Mutual *opportunities.*
Mutual *growth.*

2004 ANNUAL REPORT

ONEAMERICA®

AUL | AUL RMS | CNL | ONEAMERICA SECURITIES | PML | R.E. MOULTON | STATE LIFE

The companies of 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. Partner companies, which are highlighted throughout this report, are listed below, along with their contact information.

American United Life Insurance Company® (AUL)

Indianapolis, Indiana

AUL is a diversified company offering retirement plan products and services; individual life insurance and annuities; and group and credit insurance. Headquartered in Indianapolis, AUL can trace its history back to 1877.

Individual Product Information: 800/537-6442
Producer Resource Center: 877/999-9883
Group Product Information: 800/553-5318
Financial Institutions Sales: 800/381-3683
Retirement Services Information: 800/249-6269
General Inquiries: 317/285-1877

AUL Reinsurance Management Services, LLC (AUL RMS)

Burlington, New Jersey

AUL RMS was formed in 1999 following the purchase of certain assets of Duncanson & Holt. This AUL subsidiary has more than 30 years' experience, specializing in accident reinsurance.

General Inquiries: 317/285-2241

CNL Financial Corp. (CNL)

Macon, Georgia

CNL Financial Corp. (CNL), a wholly owned subsidiary of AUL since December 2000, is a holding company. Its subsidiaries include Cherokee National Life Insurance Company, a life insurance company; CNL/Insurance America, Inc., a property and casualty insurance company; and CNL/Resource Marketing Corporation (REMARC), a managing general agency.

General Inquiries: 478/477-0400
Customer Service: 800/849-4265

OneAmerica Securities, Inc.

Indianapolis, Indiana

OneAmerica Securities is a full-service broker/dealer and registered investment advisor that offers stock and bond trading, mutual funds, variable annuities, variable life insurance, fee-based asset management and fee-based financial planning for financial planners, investment advisor representatives and registered representatives.

General Inquiries: 317/285-1877

Pioneer Mutual Life Insurance Company (PML)

Fargo, North Dakota

PML is a stock subsidiary of American United Mutual Insurance Holding Company (AUMIHC). The company offers individual life insurance and annuity products, and is licensed and authorized to conduct life insurance business in 42 states and the District of Columbia. PML's history dates back to 1868.

General Inquiries: 701/297-5700
Customer Service: 800/437-4692

R.E. Moulton, Inc. (REM)

Marblehead, Massachusetts

R.E. Moulton is one of the oldest and largest managing general underwriters in the United States. Founded in 1976, R.E. Moulton has earned a reputation for successfully resolving complex risk situations to deliver mutually beneficial underwriting solutions to brokers and third-party administrators. The company markets employer stop-loss insurance, group life and AD&D insurance, and group disability insurance products. R.E. Moulton became a wholly owned subsidiary of OneAmerica in October 2003.

General Inquiries: 781/631-1325
Underwriting Information: 781/639-4055

The State Life Insurance Company

Indianapolis, Indiana

State Life is a stock subsidiary of American United Mutual Insurance Holding Company (AUMIHC). Specializing in long-term care insurance, State Life is licensed and authorized to conduct business in 46 states and the District of Columbia. State Life was founded in 1894.

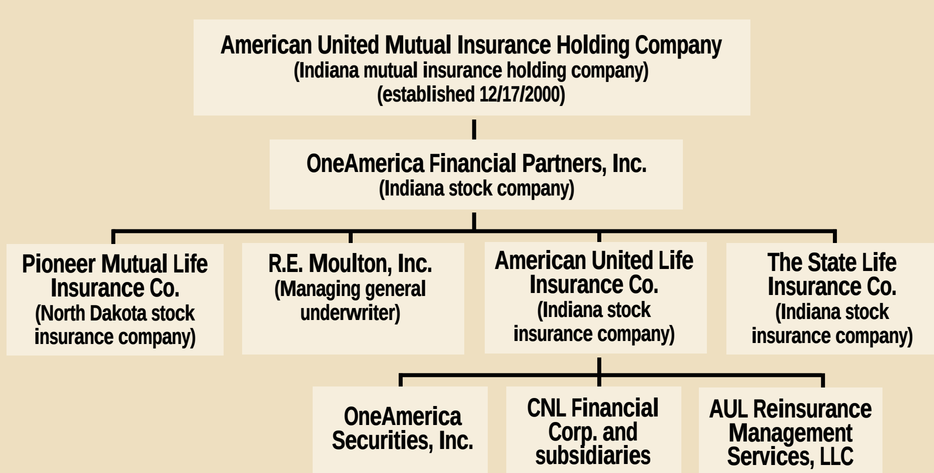
General Inquiries: 317/285-2300
Customer Service: 800/428-2316
Marketing Information: 800/524-3966

About the cover
Our clients and representatives are the lifeblood of our business, and we're proud to feature them in our report.

Left: AUL policyholders Stacy and Jon Connolly.

Top right (left to right): Jim Hoitt, R.E. Moulton representative; Roger Coombes, AUL Group representative; Dave Steady and Tom Moriarty, CBA/EBPA.

Bottom right: George West (left), Precision Color, and Darrin Yappen, AUL Retirement Services representative.



Letter from the *President and Chief Executive Officer*

Mutual. At OneAmerica, we understand that "mutual" is much more than a description of our legal structure. The word conveys a sense of relationships with our clients and distribution partners, a concept that has been at the core of our business for more than 125 years. In 2004, building and maintaining relationships fueled the positive growth, change and transition we experienced throughout the enterprise, producing a year that was both challenging and rewarding.

As president and CEO, it is my privilege to lead the talented men and women who make up our management team. The companies that comprise OneAmerica have a strong foundation of leaders who are performance-driven and operate with the highest degree of integrity. They deserve much of the credit for our steady, progressive growth during the past year. Individually and as a group, they are experienced, quick to act and anchored to our values. We continued to build on that foundation in 2004, elevating a core of experienced leaders from within our own ranks to guide our business and technology organizations. In addition, I have formed the Office of the CEO, which helps to direct the enterprise through strategic and tactical decisions across the enterprise.

The most visible sign of change in our enterprise has been the public introduction of our OneAmerica brand, including logo signage on the OneAmerica Tower, our national headquarters in downtown Indianapolis. The banner on the OneAmerica logo serves as a rallying point, uniting all our companies in their ongoing commitment to providing our clients with products and services that deliver exceptional long-term value at a fair and affordable price.

In 2004, OneAmerica once again delivered positive financial results across the organization, showing strong growth in revenue and assets. Our success in the marketplace, evidenced by strong sales in our life, retirement and stop loss lines, shows that we are serving our clients well and fulfilling their expectations.

Financial highlights from the year include:

- Our assets now exceed the $15 billion mark.
- Our customers put their trust in us with $1.1 billion in retirement account deposits and an additional $300 million in annuity deposits.
- We serve more than 1,650,000 people through our individual and group life and disability insurance policies, retirement plan products and services, and stop loss products.
- Our capital position, the strongest in our history, is described by Standard and Poor's as "extremely strong."

Dayton H. Molendorp, CLU
President and Chief Executive Officer

Our strong financial position enables us to look to the future, exploring potential acquisitions and mutual affiliation opportunities, while making new investments in our current businesses. We will focus on areas where we see a strong demand for our products and services, and where we can provide our customers with exceptional long-term value.

As our organization increases in size, it also increases in complexity. Our reputation for quality and for taking a progressive approach to serving our clients requires us to focus on operational excellence. That excellence begins with each of our 1,800 employees and their commitment to integrity and ethical behavior. We will continue to exercise strong financial discipline, preserve our high financial ratings and leverage the benefits of common processes and technological platforms in support of our customers.

On a personal note, in 2004 I was given the opportunity to build on the organizational successes achieved by Jerry Semler, chairman of American United Mutual Insurance Holding Company, and former president and CEO. We worked side by side for 18 years, and I came to understand and appreciate his values and genuine sensitivity toward people. Jerry continues to serve the organization as chairman of the board for our mutual holding company, acting as an advocate and mentor for our organization and the industry. On behalf of the enterprise, I thank Jerry for all he has done — and will continue to do — for the OneAmerica family of companies.

Our people are the key to OneAmerica reaching its business goals and achieving growing success in the marketplace. Together with our clients, distribution partners and employees, we continue to build an enterprise that understands the true meaning of mutual growth and mutual opportunities.

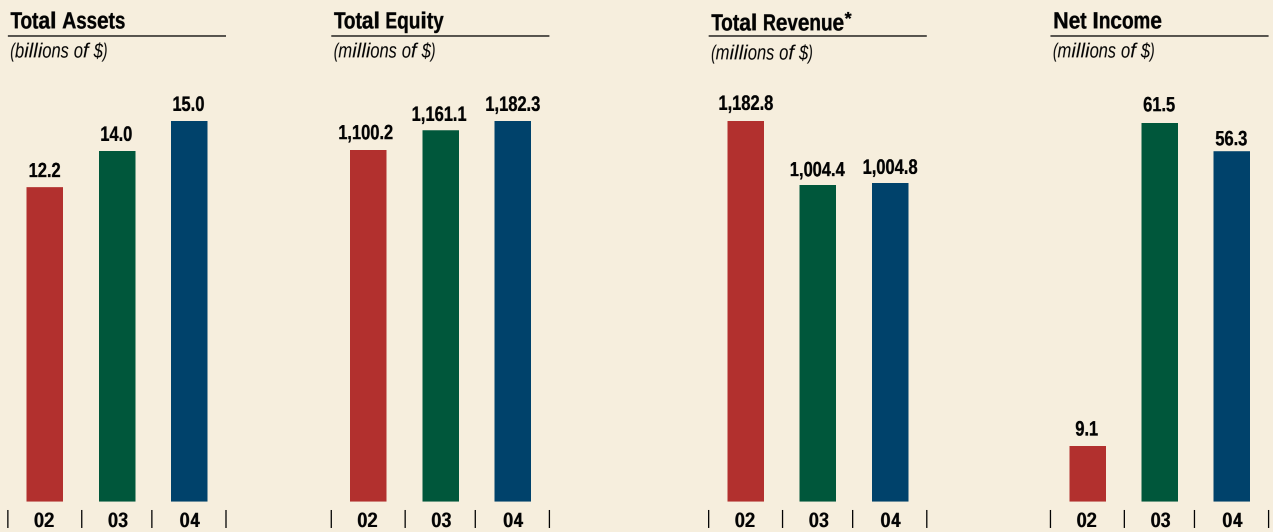
Dayton H Molendorp

Dayton H. Molendorp, CLU
President and Chief Executive Officer

Financial *Highlights*

OneAmerica Financial Partners, Inc.

(in millions)	**2004**	2003
Total Assets	**$15,028.0**	$14,040.8
Total Equity	**$ 1,182.3**	$ 1,161.1
Total Revenue	**$ 1,004.8**	$ 1,004.4
Net Investment Income	**$ 427.5**	$ 437.5
Net Income	**$ 56.3**	$ 61.5



*Total revenue declined in 2003 due to our July 2002 exit from the reinsurance business.

These consolidated GAAP highlights of OneAmerica Financial Partners, Inc., include American United Life Insurance Company® and its subsidiaries, The State Life Insurance Company, Pioneer Mutual Life Insurance Company and R.E. Moulton, Inc.

Mutually Beneficial

OneAmerica is dedicated to providing mutually beneficial solutions for our clients, distribution partners and employees. Our organization is a family of companies that share mutual values, allowing us to maximize individual and collective strengths, while minimizing costs through operating efficiencies.

We have an unwavering commitment to solid American values, including responsiveness, quality, stewardship, integrity and trust. Our values are woven into the fabric of our organization and drive the work we do every day.

Client-focused

Our heritage as a mutual organization means our singular focus is providing long-term value to our clients. We listen to our clients and distribution partners to tailor financial solutions that will meet their needs today and in the future. By analyzing their needs and perceptions, we continuously employ new approaches and support technologies to improve our ability to

George West, *Precision Color*

AUL Retirement Services has received a number of awards from *Plan Sponsor* magazine for its service in the small-plan market — and George West, president of Precision Color, Inc., in Nashville, TN, knows why.

After meeting Darrin Yappen, regional sales director in the AUL Retirement Services Nashville Sales Office, two years ago, George chose an AUL 401(k) plan for the employees of his lithography equipment and supplies business.

"When we decided to move our 401(k) plan, we looked hard at a number of different companies," George said. "With AUL, I liked the level of service, the ease of administration and the use of an independent company to evaluate and rate the performance of the funds. This information is readily available, and AUL will answer questions based on these evaluations.

"I also appreciate the feeling that AUL is a partner in advising and helping us."

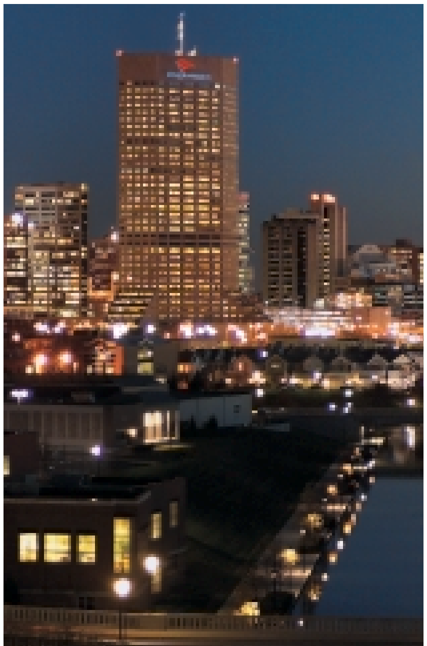
George West, president of Precision Color (left), and Darrin Yappen, regional sales director, AUL Retirement Services Nashville Sales Office, are pictured at George's lithography equipment and supplies company.

respond to an ever-changing financial environment.

Our most important commitment is keeping our promises. Our distribution partners know they can rely on OneAmerica to help individuals and businesses achieve their financial goals and provide security for generations to come. We help our distribution partners guide their clients to an understanding of wealth accumulation and protection. We accomplish this by nurturing long-lasting relationships, one at a time — providing our professionalism and expertise to our clients and distribution partners.

Stronger through partnership

Our distribution partners offer our broad range of products with a personal touch. In 2004, the enterprise launched a branding initiative to introduce the OneAmerica brand to the public, enhancing the ability of our distribution partners to market products representing multiple partner companies. An advertising campaign, titled “We are OneAmerica,” appeared in the fall and winter months in trade publications targeted to business clients and our distribution partners.



In December of 2004, State Life’s policyholders voted to become members of our mutual insurance holding company. The restructuring was approved by policyholders and the State of Indiana, underscoring the value of State Life’s affiliation with AUL since 1994. State Life’s policyholders — and clients of all the OneAmerica partner companies — will continue to realize the mutual benefits of the growth of our business.

Our product divisions have established a number of distribution partner and/or customer councils and forums as a way to further build relationships and exchange information. We believe ongoing communication and interaction with each of these groups is key to our mutual success.

(Left to right): Jon and Stacy Connolly, a young married couple, discuss the future with AUL career agent Dean Harder.

Financially strong

Our success and that of our distribution partners is defined by our solid American values, which include good stewardship, integrity and trust. Making sure we are there to meet our promise to pay, no matter what the economic conditions, is our most important responsibility to policyholders.

We maintain one of the strongest balance sheets in the industry, with a high-quality, conservatively managed investment portfolio, extremely strong capitalization and disciplined financial management processes. Our dedication to strong corporate governance includes thoroughly evaluating and managing the risk factors associated with changing regulatory, competitive and economic environments to ensure that we fulfill our stewardship responsibilities.

Expense management also helps us maintain operational excellence and, in 2004, several efforts helped our disciplined approach to providing the best possible value for our clients, including:

- implementing automated workflow processing within Individual Operations;
- consolidating administrative functions in several business units

Jon and Stacy Connolly

Newlyweds in their 20s, Minnesota couple Jon and Stacy Connolly have their whole lives ahead of them. And when they considered how to protect that future, they looked to an old friend — AUL career agent Dean Harder. He helped them choose the right whole life insurance policies for their stage of life, and continues to help them with financial planning.

"When I first met Dean, he was doing the retirement plan and insurance for the company I worked for," said Jon, a senior draftsman. His wife, Stacy, is a CAD drawing manager. "I left that job, but didn't want to lose the great relationship I had with Dean.

"There are so many insurance products out there that it's hard to compare — to know which one is better. Stacy and I trust Dean to help us make the right decisions. So I've continued to work with him, and always will. We look forward to using AUL products as our lives continue to grow."

Dave Steady and Tom Moriarty, CBA/EBPA

Comprehensive Benefits Administrator, Inc. (CBA), and Employee Benefit Plan Administration, Inc. (EBPA), merged in 2000 to form one third-party administrator for ERISA welfare benefits plans. And when it came time to choose group life, disability and stop loss benefits for their own staff, these experts from Vermont and New Hampshire selected the combined package provided by Jim Hoitt, director of marketing for R.E. Moulton, and Roger Coombes, AUL Regional Group Sales Manager.

"The easy accessibility of the people at R.E. Moulton and AUL played a major role in the decision to use them as our benefits carriers," said Dave Steady, director of operations for CBA.

"Both Jim and Roger are more than insurance representatives to us. And having all our insurance lines covered by the same entity has made the process of administering the policies easy for CBA."

from multiple locations into streamlined operations;

- leveraging our people, processes and technology where it makes sense throughout the organization.

OneAmerica has chosen to pursue the key corporate governance provisions of Sarbanes-Oxley that are required of public companies. Our board of directors utilizes the expertise of a fully independent audit committee, which reviews financial controls to assure policyholders of OneAmerica's commitment to stewardship of their assets. One of these provisions is Sarbanes-Oxley Section 404, which requires management of public companies to document, test and make an assertion of the effectiveness of their financial controls, ensuring transparent, accurate and timely financial reporting.

(Left to right): Jim Hoitt, director of marketing for R.E. Moulton, and Roger Coombes, AUL Regional Group Sales Manager, visit with CBA/EBPA's Dave Steady, director of operations, and Tom Moriarty, vice president of marketing, in their Vermont offices.

Mutual growth. Mutual opportunities.

Our focus on partnership allows OneAmerica to take an enterprise approach to our client markets. We can look at the bigger picture of our clients' needs and create solutions that take advantage of our full range of market expertise. In addition to targeted product development, we are strengthening relationships across our distribution channels, attracting additional distribution partners and fostering enterprise cross-marketing efforts.

As we grow within our markets, the OneAmerica enterprise is also actively seeking growth through strategic mergers and acquisitions that enhance long-term value for our policyowners.

With the new OneAmerica brand in the public eye; a focus on steady, progressive growth; and a strong reputation for financial stability and ethical conduct, the enterprise is continuing to pursue a future filled with mutual growth and mutual opportunities for the people we serve.

Mutual *strength.*

The foundation of our mutual organization is the financial strength underlying our promise to pay benefits when our policyholders need us.

Strong financial performance and capitalization

- OneAmerica's solid balance sheet is the result of a high-quality investment philosophy and the strongest capital position in our history.
- Risk-based capital for the enterprise's primary operating companies is among the highest in the industry.
- Assets for the OneAmerica enterprise stand at $15 billion, an increase of approximately 38 percent since the start of the 21st century.
- Overall sales across all OneAmerica companies increased 8 percent in 2004.
- OneAmerica exhibited solid GAAP and statutory profits in 2004. Audited GAAP financial statements and quarterly GAAP balance sheets and income statements, as well as quarterly and annual statutory financial statements, are readily available through *www.oneamerica.com.*
- Ratings by independent rating agencies, affirmed in 2004, remain high for our life insurance companies:
  - In its report dated Dec. 15, 2004, A.M. Best rates AUL, PML and State Life as A (Excellent), third-highest of 15 possible ratings. Cherokee National Life earned a rating of A- (Excellent), fourth-highest of 15 possible ratings.
  - Standard and Poor's rates AUL and State Life as AA- (Very Strong), fourth-highest of 21 possible ratings, according to the insurer profile dated Aug. 30, 2004.
  - AUL is also rated as A2 (Good), sixth-highest of 21 possible ratings, according to Moody's analysis dated August 2004.

Business unit highlights

- Individual life and annuity products have had strong three-year growth trends in both premium and insurance in force. Life insurance sales for OneAmerica companies (excluding impaired risk) experienced double-digit growth during 2004.
- In our AUL Retirement Services division, account deposits increased $76 million, reaching $1.1 billion, and assets under management surpassed $7 billion.
- Sales of 401(k) plans increased by 7 percent.
- Medical stop loss sales increased 29 percent.

Investments

- Our separate account net assets surpassed $5 billion.
- The enterprise return on mean assets continues to be in excess of an estimated industry average of 5.82 percent as of Sept. 30, 2004.
- OneAmerica's investment portfolio continues to provide diversified asset allocation and a conservative approach to management. An example of our commitment to making quality choices is that our non-investment grade bonds made up less than 2 percent of the portfolio, well below the 6.4 percent industry average reported by the American Council of Life Insurers (ACLI) as of Sept. 30, 2004.
- Our mortgage portfolio is well-seasoned and high-quality. No mortgages were delinquent as of Dec. 31, 2004.

Consolidated *Balance Sheets*

December 31	**2004**	*(in millions)* 2003
Assets		
Investments:		
Fixed maturities — available-for-sale, at fair value:		
(amortized cost: 2004 — $5,119.6; 2003 — $4,870.9)	**$ 5,397.0**	$ 5,199.8
Equity securities at fair value:		
(cost: 2004 — $33.2; 2003 — $34.9)	**41.4**	40.7
Mortgage loans	**1,308.7**	1,323.2
Real estate, net	**37.5**	39.5
Policy loans	**166.6**	169.1
Short-term and other invested assets	**23.2**	18.9
Cash and cash equivalents	**148.2**	161.0
Total investments	**7,122.6**	6,952.2
Accrued investment income	**75.2**	76.1
Reinsurance receivables	**1,675.6**	1,611.8
Deferred acquisition costs	**509.3**	472.1
Property and equipment, net	**71.3**	73.2
Insurance premiums in course of collection	**33.5**	40.2
Other assets	**80.7**	107.2
Assets held in separate accounts	**5,459.8**	4,708.0
Total assets	**$15,028.0**	$ 14,040.8
Liabilities and shareholder's equity		
Liabilities		
Policy reserves	**$ 7,124.7**	$ 6,855.5
Other policyholder funds	**251.8**	260.5
Pending policyholder claims	**297.4**	327.6
Surplus notes and notes payable	**275.0**	275.0
Other liabilities and accrued expenses	**343.7**	354.4
Deferred gain on indemnity reinsurance	**93.3**	98.7
Liabilities related to separate accounts	**5,459.8**	4,708.0
Total liabilities	**13,845.7**	12,879.7
Shareholder's equity		
Common stock, no par value — authorized		
1,000 shares; issued and outstanding 100 shares	**-**	-
Retained earnings	**1,064.9**	1,008.6
Accumulated other comprehensive income:		
Unrealized appreciation of securities, net of tax	**127.4**	152.5
Minimum pension liability, net of tax	**(10.0)**	-
Total shareholder's equity	**1,182.3**	1,161.1
Total liabilities and shareholder's equity	**$15,028.0**	$ 14,040.8

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements *of Operations*

Year ended December 31	**2004** *(in millions)*	2003
Revenues:		
Insurance premiums and other considerations	**$ 414.0**	$ 444.3
Policy and contract charges	**130.5**	110.5
Net investment income	**427.5**	437.5
Realized investment gains (losses)	**3.7**	(1.6)
Other income	**29.1**	13.7
Total revenues	**1,004.8**	1,004.4
Benefits and expenses:		
Policy benefits	**368.8**	393.3
Interest expense on annuities and financial products	**183.1**	190.7
General operating expenses	**192.9**	175.2
Commissions	**58.8**	47.2
Amortization	**78.7**	79.9
Dividends to policyholders	**28.2**	30.8
Interest expense on surplus notes and notes payable	**19.8**	9.1
Total benefits and expenses	**930.3**	926.2
Income before income tax expense	**74.5**	78.2
Income tax expense	**18.2**	16.7
Net income	**$ 56.3**	$ 61.5

Consolidated Statements of Changes in Shareholder's Equity *and Comprehensive Income*

(in millions)	Common stock	Retained earnings	Accumulated other comprehensive income (loss): Unrealized appreciation of securities, net of tax	Accumulated other comprehensive income (loss): Minimum pension liability, net of tax	Total
Balances, December 31, 2002	$ -	$ 947.1	$ 159.6	$ (6.5)	$ 1,100.2
Comprehensive income:					
Net income	-	61.5	-	-	61.5
Other comprehensive income (loss)	-	-	(7.1)	6.5	(0.6)
Total comprehensive income					60.9
Balances, December 31, 2003	-	1,008.6	152.5	-	1,161.1
Comprehensive income:					
Net income	-	56.3	-	-	56.3
Other comprehensive loss	-	-	(25.1)	(10.0)	(35.1)
Total comprehensive income					21.2
Balances, December 31, 2004	**$ -**	**$1,064.9**	**$127.4**	**$(10.0)**	**$1,182.3**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements *of Cash Flows*

Year ended December 31	**2004**	*(in millions)* 2003
Cash flows from operating activities:		
Net income	**$ 56.3**	$ 61.5
Adjustments to reconcile net income to net cash:		
Amortization	**78.7**	79.9
Depreciation	**14.6**	16.2
Deferred taxes	**(1.6)**	32.3
Realized investment (gains) losses	**(3.7)**	1.6
Policy acquisition costs capitalized	**(100.0)**	(122.2)
Interest credited to deposit liabilities	**181.4**	185.3
Fees charged to deposit liabilities	**(49.8)**	(47.2)
Amortization and accrual of investment income	**(2.6)**	(11.5)
Increase in insurance liabilities	**92.8**	100.0
Increase in other assets	**(66.4)**	(60.3)
Increase (decrease) in other liabilities	**8.6**	(13.9)
Net cash provided by operating activities	**208.3**	221.7
Cash flows from investing activities:		
Purchases:		
Fixed maturities, available-for-sale	**(840.0)**	(1,567.1)
Equity securities	**(4.5)**	(25.5)
Mortgage loans	**(124.7)**	(176.6)
Real estate	**(3.2)**	(3.0)
Short-term and other invested assets	**(1.5)**	(2.3)
Proceeds from sales, calls or maturities:		
Fixed maturities, available-for-sale	**595.1**	1,155.9
Equity securities	**7.3**	5.3
Mortgage loans	**139.3**	139.7
Real estate	**1.4**	3.6
Short-term and other invested assets	**1.0**	7.4
Purchase acquisition, net of cash acquired	**-**	(25.7)
Net cash used by investing activities	**(229.8)**	(488.3)
Cash flows from financing activities:		
Proceeds for the issuance of notes payable	**-**	200.0
Deposits to insurance liabilities	**1,530.4**	1,459.8
Withdrawals from insurance liabilities	**(1,524.1)**	(1,383.8)
Other	**2.4**	(1.1)
Net cash provided by financing activities	**8.7**	274.9
Net increase (decrease) in cash and cash equivalents	**(12.8)**	8.3
Cash and cash equivalents beginning of year	**161.0**	152.7
Cash and cash equivalents end of year	**$ 148.2**	$ 161.0

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Operations

OneAmerica Financial Partners, Inc. (OneAmerica or the Company), is a wholly owned subsidiary of American United Mutual Insurance Holding Company (AUMIHC), a mutual insurance holding company based in Indiana. The consolidated financial statements of OneAmerica include the accounts of OneAmerica and its subsidiaries, American United Life Insurance Company (AUL), OneAmerica Securities, Inc., The State Life Insurance Company (State Life), AUL Reinsurance Management Services, LLC, CNL Financial Corporation (CNL), Pioneer Mutual Life Insurance Company (PML) and R.E. Moulton, Inc. (Moulton). AUMIHC will at all times, in accordance with the Indiana Mutual Holding Company Law, control at least a majority of the voting shares of the capital stock of AUL, State Life and PML through OneAmerica. Policyholder membership rights exist at AUMIHC, while the policyholder contract rights remain with AUL, State Life or PML.

The Company's focus is to provide a range of insurance and financial products and services to customers throughout the United States. Our business is conducted through three primary operating divisions:

- Through our Retirement Services Division we offer 401(k) and other corporate retirement plans, tax deferred annuity plans and individual retirement account rollover products to the employer-sponsored market and to retired individuals. These products are distributed through sales and service representatives located in regional offices, selling through independent agents and brokers, third-party administrators, employee benefit plan marketing organizations and the Company's career agents.
- Our Individual Operations offers a broad range of life, annuity and long-term care products to individuals, families, small business owners and the retirement and pre-retirement markets. Products marketed by Individual Operations are distributed through a career agency force, brokerage general agents, and personal producing general agents.
- Group Operations offers traditional and voluntary group life and disability, medical stop-loss, credit life and disability and group universal life products primarily to employer groups and financial institutions. These products are distributed through brokers, agents and marketing alliances, financial institutions, third party administrators and managing general underwriters.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Significant intercompany transactions have been eliminated. AUL, State Life, PML and the insurance subsidiaries of CNL file separate financial statements with insurance regulatory authorities, which are prepared on the basis of statutory accounting practices that are significantly different from financial statements prepared in accordance with GAAP. These financial statements are described in detail in Note 13 – *Statutory Information.*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Fixed maturity securities, which may be sold to meet liquidity and other needs of the Company, are categorized as available-for-sale and are stated at fair value. Unrealized gains and losses resulting from carrying available-for-sale securities at fair value are reported in equity, net of deferred taxes. Equity securities are stated at fair value.

Costs incurred or fees received upon origination of investments are deferred. Such costs, fees, discounts and premiums are amortized as yield adjustments over the contractual lives of the investments. The Company considers anticipated prepayments on mortgage-backed securities in determining estimated future yields on such securities.

Mortgage loans on real estate are carried at their unpaid principal balance, less an impairment allowance for estimated uncollectible amounts. Real estate is reported at cost, less accumulated depreciation. Depreciation is calculated (straight line) over the estimated useful lives of the related assets. Investment real estate is net of accumulated depreciation of $43.1 million and $40.7 million at December 31, 2004 and 2003, respectively. Depreciation expense for investment real estate amounted to $2.4 million for each of 2004 and 2003. Policy loans are carried at their unpaid balance. Other invested assets are reported at cost, plus the Company's equity in undistributed net equity since acquisition. Short-term investments include investments with maturities of one year or less at the date of acquisition and are carried at amortized cost, which approximates market value. Short-term certificates of deposit and savings certificates are considered to be cash equivalents. The carrying amount for cash and cash equivalents approximates market value.

Realized gains and losses on sale or call of investments are based upon specific identification of the investments sold and do not include amounts allocable to separate accounts. The Company's accounting policy requires that a decline in the fair value of a security below its amortized cost basis be assessed to determine if the decline is other-than-temporary. If so, the security is deemed to be other-than-temporarily impaired and a net realized capital loss is recorded for the difference between the fair value and amortized cost basis of the security. The fair value of the impaired investment becomes its new cost basis.

Deferred Policy Acquisition Costs

Those costs of acquiring new business, which vary with and are primarily related to the production of new business, have been deferred to the extent that such costs are deemed recoverable. Such costs include commissions, certain costs of policy underwriting and issue, and certain variable agency expenses. These costs are amortized with interest as follows:

- For participating whole life insurance products, over the lesser of 30 years or the lifetime of the policy in relation to the present value of estimated gross margins from expenses, investments and mortality, discounted using the expected investment yield.
- For universal life-type policies and investment contracts, over the lesser of the lifetime of the policy or 30 years for life policies or 20 years for other policies in relation to the present value of estimated gross profits from surrender charges and investment, mortality and expense margins, discounted using the interest rate credited to the policy.
- For term life insurance products, over the lesser of the benefit period or 30 years for term life in relation to the anticipated annual premium revenue, using the same assumptions used in calculating policy benefits.

- For miscellaneous group life and individual and group health policies, straight line over the expected life of the policy.
- For credit insurance policies, the deferred acquisition cost balance is primarily equal to the unearned premium reserve multiplied by the ratio of deferrable commissions to premiums written.

Recoverability of the unamortized balance of deferred policy acquisition costs is evaluated regularly. For universal life-type contracts, investment contracts and participating whole life policies, the accumulated amortization is adjusted (increased or decreased) whenever there is a material change in the estimated gross profits or gross margins expected over the life of a block of business to maintain a constant relationship between cumulative amortization and the present value of gross profits or gross margins. For most other contracts, the unamortized asset balance is reduced by a charge to income only when the present value of future cash flows, net of the policy liabilities, is not sufficient to cover such asset balance.

Deferred acquisition costs, for applicable products, are adjusted for the impact of unrealized gains or losses on investments as if these gains or losses had been realized, with corresponding credits or charges included in "Accumulated other comprehensive income (loss)" and this adjustment is reflected as "valuation adjustment" in Note 5 – *Other Comprehensive Income.*

Assets Held in Separate Accounts

Separate accounts are funds on which investment income and gains or losses accrue directly to certain policies, primarily variable annuity contracts, equity-based pension and profit sharing plans and variable universal life policies. The assets of these accounts are legally segregated and are valued at fair value. The related liabilities are recorded at amounts equal to the underlying assets; the fair value of these liabilities is equal to their carrying amount.

Property and Equipment, Net

Property and equipment includes real estate owned and occupied by the Company. Property and equipment is carried at cost, net of accumulated depreciation of $93.1 million and $87.7 million as of December 31, 2004 and 2003, respectively. The Company provides for depreciation of property and equipment using the straight-line method over its estimated useful life. Depreciation expense for 2004 and 2003 was $12.2 million and $13.8 million, respectively.

Premium Revenue and Benefits to Policyholders

The premiums and benefits for whole life and term insurance products and certain annuities with life contingencies (immediate annuities) are fixed and guaranteed. Such premiums are recognized as premium revenue when due. Group insurance premiums are recognized as premium revenue over the time period to which the premiums relate. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the life of the contracts. This association is accomplished by means of the provision for liabilities for future policy benefits and the amortization of deferred policy acquisition costs.

Universal life policies and investment contracts are policies with terms that are not fixed and guaranteed. The terms that may be changed could include one or more of the amounts assessed the policyholder, premiums paid by the policyholder or interest accrued to policyholder balances. The amounts collected from policyholders for these policies are considered deposits, and only the deductions during the period for cost of insurance, policy administration and surrenders are included in revenue. Policy benefits and claims that are charged to expense include interest credited to contracts and benefit claims incurred in the period in excess of related policy account balances.

Reserves for Future Policy and Contract Benefits

Liabilities for future policy benefits for participating whole life policies are calculated using the net level premium method and assumptions as to interest and mortality. The interest rate is the dividend fund interest rate, and the mortality rates are those guaranteed in the calculation of cash surrender values described in the contract. Liabilities for future policy benefits for term life insurance and life reinsurance policies are calculated using the net level premium method and assumptions as to investment yields, mortality and withdrawals. The assumptions are based on projections of past experience and include provisions for possible unfavorable deviation. These assumptions are made at the time the contract is issued. Liabilities for future policy benefits on universal life and investment contracts consist principally of policy account values, plus certain deferred policy fees, which are amortized using the same assumptions and factors used to amortize the deferred policy acquisition costs. If the future benefits on investment contracts are guaranteed (immediate annuities with benefits paid for a period certain), the liability for future benefits is the present value of such guaranteed benefits. The liabilities for group and credit products are generally calculated as an unearned premium reserve. Claim liabilities include provisions for reported claims and estimates based on historical experience for claims incurred but not reported.

Certain Nontraditional Long-Duration Contracts

The Company issues variable annuity contracts which include certain guarantees payable in the event of death, annuitization or at specified dates. The latter two benefits are referred to as living benefits. For those guarantees of benefits payable in the event of death, the net amount at risk is defined as the current guaranteed minimum death benefit in excess of the account balance. For the living benefit guarantees, the net amount at risk is based on the present value of the guaranteed minimum annuity payments in excess of the account balance. The net amount at risk for the combination of the death and living benefit guarantees was $31.5 million and $40.6 million at December 31, 2004 and 2003, respectively. The associated reserves for these guarantees were $1.2 million and $1.8 million as of December 31, 2004 and 2003, respectively.

The Company defers certain sales inducements and amortizes them over the anticipated life of the policy. These deferred sales inducements are included in "Other assets" and totaled approximately $9.0 million and $5.0 million as of December 31, 2004 and 2003, respectively.

Income Taxes

The provision for income taxes includes amounts currently payable and deferred income taxes resulting from the temporary differences in the assets and liabilities determined on a tax and financial reporting basis.

Comprehensive Income

Comprehensive income is the change in equity of the Company that results from recognized transactions and other economic events of the period other than transactions with the policyholders. Comprehensive income includes net income, net unrealized gains (losses) on available-for-sale securities and changes in the minimum pension liability.

Reclassification

Certain 2003 balances have been reclassified to conform to the 2004 presentation.

Derivatives

The Company has adopted SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities,"* which establishes accounting and reporting standards for derivative instruments and hedging activities, and requires recognition of all derivatives as either assets or liabilities measured at fair value.

In April 2003, the FASB's Derivative Implementation Group (DIG) released SFAS No. 133 Implementation Issue No. 36, "*Embedded Derivatives: Bifurcation of a Debt Instrument that Incorporates Both Interest Rate Risk and Credit Risk Exposure that are Unrelated or Only Partially Related to the Creditworthiness of the Issuer of that Instrument*" (DIG B36). The Company's adoption of DIG B36 in 2003 did not have a material effect on the Company's financial statements.

Goodwill and Other Intangible Assets
SFAS No. 141, "*Business Combinations*" (SFAS No. 141), requires the Company to account for all business combinations within the scope of the statement under the purchase method except for mergers of mutual companies. SFAS No. 142, *"Goodwill and Other Intangible Assets,"* requires that an intangible asset acquired either individually or with a group of other assets shall initially be recognized and measured based on fair value. An intangible asset with a finite life is amortized over its useful life; an intangible asset with an indefinite useful life, including goodwill, is not amortized. All indefinite lived intangible assets shall be tested for impairment at least annually in accordance with the statement. The Company performed this test during 2004 and 2003 and determined the carrying value of goodwill was not impaired.

The Company has ceased the amortization of goodwill as of January 1, 2002. In 2003, the amount of goodwill increased by $17.2 million due to the acquisition of Moulton. Total goodwill, which is included in "Other assets" on the consolidated balance sheet, was $21.5 at both December 31, 2004 and 2003. Other intangible assets totaled $4.4 million and $9.1 million at December 31, 2004 and 2003, respectively. The amortization of intangible assets with a finite life was $4.8 million and $2.1 million for 2004 and 2003, respectively. Amortization expense for other intangible assets for the next five years is expected to be as follows: $1.2 million, 2005; $.8 million, 2006; $.5 million, 2007; $.4 million, 2008; $.2 million, 2009.

New Accounting Pronouncements
In 2004, the Company adopted SOP 03-01, *"Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts"* (SOP 03-01). SOP 03-01 provides guidance on accounting and reporting by insurance enterprises for certain nontraditional long-duration contracts and for separate accounts. It also provides guidance on accounting for guaranteed minimum death benefits and for determining the classification of reinsurance contracts as either primarily investment or insurance at inception. In addition, SOP 03-01 provides further guidance on the deferral of sales inducements. The Company's adoption of SOP 03-01 did not have a material effect on the Company's financial statements.

The FASB issued FASB Staff Position (FSP) FAS 106-2, *"Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003"* (FSP FAS 106-2), in May 2004. FSP FAS 106-2 provides guidance on accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Modernization Act"). The Modernization Act provides, among other things, a federal subsidy to plan sponsors who maintain postretirement health care plans that provide prescription drug benefits and meet certain equivalency criteria. FSP FAS 106-2 superseded FSP FAS 106-1, *"Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003."* The Company has elected to defer accounting for the Act until further analysis is complete. The Company believes the adoption of FSP FAS 106-2 will not have a material impact on the Company's consolidated financial statements.

In March 2004, the Emerging Issues Task Force issued Emerging Issues Task Force Topic No. 03-01, "*The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*" (EITF 03-01). EITF 03-01 provides additional guidance for determining whether an impairment is other-than-temporary. EITF 03-01 also includes guidance for accounting for an investment subsequent to an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance did not significantly change our procedures for evaluating impairments, although additional disclosures have been added to the notes to the consolidated financial statements. The FASB is currently considering additional guidance, which the Company will evaluate when finalized.

3. Acquisitions and Other Significant Transactions
In December 2004, The State Life Insurance Company (State Life) converted to a stock insurance company and reorganized as a wholly owned subsidiary of OneAmerica. The policyholders of State Life became members of AUMIHC upon completion of the reorganization, while their contract rights remain with State Life. The original affiliation between AUL and State Life began in 1994 when the two companies entered into a Strategic Alliance.

In October 2003, OneAmerica issued $200 million 7 percent senior notes due in 2033. OneAmerica utilized a portion of the proceeds in October 2003 to acquire R.E. Moulton, Inc., a medical stop-loss managing general underwriter for approximately $27 million. The remaining proceeds are intended to be used for general corporate purposes, including possible acquisitions, mergers, combinations or similar arrangements. Refer to Note 11 – *Surplus Notes, Notes Payable and Lines of Credit* for further detail.

On July 1, 2002, Employers Reinsurance Corporation ("ERC") began reinsuring the majority of the Company's reinsurance operations, including its life, long term care and international reinsurance business. The transaction structure involved two indemnity reinsurance agreements and the sale of certain assets. The liabilities and obligations associated with the reinsured contracts remain on the balance sheet of the Company with a corresponding reinsurance receivable from ERC. The transaction included a transfer of reserves to ERC of approximately $574.5 million and ERC paid a ceding commission to the Company of approximately $174.3 million, net of certain assets sold. In connection with the transaction, a trust account has been established which provides for securities to be held in support of the reinsurance receivables. The market value of investments held in this trust was $1,019.6 million at December 31, 2004.

As a result of the ERC transaction, a deferred gain of approximately $107 million was generated, and was recorded as a deferred gain on the Company's balance sheet in accordance with the requirements of SFAS 113, "*Reporting for Reinsurance of Short-Duration and Long-Duration Contracts."* The gain is being amortized into earnings at the rate that earnings on the reinsured business are expected to emerge. In 2003, the deferred gain was adjusted by $2.9 million as part of a settlement related to the transaction. The Company recognized approximately $5 million of deferred gain amortization in both 2004 and 2003, which is included in other income.

4. Investments

The amortized cost and fair value of investments in fixed maturity securities by type of investment were as follows:

	December 31, 2004			
	Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Estimated fair value**
		(in millions)		
Available-for-sale:				
Obligations of U.S. government, states, political subdivisions and foreign governments	**$ 169.5**	**$ 8.6**	**$ 0.7**	**$ 177.4**
Corporate securities	**3,637.6**	**250.1**	**13.1**	**3,874.6**
Mortgage-backed securities	**1,312.5**	**38.5**	**6.0**	**1,345.0**
	$5,119.6	**$297.2**	**$19.8**	**$5,397.0**

	December 31, 2003			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
		(in millions)		
Available-for-sale:				
Obligations of U.S. government, states, political subdivisions and foreign governments	$ 180.9	$ 10.2	$ 1.0	$ 190.1
Corporate securities	3,427.5	288.6	13.4	3,702.7
Mortgage-backed securities	1,262.5	52.4	7.9	1,307.0
	$4,870.9	$351.2	$22.3	$5,199.8

The following tables show the gross unrealized losses and fair value of Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

Gross Unrealized Loss Positions for Fixed Maturities as of December 31, 2004:

	Less than 12 Months		**12 Months or more**		**Total**	
Description of Securities	**Fair value**	**Unrealized losses**	**Fair value**	**Unrealized losses**	**Fair value**	**Unrealized losses**
			(in millions)			
Obligations of U.S. government, states, political subdivisions and foreign governments	**$ 50.8**	**$ 0.6**	**$ 6.2**	**$0.1**	**$ 57.0**	**$ 0.7**
Corporate securities	**513.3**	**7.6**	**157.0**	**5.5**	**670.3**	**13.1**
Mortgage-backed securities	**203.9**	**2.1**	**138.2**	**3.9**	**342.1**	**6.0**
	$768.0	**$10.3**	**$301.4**	**$9.5**	**$1,069.4**	**$19.8**

Gross Unrealized Loss Positions for Fixed Maturities as of December 31, 2003:

	Less than 12 Months		12 Months or more		Total	
Description of Securities	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
			(in millions)			
Obligations of U.S. government, states, political subdivisions and foreign governments	$ 79.6	$ 1.0	$ -	$ -	$ 79.6	$ 1.0
Corporate securities	511.6	12.8	14.3	0.6	525.9	13.4
Mortgage-backed securities	278.6	7.9	0.8	-	279.4	7.9
	$869.8	$21.7	$15.1	$0.6	$884.9	$22.3

Obligations of U.S. government, states, political subdivisions and foreign governments. The unrealized losses on the Company's investments in obligations of U.S. government, states, political subdivisions and foreign governments were primarily caused by interest rate increases. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2004.

Corporate Securities. As of December 31, 2004, gross unrealized losses on corporate securities totaled $13.1 million comprising 136 issues. Of this amount, there was $7.6 million in less than 12 months category comprising 105 issuers and $5.5 million in the greater than 12 months category comprising 31 issues. The $13.1 million of gross unrealized losses is comprised of $12.7 million related to investment grade securities and $.4 million related to below investment grade securities. Approximately $.7 million of the total gross unrealized losses represented declines in value of greater than 10 percent, none of which had been in that position for a period of 12 months or more, and substantially all of which were less than six months. The $5.5 million of gross unrealized losses of 12 months or more were concentrated in the healthcare, airlines and manufacturing sectors, and there were no individual issuers with gross unrealized losses greater than $.7 million. Based on a review of the above information in conjunction with other factors as outlined in the Company's policy surrounding other-than-temporary impairments, the Company has concluded that any further adjustments for other-than-temporary impairments is not warranted at December 31, 2004.

Mortgage Backed Securities. The unrealized losses on the Company's investment in federal agency mortgage backed securities were caused by interest rate increases. The Company purchased these investments at a discount relative to their face amount, and the contractual cash flows of these investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2004.

Gross Unrealized Loss Positions for Marketable Equity Securities:

(in millions)	Less than 12 Months		12 Months or more		Total	
Year Ended	**Fair value**	**Unrealized losses**	**Fair value**	**Unrealized losses**	**Fair value**	**Unrealized losses**
December 31, 2004	**$ 0.8**	**$ 0.1**	**$ 0.1**	**$ -**	**$ 0.9**	**$ 0.1**
December 31, 2003	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Marketable Equity Securities. As of December 31, 2004, gross unrealized losses on equity securities totaled $.1 million comprising 17 issues. Of this amount, there were $.1 million in less than 12 months category comprising 15 issues and $0 in the greater than 12 months. Based on a review of the above information in conjunction with other factors outlined in the Company's policy surrounding other-than-temporary impairments, the Company has concluded that further adjustments for other-than-temporary impairments is not warranted at December 31, 2004.

The amortized cost and fair value of fixed maturity securities at December 31, 2004, by contractual average maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-sale	
(in millions)	**Amortized cost**	**Fair value**
Due in one year or less	**$ 147.8**	**$ 149.4**
Due after one year through five years	**1,184.0**	**1,246.6**
Due after five years through 10 years	**1,718.9**	**1,820.3**
Due after 10 years	**756.4**	**835.7**
	3,807.1	**4,052.0**
Mortgage-backed securities	**1,312.5**	**1,345.0**
	$5,119.6	**$5,397.0**

Net investment income consisted of the following:

Years ended December 31	**2004**	*(in millions)*	2003
Fixed maturity securities	**$312.7**		$317.6
Equity securities	**1.0**		0.7
Mortgage loans	**102.5**		104.8
Real estate	**15.6**		11.6
Policy loans	**9.7**		10.6
Other	**8.0**		10.9
Gross investment income	**449.5**		456.2
Investment expenses	**22.0**		18.7
Net investment income	**$427.5**		$437.5

Proceeds from the sales of investments in fixed maturities during 2004 and 2003 were approximately $163.3 million and $364.5 million, respectively. Gross gains of $6.1 million and $15.3 million, and gross losses of $1.0 million and $8.7 million were realized in 2004 and 2003, respectively. The change in unrealized appreciation of fixed maturities amounted to approximately ($51.5) million and ($16.5) million in 2004 and 2003, respectively.

The Company has reported approximately $2.9 and $3.9 million in realized losses related to a decline in fair value that is deemed to be an other-than-temporary decline below amortized cost of $4.4 and $11.5 million of investments in fixed maturities and mortgages in 2004 and 2003, respectively. The Company does not continue to accrue income on those investments deemed uncollectible.

Realized investment gains (losses) consisted of the following:

Years ended December 31	**2004** *(in millions)*	2003
Fixed maturity securities	**$5.1**	$ 6.6
Equity securities	**1.3**	0.4
Other securities	**0.2**	(4.7)
Other-than-temporary impairment	**(2.9)**	(3.9)
Realized investment gains (losses)	**$3.7**	$(1.6)

At December 31, 2004 and 2003, respectively, the net unrealized gain on equity securities was approximately $8.2 million and $5.8 million and has been reflected directly in equity, net of deferred taxes. The net unrealized gain is comprised primarily of unrealized gains and $.1 million of unrealized losses. The change in the unrealized appreciation of equity securities amounted to approximately $2.4 million and $5.7 million in 2004 and 2003, respectively.

The Company maintains a diversified mortgage loan portfolio and exercises internal limits on concentrations of loans by geographic area, industry, use and individual mortgagor. At December 31, 2004, the largest geographic concentrations of commercial mortgage loans were in California, Florida and Texas, where approximately 24 percent of the portfolio was invested. A total of 32 percent of the mortgage loans have been issued on retail properties, primarily backed by long-term leases or guarantees from strong credits.

The Company had outstanding mortgage loan commitments of approximately $81.8 million and $49.0 million at December 31, 2004 and 2003, respectively.

There were three fixed-maturity investments that were non-income-producing at December 31, 2004, with a book value of $1.3 million. At December 31, 2003, the Company had four investments that were non-income-producing with a book value of $1.1 million.

5. Other Comprehensive Income

Accumulated other comprehensive income consisted of the following:

At December 31	**2004** *(in millions)*	2003
Unrealized appreciation:		
Fixed maturity securities	**$277.4**	$328.9
Equity securities	**8.2**	5.8
Valuation adjustment	**(88.5)**	(99.6)
Deferred taxes	**(69.7)**	(82.6)
Total unrealized appreciation, net of tax	**127.4**	152.5
Minimum pension liability, net of tax	**(10.0)**	-
Accumulated other comprehensive income	**$117.4**	$152.5

The components of comprehensive income, other than net income, are illustrated below:

Years ended December 31	**2004** *(in millions)*	2003
Other comprehensive income, net of tax:		
Minimum pension liability adjustment, net of tax — 2004, $5.4; 2003, ($3.5)	**$(10.0)**	$ 6.5
Unrealized appreciation on securities, net of tax — 2004, $12.9; 2003, $3.3	**(21.5)**	(6.2)
Reclassification adjustment for gains (losses) included in net income, net of tax — 2004, $1.9; 2003, $0.5	**(3.6)**	(0.9)
Other comprehensive income, net of tax	**$(35.1)**	$(0.6)

6. Deferred Policy Acquisition Costs

The balances of and changes in deferred policy acquisition costs are as follows:

Years ended December 31	**2004** *(in millions)*	2003
Balance, beginning of year	**$472.1**	$427.0
Capitalization of deferred acquisition costs	**100.0**	122.2
Amortization of deferred acquisition costs	**(73.9)**	(77.8)
Change in valuation adjustment	**11.1**	0.7
Balance, end of year	**$509.3**	$472.1

7. Insurance Liabilities

Insurance liabilities consisted of the following:

(in millions)

	Withdrawal assumption	Mortality or morbidity assumption	Interest rate assumption	December 31, 2004	2003
Future policy benefits:					
Participating whole life contracts	Company experience	Company experience	2.5% to 6.0%	$ 914.5	$ 871.0
Universal life-type contracts	n/a	n/a	n/a	570.6	572.2
Other individual life contracts	Company experience	Company experience	2.5% to 6.0%	616.8	581.9
Accident and health	n/a	Company experience	n/a	501.5	386.3
Annuity products	n/a	n/a	n/a	4,023.4	3,910.4
Group life and health	n/a	n/a	n/a	497.9	533.7
Other policyholder funds	n/a	n/a	n/a	251.8	260.5
Pending policyholder claims	n/a	n/a	n/a	297.4	327.6
Total insurance liabilities				$7,673.9	$7,443.6

Participating life insurance policies represent approximately 48 percent of the net individual life insurance in force at both December 31, 2004 and 2003. Participating policies represented 96 percent and 97 percent of life premium income for 2004 and 2003, respectively. The amount of dividends to be paid is determined annually by the Board of Directors.

During 2004, the Company performed an extensive evaluation of the group long-term disability claim reserves. This evaluation resulted in refinements to the previous assumptions based upon Company and industry experience. These revised assumptions resulted in a $6.1 million reduction to group disability reserves in 2004.

8. Employees' and Agents' Benefit Plans

The Company has a funded noncontributory defined benefit pension plan that covers substantially all of its employees. Company contributions to the employee plan are made periodically in an amount between the minimum ERISA required contribution and the maximum tax-deductible contribution. The plan provides defined benefits based on years of service and final average salary. The assets of the defined benefit plan are held by the Company under a group annuity contract.

The Company also has multiple postretirement benefit plans covering substantially all of its retired employees and certain agents (retirees). Employees and agents with at least 10 years of plan participation may become eligible for such benefits if they reach retirement age while working for the Company. Employees hired on or after October 1, 2004, are no longer eligible for retiree health benefits. The medical plans are contributory, with retiree contributions adjusted annually. The Company contribution for pre-65 retirees will be frozen at the 2005 contribution level. For post-65 retirees, the Company's dollar amount of contribution was capped at the 2000 amount. The dental and life insurance plans are noncontributory. There are no specific plan assets for this postretirement liability as of December 31, 2004 and 2003. Claims incurred for benefits are funded by Company contributions.

The Company uses a December 31 measurement date for the defined benefit plan and a September 30 measurement date for the other postretirement benefit plans.

Obligations and Funded Status:

(in millions)	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Employer contributions	**$ 7.1**	$ 15.5	**$ 1.0**	$ 1.0
Employee contributions	**-**	-	**1.1**	0.8
Benefit payments	**1.0**	8.3	**1.0**	3.4
Funded status (deficit)	**(16.6)**	(13.0)	**(37.0)**	(38.8)

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in 2003. The Act introduces a prescription drug benefit under Medicare, as well as a federal subsidy to qualifying sponsors of retiree healthcare benefit plans. The Company has elected to defer accounting for the Act until further analysis is completed as to how to calculate the expected benefit, and until the Company concludes whether the benefits provided by the plan are actuarially equivalent to the Medicare Part D benefit. Therefore, the valuation of the unfunded postretirement benefit obligation and the determination of the net postretirement benefit cost included in these financial statements do not reflect the effects of the Act on the plan.

Amounts recognized in the statement of financial position consist of:

(in millions)	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Prepaid benefit cost	**$14.1**	$13.2	**$ -**	$ -
Accrued benefit cost	**(14.2)**	-	**(24.7)**	(19.2)
Intangible assets	**-**	-	**5.3**	-
Accumulated other comprehensive income	**14.2**	-	**1.1**	-
Net amount recognized	**$14.1**	$13.2	**$(18.3)**	$(19.2)

Pension Benefits:

(in millions)	December 31, 2004	December 31, 2003
Projected benefit obligation	**$91.8**	$75.5
Accumulated benefit obligation	**75.3**	59.0
Fair value of plan assets	**75.2**	62.5

Additional Information:

(in millions)	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Increase (decrease) in minimum liability included in other comprehensive income, net of tax	**$ 9.3**	$(5.9)	**$ 0.7**	$(0.6)
Net periodic benefit cost	**6.3**	6.0	**6.4**	5.6

Weighted-average assumptions used to determine benefit obligations at December 31:	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Discount rate	**6.15%**	6.50%	**5.80%**	6.25%
Rate of compensation increase	**4.00%**	4.00%	**4.00%**	4.00%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Discount rate	**6.50%**	7.25%	**6.25%**	7.25%
Expected long-term return on plan assets	**8.75%**	9.00%	**-**	-
Rate of compensation increase	**4.00%**	4.00%	**4.00%**	4.00%

The expected long-term return on plan assets was established based on the median long-term returns for large company stocks, small company stocks, and long-term corporate bonds. The weighting between these asset classes was based on the assets in our plan. The long-term returns are updated and evaluated annually.

Assumed health care trend rates at December 31:	**2004**	2003
Health care trend rate assumed for next year	**12.50%**	12.50%
Rate to which the cost trend rate is assumed to decline	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**2015**	2014

Plan Assets

The pension plan weighted-average asset allocations at December 31, 2004 and 2003, by asset category, are 75 percent equity securities and 25 percent debt securities.

The pension plan maintains an investment policy statement, which outlines objectives and guidelines for supervising investment strategy and evaluating the investment performance of plan assets. The Plan seeks to attain diversification by investing in a blend of asset classes and styles. The target asset allocation is to maintain 75 percent of plan assets in equities and 25 percent in debt securities. To maintain a longer-term focus, the performance objectives of the plan are monitored quarterly using a rolling five-year time period net of fees. For evaluation purposes, the total return of each investment option is compared to an appropriate index based on the investment style of each investment option. Investment restrictions are established by asset category and are designed to control the level of overall risk and liquidity of the investment program. The investment policy maintains a longer-term focus and is intended to match the benefit obligations.

Contributions

The Company expects to contribute $5.6 million to its pension plan and $5.7 million to its other postretirement benefit plans in 2005.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(in millions)	**Pension Benefits**	**Other Benefits**
2005	$ 1.0	$ 0.7
2006	1.3	1.3
2007	1.6	1.3
2008	2.0	1.3
2009	2.5	1.4
Years 2010-2014	22.5	7.7

401(k), Profit Sharing Plans and Deferred Compensation

The Company has multiple defined contribution plans that are 401(k) salary reduction/savings and profit sharing for plans for employees. In general, the profit sharing plan allows for quarterly contributions, covering employees who have completed one full calendar year of service, in amounts based upon the Company's financial results. Company contributions to the plan during 2004 and 2003 were $2.3 million and $2.7 million, respectively.

The Company has a defined contribution pension plan and a 401(k) plan covering substantially all agents, except general agents. Contributions of 4.5 percent of defined commissions (plus 4.5 percent for commissions over the Social Security wage base) are made to the pension plan. An additional contribution of 3.0 percent of defined commissions is made to a 401(k) plan. Company contributions expensed for these plans were $.9 million for both 2004 and 2003.

The Company has entered into deferred compensation agreements with directors, certain employees, agents and general agents. These deferred amounts are payable according to the terms and conditions of the agreements. Annual costs of the agreements were $3.6 million and $6.7 million for 2004 and 2003, respectively.

9. Federal Income Taxes

A reconciliation of the income tax attributable to continuing operations computed at U.S. federal statutory tax rates to the income tax expense included in the statement of operations follows:

Years ended December 31	**2004** *(in millions)*	2003
Income tax computed at statutory tax rate	**$26.1**	$27.4
Tax-exempt income	**(0.3)**	(0.5)
Dividends received deduction	**(5.9)**	(8.6)
Income tax paid on behalf of separate accounts	**-**	0.7
Other	**(1.7)**	(2.3)
Income tax expense	**$18.2**	$16.7

The components of the provision for income taxes on earnings included current tax expense (benefit) of $19.8 million and ($15.6) million for the years ended December 31, 2004 and 2003, respectively, and deferred tax expense (benefit) of ($1.6) million and $32.3 million for the years ended December 31, 2004 and 2003, respectively.

Deferred income tax assets (liabilities) as of December 31:	**2004** *(in millions)*	2003
Deferred policy acquisition costs	**$(185.2)**	$(179.7)
Investments	**(4.4)**	(4.9)
Insurance liabilities	**112.4**	97.3
Deferred gain on indemnity reinsurance	**24.9**	27.2
Minimum pension liability	**5.4**	-
Unrealized appreciation of securities	**(69.7)**	(82.6)
Other	**3.0**	9.2
Deferred income tax liabilities	**$(113.6)**	$(133.5)

Federal income taxes paid (recovered) were ($.1) million and $7.9 million in 2004 and 2003, respectively. Current tax recoverables were $3.2 million and $22.6 million at December 31, 2004 and 2003, respectively.

10. Reinsurance

The Company is a party to various reinsurance contracts under which it receives premiums as a reinsurer and reimburses the ceding companies for portions of the claims incurred. For individual life policies, the Company cedes the portion of the total risk in excess of $0.5 million. For other policies, the Company has established various limits of coverage it will retain on any one policyholder and cedes the remainder of such coverage.

Certain statistical data with respect to reinsurance follows:

Years ended December 31	**2004** *(in millions)*	2003
Direct statutory premiums	**$2,042.8**	$1,921.8
Reinsurance premiums assumed	**490.0**	602.9
Reinsurance premiums ceded	**(620.9)**	(670.6)
Net statutory premiums	**1,911.9**	1,854.1
Reinsurance recoveries	**$ 375.3**	$ 327.4

The Company reviews all reinsurance agreements for transfer of risk and evaluates the proper accounting methods based upon the terms of the contract. If companies to which reinsurance has been ceded are unable to meet obligations under the reinsurance agreements, the Company would remain liable. Eight reinsurers account for approximately 89 percent of the Company's December 31, 2004, ceded reserves for life and accident and health insurance. These reinsurers maintain A.M. Best ratings between A++ and A-. The remainder of such ceded reserves is spread among numerous reinsurers. Refer to Note 3 – *Acquisitions and Other Significant Transactions* for details on the reinsurance transaction in 2002 with ERC.

The Company reported an after-tax net loss of approximately $15 million in 2001 related to the September 11, 2001, terrorist attack. The net loss included anticipated reinsurance recoveries from the Company's reinsurers. The Company continues to pay claims and recover amounts from the various reinsurance companies. The anticipated reinsurance recoveries are approximately $133 million at December 31, 2004, compared to $177 million at December 31, 2003. The Company's reinsurance program consists of financially strong reinsurance companies. The Company has recorded no significant additional net loss in 2004 or 2003 related to the September 11th tragedy.

11. Surplus Notes, Notes Payable and Lines of Credit

On February 16, 1996, AUL issued $75 million of surplus notes, due March 30, 2026. Interest is payable semi-annually on March 30 and September 30 at a 7.75 percent annual rate. Any payment of principal or interest on the notes may be made only with the prior approval of the Commissioner of the Indiana Department of Insurance. The surplus notes may not be redeemed at the option of AUL or any holders of the surplus notes. Interest paid during 2004 and 2003 was $5.8 million in each year.

The Company has available a $100 million line of credit facility. This line of credit expires on September 6, 2006, and allows the Company to borrow at an interest rate of 1/2 percent over prime or Eurodollar Rate. No amounts have been drawn as of December 31, 2004. The available borrowing against the line of credit is reduced by a standby Letter of Credit related to certain reinsurance business totaling $33.9 million as of December 31, 2004.

On October 6, 2003, the Company issued Senior Notes with a face value of $200 million, due October 15, 2033. Interest is payable semi-annually on April 15th and October 15th at a 7 percent annual rate. The notes are an unsecured senior obligation and will rank equally with any of the Company's senior unsecured indebtedness. The notes will effectively rank junior to any future secured indebtedness as to the assets securing such indebtedness and to all indebtedness and other obligations, including insurance and annuity liabilities, of the subsidiaries. The indenture for the Senior Notes imposes restrictions on stock transactions and indebtedness of subsidiaries, and includes conditions regarding mergers or consolidations. Interest payments began in 2004 and totaled $14.4 million.

Surplus Notes and Senior Notes:	**2004**	*(in millions)* 2003
Senior notes, 7%, due 2033	**$200.0**	$200.0
Surplus notes, 7.75%, due 2026	**75.0**	75.0
Total notes payable	**$275.0**	$275.0

12. Commitments and Contingencies

Various lawsuits have arisen in the ordinary course of the Company's business. In each of the matters and collectively, the Company believes the ultimate resolution of such litigation will not result in any material adverse impact to the financial condition, operations or cash flows of the Company.

13. Statutory Information

AUL, State Life, PML and CNL prepare statutory financial statements in accordance with accounting practices prescribed or permitted by the department of insurance for their respective state of domicile. Prescribed statutory accounting practices (SAP) currently include state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state, as well as practices described in National Association of Insurance Commissioners' (NAIC) publications.

A reconciliation of SAP surplus to GAAP equity at December 31 follows:

At December 31	**2004**	*(in millions)* 2003
SAP surplus	**$ 729.9**	$ 718.7
Deferred policy acquisition costs	**598.3**	572.3
Adjustments to policy reserves	**(140.8)**	(150.8)
Asset valuation and interest maintenance reserves	**81.0**	76.8
Unrealized gain on invested assets, net	**127.4**	152.5
Surplus notes	**(75.0)**	(75.0)
Deferred gain on indemnity reinsurance	**(93.3)**	(98.7)
Deferred income taxes	**(70.1)**	(70.1)
Other, net	**24.9**	35.4
GAAP equity	**$1,182.3**	$1,161.1

A reconciliation of SAP net income to GAAP net income for the years ended December 31 follows:

Years ended December 31	**2004**	*(in millions)* 2003
SAP net income	**$30.5**	$55.8
Deferred policy acquisition costs	**26.1**	44.4
Adjustments to policy reserves	**1.5**	(12.1)
Deferred income taxes	**0.5**	(32.3)
Other, net	**(2.3)**	5.7
GAAP net income	**$56.3**	$61.5

Life insurance companies are required to maintain certain amounts of assets on deposit with state regulatory authorities. Such assets had an aggregate carrying value of $34.5 million and $30.5 million at December 31, 2004 and 2003, respectively.

State statutes and the mutual insurance holding company law limit dividends from AUL, State Life and PML to OneAmerica. AUL paid a $14 million dividend to OneAmerica in 2004, no such distribution was made in 2003. State statutes allow the greater of 10 percent of statutory surplus or 100 percent of net income as of the most recently preceding year-end to be paid as dividends without prior approval from state insurance departments. Under state statutes, dividends would be limited to approximately $71 million in 2005.

14. Fair Value of Financial Instruments

The fair values for financial instruments are based on various assumptions and estimates as of a specific point in time. They do not represent liquidation values and may vary significantly from amounts that will be realized in actual transactions. Therefore, the fair values presented in the table should not be construed as the underlying value of the Company.

The disclosure of fair value information about certain financial instruments is based primarily on quoted market prices. The fair values of short-term investments and policy loans approximate the carrying amounts reported in the balance sheets. Fair values for fixed maturity and equity securities, and surplus notes payable are based on quoted market prices where available. For fixed maturity securities not actively traded, fair values are estimated using values obtained from independent pricing services or, in the case of private placements, are estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investments.

The fair value of the aggregate mortgage loan portfolio was estimated by discounting the future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings for similar maturities.

The estimated fair values of the liabilities for interest-bearing policyholder funds approximate the statement values because interest rates credited to account balances approximate current rates paid on similar funds and are not generally guaranteed beyond one year. Fair values for other insurance reserves are not required to be disclosed. However, the estimated fair values for all insurance liabilities are taken into consideration in the Company's overall management of interest rate risk, which minimizes exposure to changing interest rates through the matching of investment maturities with amounts due under insurance contracts. The fair values of certain financial instruments, along with the corresponding carrying values at December 31, 2004 and 2003, follow:

	2004		*(in millions)* 2003	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Fixed maturity securities — available-for-sale	**$5,397.0**	**$5,397.0**	$5,199.8	$5,199.8
Equity securities	**41.4**	**41.4**	40.7	40.7
Mortgage loans	**1,308.7**	**1,411.7**	1,323.2	1,448.5
Policy loans	**166.6**	**166.6**	169.1	169.1
Surplus notes and notes payable	**275.0**	**295.4**	275.0	283.6
Short-term & other invested assets	**23.2**	**23.2**	18.9	18.9

Report of *Independent Auditors*

To the Board of Directors of American United Mutual Insurance Holding Company and OneAmerica Financial Partners, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in shareholder's equity and comprehensive income, and cash flows present fairly, in all material respects, the financial position of OneAmerica Financial Partners, Inc., and subsidiaries (the Company) at December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

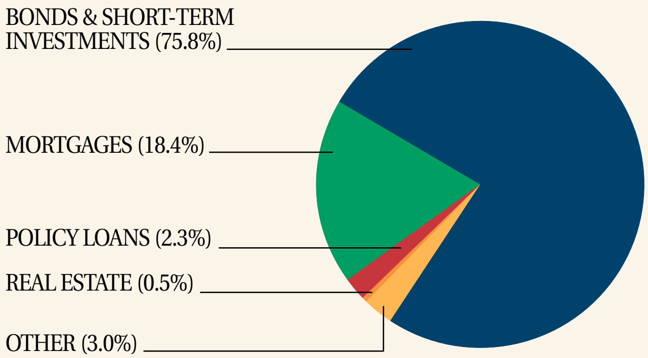
PricewaterhouseCoopers LLP

Indianapolis, Indiana
March 9, 2005

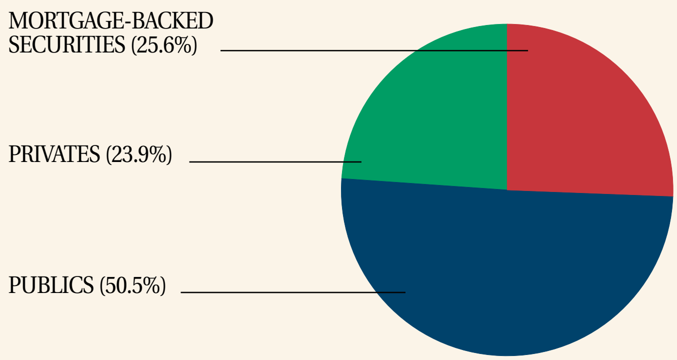
Consolidated *Asset Portfolio*

December 31, 2004

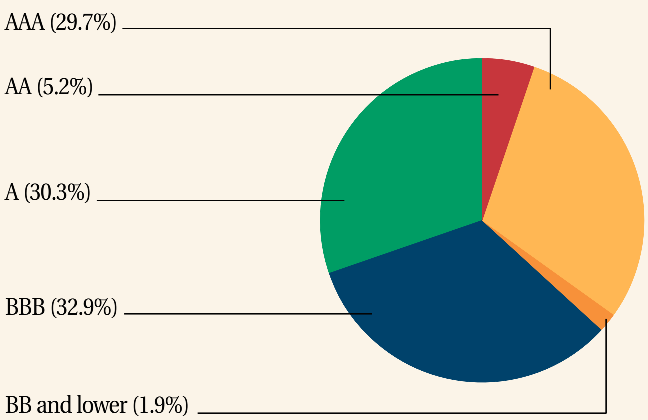
General Account
INVESTED ASSETS



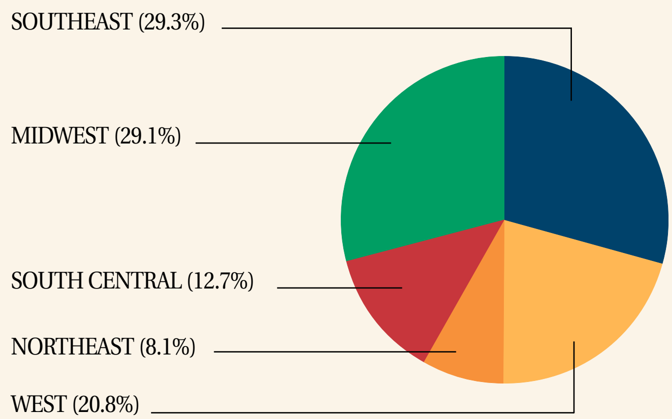
Bonds
BY SECTOR



Quality Ratings of Total Bonds
AT AMORTIZED COST



Regional Distribution
OF MORTGAGE LOANS



Mortgage Loan
DELINQUENCIES

(60 or more days past due relative to mortgage loans outstanding)

December 31	OneAmerica*	Industry Average**
1995	2.4%	2.4%
1996	0.9	1.8
1997	0.2	0.9
1998	0.0	0.5
1999	0.0	0.3
2000	0.1	0.3
2001	0.0	0.1
2002	0.0	0.3
2003	0.0	0.1
2004	0.0	0.1

** Years 1995-2001 include AUL and State Life. The year 2002 includes AUL, State Life and PML. Remaining years include AUL, State Life, PML and CNL Financial Corp.*
*** Source: ACLI.*

Distribution of Mortgage Loans
BY PROPERTY TYPE

(in millions)

Property Type	Book Value	% Total Portfolio
Retail	$ 417.6	31.8%
Office/medical office	333.3	25.5
Industrial	372.5	28.5
Multi-family	117.5	9.0
Miscellaneous	67.8	5.2
Grand total	$1,308.7	100.0%

Office *of the CEO*

Dayton H. Molendorp, CLU
President and CEO

J. Scott Davison
Chief Financial Officer

Thomas M. Zurek, JD
General Counsel and Corporate Secretary

Senior *Officers*

David A. Brentlinger, FSA, MAAA
Senior Vice President and Chief Actuary

James M. Kellett, FSA, MAAA
Vice President, Individual Operations

Constance E. Lund, CPA, FLMI
Senior Vice President, Corporate Finance

David A. Meguschar
Vice President, Group Operations

Mark C. Roller
Senior Vice President, Human Resources

G. David Sapp, CFA, FLMI
Senior Vice President, Investments

Emet C. Talley, FLMI
Vice President, Systems, and Chief Information Officer

Victoria I. Yamasaki, CPA, FLMI
Vice President, Planning and Communications

William F. Yoerger
Vice President, Retirement Services

Enterprise *Profile*

OneAmerica Financial Partners, Inc., is a stock insurance holding company headquartered in Indianapolis, Indiana. The company was formed December 17, 2000, as a part of American United Life Insurance Company's conversion to a mutual holding company structure. OneAmerica Financial Partners and its subsidiaries are owned by American United Mutual Insurance Holding Company (AUMIHC). We believe in mutual opportunities and mutual growth.

The goal of OneAmerica is to blend the strengths of each partner company to achieve greater collective results. OneAmerica's nationwide network of partner companies and affiliates offers a variety of products to serve the financial needs of its policyholders and other clients, including retirement plan products and services; individual life insurance and annuities; long-term care insurance; and group and credit insurance. These products are distributed through a network of employees, agents, brokers and other distribution partners who are committed to maximizing value to our policyholders by helping them plan to meet their financial goals.

OneAmerica's partnership philosophy was founded on a rich tradition of values. These values are embodied in the word ASPIRE (Achievement, Stewardship, Partnership, Integrity, Responsiveness and Excellence). ASPIRE is both the vision and cornerstone of our enterprise; it defines our past and helps us create our future.

One focus. One vision. OneAmerica.

ONEAMERICA®

AUMIHC *Board of Directors*

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Chairman of the Board

Dayton H. Molendorp, CLU (1,2)
President and CEO

Steven C. Beering, MD (3, 4)
President Emeritus,
Purdue University
Chairman, Purdue Research Foundation
West Lafayette, Indiana

Gerald L. Bepko (2)
Chancellor Emeritus,
Indiana University/
Purdue University-Indianapolis
Indianapolis, Indiana

Alpha C. Blackburn (2)
President and
Chief Executive Officer,
Blackburn Architects, Inc.
Indianapolis, Indiana

Arthur L. Bryant, FSA (2)
Retired President, The State Life Insurance Company

Christel DeHaan (3)
President and Founder,
Christel DeHaan Family Foundation
Retired Chairwoman and CEO,
Resort Condominiums International
Indianapolis, Indiana

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President and Chief Executive Officer,
Central Indiana Corporate Partnership
Indianapolis, Indiana

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Chairman Emeritus,
Goshen Rubber Companies, Inc.
Goshen, Indiana

James T. Morris (1, 4)
Executive Director,
The United Nations
World Food Programme
Rome, Italy

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Retired Chairman of the Board,
Reilly Industries, Inc.
Indianapolis, Indiana

William R. Riggs (1)
Retired Partner, Ice Miller
Indianapolis, Indiana

John C. (Jack) Scully, CLU (1,4)
President Emeritus,
LIMRA International
Hartford, Connecticut

Yvonne H. Shaheen (3)
Retired Chief Executive Officer and President,
Long Electric Company
Indianapolis, Indiana

James M. Swedback, CLU, FLMI
Chairman of the Board, and
Retired President and CEO,
Pioneer Mutual Life Insurance Company
Fargo, North Dakota

Board committees

(1) Executive
(2) Investment
(3) Audit
(4) Governance, Nominating and Compensation

(as of March 1, 2005)

The next annual meeting of American United Mutual Insurance Holding Company members, the parent of OneAmerica Financial Partners and its subsidiaries, will be held Thursday, February 16, 2006, at 10 a.m. in Indianapolis.

Jerry Semler, *Chairman of the Board*

Jerry D. Semler, CLU, has provided American United Life Insurance Company® (AUL) — and now OneAmerica Financial Partners — with an unparalleled quality of value-driven leadership, from his start as a management trainee more than 45 years ago to his role as senior executive. He was appointed president in 1980, CEO in 1989 and chairman of the board in 1991.

On Sept. 1, 2004, Jerry stepped down as CEO of American United Mutual Insurance Holding Company (AUMIHC) and OneAmerica. He remains chairman of the board and will continue to oversee the OneAmerica Foundation and maintain his active role in the community.

Jerry's leadership of AUL and throughout the community has been truly remarkable. He is active in a multitude of industry and civic organizations, including the MDRT Foundation; Catholic Community Foundation; the Indiana and Indianapolis Chambers of Commerce; Indianapolis Downtown, Inc.; Greater Indianapolis Progress Committee; and United Way of Central Indiana.

During his tenure as president and CEO, the company rose to its strongest financial position in history, growing from just over $1 billion in assets to more than $14 billion. The enterprise has grown its annual revenues to more than $1 billion under Jerry's leadership.

In the late 1990s, Jerry led a three-year charge for legislative reform that allowed AUL to become the first Indiana-based company to restructure as a mutual insurance holding company (MHC). As a result of the MHC legislation, companies can retain their mutual structure, but gain greater flexibility to grow and build value on behalf of their policyholders.

Jerry Semler has been a tremendous model of leadership. He will continue to represent our organization as an advocate for the well-being of our community and its people.

OneAmerica Financial Partners, Inc.
One American Square, P.O. Box 368
Indianapolis, IN 46206-0368
(317) 285-1111
www.oneamerica.com

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