica™ Overview

The Company

The State Life Insurance Company, founded in 1894, is one of the oldest mutual insurance companies in the country. It has been headquartered in Indianapolis, IN, since its founding.

The company sells individual universal life, whole life, fixed annuity and long-term care insurance products, and is licensed to do business in 46 states and the District of Columbia. State Life primarily markets its products through a nationwide network of independent life brokerage general agencies, and has a long history of providing creative underwriting for impaired risk and standard cases.

State Life also offers one of the most competitive, comprehensive, tax-qualified long-term care insurance products in the marketplace, created especially for sales in the pre-retirement and business marketplaces.

The State Life/OneAmerica Relationship

Competition is the name of the game in today's financial services industry. Building relationships and partnering where it makes sense is key to remaining strong. State Life is on the forefront in capitalizing on new opportunities to partner for success. To better meet customers' needs, State Life announced a strategic alliance with American United Life Insurance Company® (AUL) in 1994. This partnership was one of the industry's first formal relationships between mutual insurance companies and enabled AUL to contractually guarantee the liabilities of State Life. Simply speaking, State Life's current and future business is backed by the strength of AUL and its assets. AUL has since formed a mutual insurance holding company and converted to a stock company. Both State Life and AUL are now affiliated with OneAmerica Financial Partners, Inc. The goal of OneAmerica is to blend the best practices of each of its partner companies to achieve greater collective results.

The strategic alliance provides the best of both worlds to State Life – the ratings and financial strength of a large company coupled with the personalized service available from a smaller company. Plus, this alliance is helping both companies reduce their unit costs, and the coordination of efforts has helped to increase the strength and stability of both companies.



IMSA Certification

Part of State Life's mission is to be the company of choice by providing value and building the highest level of trust with our customers. One of its corporate values is integrity – State Life will act with the highest

ethical standards. In keeping with this philosophy, State Life and its affiliate, AUL, have been certified as members of the Insurance Marketplace Standards Association (IMSA). This organization has established a uniform set of ethical standards for companies that sell individual life, annuity and long-term care products. State Life and AUL were among the first companies to be certified as members of IMSA.

Financial Strength

State Life has a long history of financial strength, helping the company keep its promise to customers to provide security and peace of mind. State Life's strength is evident in the high ratings assigned by respected industry analysts.

A.M. Best	A (Excellent) Third-highest of 15 possible rankings
Standard & Poor's	AA- (Very Strong) Fourth-highest of 21 possible rankings

State Life's Investment Portfolio

As of 12/31/02, 94.5 percent of State Life's bonds were investment grade. Of State Life's invested assets as of 12/31/02, 74 percent were bonds, 17 percent were mortgages (none in default as of 12/31/02) and 9 percent were other investments, which consist of policy loans, short-term investments, real estate and other invested assets.

2002 Financial Results

STATE LIFE*	
Total Assets	\$ 380.0 million
Total Life Insurance in Force	\$ 6.2 billion
Premium and Other Income	\$ 48.7 million
Total Surplus (including AVR)**	\$ 44.3 million
Net Investment Income	\$ 26.5 million
Pre-Tax Net Gain	\$ 8.8 million
ONEAMERICA*	
Total Assets	\$ 12.2 billion
Total Revenue	\$ 1.2 billion
Total Equity	\$ 1.1 billion
Net Investment Income	\$ 467.5 million
Net Income	\$ 9.1 million

*Liabilities of The State Life Insurance Company are guaranteed by American United Life Insurance Company®. State Life's numbers are reported on a statutory basis; OneAmerica's are on a GAAP (Generally Accepted Accounting Principles) basis.

**Asset Valuation Reserve