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August 31, 2005

VIA FEDERAL EXPRESS

Steve Vamos, III, Esq.
Office of Legal Services
The Ohio Department of Insurance
2100 Stella Court
Columbus, Ohio 43215-1067

Re: Plan of Reorganization of The Union Central Life Insurance Company under Sections 3913.25 to 3913.38 of the Ohio Revised Code

Dear Mr. Vamos:

This letter is in reference to the letter dated July 21, 2005 to the Ohio Department of Insurance from David Westerbeck, General Counsel of The Union Central Life Insurance Company ("Union Central") and the letter dated August 10, 2005 to you from Cynthia Shoss, in connection with the proposed reorganization of Union Central. As you are aware, Union Central has made several changes to the Policyholder Information Booklet and other materials previously sent to Union Central policyholders. Accordingly, Union Central has sent supplemental materials regarding the proposed reorganization to the policyholders and has postponed the special meeting to allow the policyholders to have ample time to consider such supplemental materials. The purpose of this letter is to supplement the above letters with these supplemental documents (two copies enclosed) that have been sent to the policyholders. We also enclose herewith the letters to:

(i) any policyholder who was eligible to vote at the originally scheduled special meeting but becomes ineligible to vote at the rescheduled special meeting because such policyholder recently terminated a policy with Union Central,

(ii) any policyholder who was ineligible to vote at the originally scheduled special meeting and remains ineligible to vote at the rescheduled special meeting,

(iii) any new policyholder who purchased a policy from Union Central after the date that Union Central determined which policyholders were eligible to vote at the originally scheduled special meeting, and

(iv) any policyholder who was ineligible to vote at the originally scheduled special meeting but becomes eligible to vote at the rescheduled special meeting by meeting eligibility requirements.

If you have any questions or require any further information, please do not hesitate to contact me. Union Central reserves the right to supplement this filing as necessary or appropriate in furtherance of the provisions of Sections 3913.25 to 3913.38 of the Ohio Revised Code.

Very truly yours,

Lei Yu

Enclosures

cc: David Westerbeck, Union Central
Denise Skingle, Jones Day

THE UNION CENTRAL LIFE INSURANCE COMPANY
1876 Waycross Road, Cincinnati, Ohio 45240

Notice of Rescheduled Special Meeting of Union Central Policyholders

Meeting Date: September 30, 2005

Meeting Time: 10:00 a.m., Eastern Time

Meeting Place: Union Central's home office, 1876 Waycross Road, Cincinnati, Ohio 45240

To Union Central Policyholders:

The special meeting of policyholders ("Union Central Policyholders") of The Union Central Life Insurance Company ("Union Central") originally scheduled for September 1, 2005 has been rescheduled to September 30, 2005 (the "Rescheduled Special Meeting"). As before, the purpose of the meeting is to vote on the following:

PROPOSAL:

To approve the Plan of Reorganization (the "Plan") of Union Central pursuant to the provisions of Sections 3913.25 through 3913.38 of the Ohio Revised Code and the transactions contemplated by the Plan, including the formation of Union Central Mutual Holding Company ("UCMHC") as a mutual insurance holding company, the conversion of Union Central from an Ohio mutual insurance company to an Ohio stock life insurance company, which will become a wholly-owned subsidiary of UCMHC, the adoption of the Amended and Restated Articles of Incorporation and Code of Regulations of Union Central as a stock life insurance company, the merger of UCMHC with and into Ameritas Mutual Holding Company (which will be renamed UNIFI Mutual Holding Company) and the designation of the Union Central designees to initially serve as directors of UNIFI Mutual Holding Company and their initial terms of office, all as more fully described in the Policyholder Information Booklet previously provided to you and the accompanying Supplement to the Policyholder Information Booklet (the "Supplement").

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL.

A detailed summary of the Plan, together with a copy of the Plan, is provided in the Policyholder Information Booklet, which is incorporated herein by reference and is supplemented by the Supplement accompanying this Notice. If you require another copy of the Policyholder Information Booklet or any of the materials accompanying the Policyholder Information Booklet, please call the Union Central Reorganization Information Line at 1-800-315-9781, Monday through Friday from 8:00 a.m. to 5:00 p.m., Eastern Time.

Union Central Policyholders who, on the basis of records of Union Central, have owned and continue to own a Union Central policy since September 30, 2004 and have met other requirements in accordance with the Ohio Revised Code, the Articles of Incorporation and the Code of Regulations of Union Central, may vote at the meeting. Each such Union Central Policyholder has only one vote regardless of the number of policies owned. To approve the Proposal, a majority of the votes cast at the meeting, in person or by proxy, including by virtue of having voted by telephone or Internet, at the Rescheduled Special Meeting of Union Central Policyholders must vote FOR the Proposal.

Your vote is important. If you do not plan to attend the meeting in person, please promptly complete, sign, date and return your blue-striped proxy card for the Rescheduled Special Meeting in the enclosed envelope. You may also vote by phone or Internet. See "SPECIAL MEETING—Voting by Phone or Internet" at page 17 in the Policyholder Information Booklet and the Supplement to the Policyholder Information Booklet. **Only votes that are made on the blue-striped proxies or cast by Internet or telephone with control numbers from such blue-striped proxies will be counted for the Rescheduled Special Meeting. Accordingly, if you have already submitted a proxy card or voted by Internet or telephone, you must vote again or your vote will not be counted. Proxies must be received by 5:00 p.m., Eastern Time, on September 29, 2005.**

A blue-striped proxy card for the Rescheduled Special Meeting to be used by Union Central Policyholders who wish to authorize someone else to cast their proxies for them is included with this mailing. If your blue-striped proxy card is damaged or missing, you may obtain a blue-striped proxy card by writing Union Central, 1876 Waycross Road, Cincinnati, Ohio 45240, Attention: Proxy Request. If you have questions about the Reorganization, or want to request a blue-striped proxy card, call the Reorganization Information line at 1-800-315-9781, Monday through Friday from 8:00 a.m. to 5:00 p.m., Eastern Time.

By Order of the Board of Directors of
The Union Central Life Insurance Company

David F. Westerbeck
Secretary
August 22, 2005

Notice of Rescheduled Public Hearing
to be held by the Ohio Department of Insurance
on the Plan of Reorganization of The Union Central Life Insurance Company

Notice is hereby given that the Ohio Department of Insurance has rescheduled the public hearing on the proposed Plan of Reorganization (the "Plan") of The Union Central Life Insurance Company ("Union Central") that was originally scheduled for September 27, 2005. The hearing will now be held on Friday, October 21, 2005 beginning at 10 a.m., at the offices of the Ohio Department of Insurance, 2100 Stella Court, Columbus Ohio 43215.

The proposed Plan involves the conversion of Union Central into a stock life insurance company within a mutual insurance holding company structure pursuant to Sections 3913.25 to 3913.38 of the Ohio Revised Code, and the merger of the newly formed mutual insurance holding company, immediately thereafter, with and into Ameritas Acacia, a Nebraska mutual insurance holding company. At the hearing, persons claiming to be adversely affected by the proposed conversion and merger and others wishing to comment thereon may present a position and offer comments concerning the proposed reorganization, including whether such transactions are fair and equitable to policyholders and comply with applicable law, or written statements may be submitted to the Hearing Clerk, at the Department of Insurance at the above address.

The Superintendent of Insurance for the State of Ohio (the "Ohio Superintendent") may adjourn the hearing to another time and/or place and may hold additional public hearings on the proposed Plan in the future. In the event that the Ohio Superintendent determines to adjourn the hearing to another time and/or place or hold additional public hearings on the proposed Plan, Union Central will provide notice of the time and place to which the hearing has been adjourned or the time and place of such additional hearings by causing this information to be published once each week for two consecutive weeks in a newspaper published and of the largest circulation in the counties of Cuyahoga, Franklin, Hamilton and Lucas and in the newspaper of the largest circulation in the state capital of each state of the United States in which Union Central maintains an office or agency for the solicitation of insurance.

UnionCentral

Supplement to Policyholder Information Booklet, dated July 21, 2005
Supplement dated August 22, 2005

The Union Central Life Insurance Company ("Union Central") hereby amends and supplements the Policyholder Information Booklet, dated July 21, 2005 (the "Policyholder Information Booklet"), related to the proposed reorganization of Union Central pursuant to the terms of the Plan of Reorganization (the "Plan").

The Policyholder Information Booklet is being amended and supplemented to revise Union Central's consolidated financial statements prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") and certain information derived from such GAAP consolidated financial statements, including the unaudited pro forma GAAP financial information included in the Policyholder Information Booklet. During the preparation of the June 30, 2005 GAAP financial statements, Union Central identified an error in the calculation of certain reserve items relating to its term life insurance product. The errors were uncovered when reserve entries were reviewed for its term life insurance product on a stand-alone basis. Union Central's management has modified its internal control procedures to avoid these errors in the future. Union Central's audited GAAP financial statements, originally included as Exhibit 2 to the Policyholder Information Booklet Exhibit Volume, have been restated to reflect a reduction in the ceded reserve credit and other less significant reserve related items with respect to term insurance products. The ceded reserve credit is a receivable, or an asset, on Union Central's GAAP balance sheet that represents the portion of policy reserves that have been transferred to accredited third party reinsurance companies by Union Central through reinsurance agreements.

The following table sets forth the adjustments to GAAP total equity as of December 31, 2004 and 2003, respectively, and the adjustments to GAAP net income for the years ended December 31, 2004, 2003 and 2002, respectively. Except for the percentage changes, all amounts are in millions of dollars. Percentage changes in any given year are based on the difference between the GAAP Restated Equity and the GAAP Reported Equity and the difference between the GAAP Restated Net Income and the GAAP Reported Net Income, as applicable, in such year.

Equity	2004	2003
Reported Equity	$650.9	$609.2
Cumulative Adjustment	(23.4)	(17.1)
Restated Equity	$627.5	$592.1
Percentage Change	(3.6%)	(2.8%)

Net Income	2004	2003	2002
Reported Net Income	$43.5	$32.9	$(25.5)
Adjustment	(6.3)	(7.6)	(2.5)
Restated Net Income	$37.2	$25.3	$(28.0)
Percentage Change	(14.5%)	(23.1%)	(9.8%)

Union Central's restated audited GAAP consolidated financial statements, with the report of independent auditors, are included in this Supplement (the "Supplement"). Such report of the independent auditors is unqualified. The management of Union Central has concluded that the identified errors are isolated and do not reflect a systemic problem with Union Central's accounting processes. Please refer to the discussion below of the details of each change to the Policyholder Information Booklet relating to these GAAP adjustments, including the changes to the unaudited pro forma financial information for UNIFI.

The internal actuarial staff of Union Central discovered the error that resulted in the above adjustments and promptly apprised management, which has conferred with Union Central's independent auditors concerning the internal control deficiency that led to the error. Union Central has modified its internal controls to prevent a reoccurrence of this type of error.

These GAAP adjustments have no effect on Union Central's financial statements prepared in accordance with statutory accounting principles. The GAAP adjustments also would not have affected significantly, if at all, any of Union Central's financial decisions, or product decisions, or any financial transactions. Union Central and Ameritas Acacia have agreed that the GAAP adjustments do not constitute a material adverse effect under the Merger Agreement that would entitle Ameritas Acacia to terminate the Merger Agreement. Accordingly, Union Central and Ameritas Acacia anticipate that the consummation of the Merger will occur on or before December 31, 2005.

To give Union Central policyholders ("Union Central Policyholders") additional time to consider the restated GAAP consolidated financial statements and resulting changes to the Policyholder Information Booklet included in this Supplement, the special meeting (the "Special Meeting") of Union Central Policyholders has been rescheduled ("Rescheduled Special Meeting") for **September 30, 2005, commencing at 10:00 a.m. Eastern Time, at Union Central's home office, 1876 Waycross Road, Cincinnati, Ohio 45240**. The Superintendent of Insurance for the State of Ohio has also rescheduled the public hearing on this matter to October 21, 2005 ("Rescheduled Public Hearing"). Accordingly, the Notice of Special Meeting and the Notice of Public Hearing preceding the Policyholder Information Booklet are hereby replaced with the Notice of Rescheduled Special Meeting and the Notice of Rescheduled Public Hearing, respectively, both of which precede this Supplement.

The following changes are hereby made to the Policyholder Information Booklet to reflect the adjustments made to Union Central's GAAP consolidated financial statements:

- The pro forma financial information in the section entitled, "Unaudited Pro Forma U.S. GAAP Combined Consolidated Financial Information," *beginning on page 9 and continuing to page 15 of the Policyholder Information Booklet* is replaced in its entirety with the revised unaudited pro forma financial information set forth in Attachment 1 hereto. The unaudited UNIFI pro forma financial information has also been updated to reflect the financial results for Union Central and Ameritas Acacia as of and for the six month period ended June 30, 2005. The restated unaudited UNIFI pro forma financial information as of and for the three month period ended March 31, 2005 has not been presented therein.

- The unaudited pro forma GAAP equity of UNIFI referred to in the first bullet point in the section entitled, "Potential Advantages of the Reorganization – Anticipated Eventual Improvement in Financial Strength Ratings," *on page 21 of the Policyholder Information Booklet* is changed from $1.9 billion to $1.8 billion.

- The audited GAAP total equity of Union Central referred to in the first bullet point in the section entitled, "Potential Advantages of the Reorganization – Anticipated Eventual Improvement in Financial Strength Ratings," *on page 21 of the Policyholder Information Booklet* is changed from $651 million to $627 million.

- The audited GAAP consolidated financial statements of Union Central for the years ended December 31, 2003 and 2004 with the report of independent auditors set forth in *Exhibit 2 to the Policyholder Information Booklet Exhibit Volume* are replaced in their entirety with the restated audited GAAP consolidated financial statements of Union Central for the years ended December 31, 2003 and 2004 with report of independent auditors set forth in Attachment 2 hereto. In addition, results of operations for the year ended December 31, 2002 has been added to the audited consolidated statements of income and audited consolidated statements of cash flows included in Attachment 2.

- The $30 million termination fee expressed as a percentage of Union Central's consolidated GAAP net worth referred to in the section entitled, "The Merger Agreement – Costs and Expenses; Termination Fee," *on page 52 of the Policyholder Information Booklet* is changed from 4.9% to 5.1%.

The following changes are hereby made to the Policyholder Information Booklet to reflect the changes in meeting dates and procedures for voting at the Rescheduled Special Meeting:

- All references to the Special Meeting originally scheduled for September 1, 2005 in the Policyholder Information Booklet and the Questions and Answers that were included with the Policyholder Information Booklet ("Questions and Answers") are changed to refer to the Rescheduled Special Meeting scheduled for September

30, 2005 and references to the public hearing originally scheduled for September 27, 2005 in the Policyholder Information Booklet are changed to refer to the Rescheduled Public Hearing scheduled for October 21, 2005.

- All references to a proxy card in the Policyholder Information Booklet and in the Questions and Answers are changed to refer to the blue-striped proxy card for the Rescheduled Special Meeting included with this Supplement.

- References to the August 31, 2004 cut-off date for determining eligible voting Union Central Policyholders in the third bullet point in the section entitled, "Special Meeting – Voting Union Central Policyholders," *on page 16 of the Policyholder Information Booklet* and in the third bullet point under the question, "Who gets to vote on the Reorganization," *on page 6 of the Questions and Answers* are changed to September 30, 2004.

- The first sentence in the section entitled, "Special Meeting – Voting by Proxy; Revocation of Proxies," *on page 17 of the Policyholder Information Booklet* is replaced with the following sentences: "For all Voting Union Central Policyholders, a blue-striped proxy card exclusively for use at the Rescheduled Special Meeting accompanies this Supplement. Only votes that are made on the blue-striped proxies or cast by Internet or telephone with control numbers from such blue-striped proxy card will be counted for the Rescheduled Special Meeting. Accordingly, if you have already submitted a proxy card or voted by Internet or telephone, you must vote again pursuant to the procedures described in the Policyholder Information Booklet previously provided to you (as updated by this Supplement) and the blue-striped proxy card for your vote to count for the Rescheduled Special Meeting.

- Reference to the August 31, 2005 cut-off date for submitting votes by proxy, Internet or Telephone in the last sentence in the section entitled, "Special Meeting – Voting by Phone or Internet," on *page 17 of the Policyholder Information Booklet* is changed to September 29, 2005.

- Reference to an August 31, 2005 special meeting date of Ameritas Acacia members in subpoint (ii) in the section entitled, "Regulatory Matters – Nebraska Approval Order," *on page 57 of the Policyholder Information Booklet* shall be changed to September 29, 2005.

The following changes are hereby made to the Policyholder Information Booklet to reflect new developments since July 21, 2005:

- The phrase in the second sentence in the second paragraph of the section entitled, "United States Federal Income Tax Consequences – Scope of Summary," *on page 56 of the Policyholder Information Booklet* relating to the expected receipt of a private letter ruling from the IRS is changed to reflect the receipt of such private letter ruling: "Union Central has received a private letter ruling from the Internal Revenue Service (the "IRS Ruling") confirming the tax consequences of the Reorganization to the

Union Central Policyholders and to Union Central, UCMHC, Ameritas Acacia and AHC...."

- The second bullet point entitled, "Costs of Reorganization," *on page 24 of the Policyholder Information Booklet* is replaced in its entirely with the following:

  "*Costs of Reorganization.* Outside legal, financial, accounting, actuarial, printing, and other fees and expenses, including the fees and costs of experts hired by the Ohio and New York Departments of Insurance for which Union Central is responsible, are anticipated to be significant and are estimated at approximately $11.0 million after-tax on both a statutory accounting and GAAP basis. A substantial portion of these costs have already been incurred. In addition, Union Central offered early retirement packages to 84 of its employees which will become effective only if the Reorganization is consummated. The deadline for accepting the early retirement package offer has expired, and as of the expiration date, 69 employees have accepted. If the Reorganization is consummated, the total after-tax cost to Union Central of the early retirement packages will be approximately $6.8 million on both a statutory accounting and GAAP basis."

In addition:

- All references throughout the Policyholder Information Booklet to the opinions of Morgan Stanley and Milliman are unchanged as both firms have confirmed that the GAAP adjustments do not affect their fairness opinions, each dated July 20, 2005, included as Exhibit 4 and Exhibit 5, respectively, of the Policyholder Information Booklet Exhibit Volume.

- Union Central's 'A minus' (Excellent) financial strength rating from A.M. Best Company, Inc. ("A.M. Best") and 'A minus' (Strong) financial strength rating from Standard & Poor's ("S&P") as disclosed in the Policyholder Information Booklet remain unchanged. Union Central has received confirmation from A.M. Best and S&P that the GAAP adjustments will not affect Union Central's financial strength ratings.

This Supplement constitutes a part of the Policyholder Information Booklet and should be read in conjunction with the Policyholder Information Booklet and the accompanying Union Central President's Letter. **If you require another copy of the Policyholder Information Booklet, the Policyholder Information Booklet Exhibit Volume or the Questions and Answers or have any questions or need assistance, please call our Reorganization Information Line at 1-800-315-9781.**

UnionCentral

ATTACHMENTS TO
THE UNION CENTRAL LIFE INSURANCE COMPANY
SUPPLEMENT TO THE POLICYHOLDER INFORMATION BOOKLET

UNAUDITED PRO FORMA U.S. GAAP COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma U.S. generally accepted accounting principles ("GAAP") combined condensed consolidated financial information has been prepared to give effect to the Reorganization, using the pooling of interests method of accounting. In the pooling of interests method, the recorded assets and liabilities of the companies are carried forward to the combined entity at their recorded amounts and the reported income of the companies is combined.

The unaudited pro forma combined consolidated balance sheet as of June 30, 2005 combines the unaudited consolidated balance sheet of Ameritas Acacia and the unaudited consolidated balance sheet of Union Central as of June 30, 2005. The unaudited pro forma combined consolidated statements of income combine the historical consolidated statements of income of Ameritas Acacia and Union Central for the six month period ended June 30, 2005 and the historical audited consolidated statements of income each of the years in the three year period ended December 31, 2004. The audited GAAP balance sheet of Union Central as of December 31, 2003 and 2004 and the audited GAAP statements of income of Union Central for the three year period ended December 31, 2004 have been restated to reflect a reduction in the ceded reserve credit and other less significant reserve related items with respect to term insurance products. The ceded reserve credit is a receivable, or an asset, on Union Central's GAAP balance sheet that represents the portion of policy reserves that have been transferred to accredited third party reinsurance companies by Union Central through reinsurance agreements. The condensed balance sheet and income statement format is consistent with historical financial presentations included the Union Central's Annual Policyholders' Report.

This unaudited pro forma combined consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have actually been reported had the Reorganization occurred at the beginning of the periods presented, nor is it necessarily indicative of future financial position or results of operations. The unaudited pro forma combined consolidated financial information as of and for the periods presented may have been different had the companies actually been consolidated as of or during those periods due to, among other factors, possible revenue enhancements, expense efficiencies and integration costs. The unaudited pro forma combined consolidated financial statements are based upon the respective historical consolidated financial statements of Ameritas Acacia and Union Central and should be read in conjunction with the respective historical audited consolidated financial statements and notes thereto of Union Central (Attachment 2 to the Supplement to the Policyholder Information Booklet (the "Supplement")) and of Ameritas Acacia (Exhibit 3 in the Exhibit Volume to the Policyholder Information Booklet), as well as the accompanying notes to these unaudited pro forma combined consolidated financial statements.

Pro Forma Unaudited U.S. GAAP Combined Balance Sheet (in thousands)

	As of June 30, 2005		Pro Forma Combined
	Ameritas Acacia	Union Central	UNIFI
Balance Sheet			
Assets			
Fixed income securities	$2,975,277	$3,566,056	$ 6,541,333
Equity securities	174,356	20,947	195,303
Loans	1,614,937	702,081	2,317,018
Other invested assets	155,202	117,987	273,189
Total invested assets	4,919,772	4,407,071	9,326,843
Other general account assets	677,151	772,794	1,449,945
Total general account assets	5,596,923	5,179,865	10,776,788
Separate account assets	2,655,167	2,113,814	4,768,981
Total Assets	$8,252,090	$7,293,679	$15,545,769
Liabilities and Equity			
Future policy benefits and claims	$3,161,688	$4,185,388	$7,347,076
Other general account liabilities	1,161,346	353,237	1,514,583
Total general account liabilities	4,323,034	4,538,625	8,861,659
Separate account liabilities	2,655,167	2,113,814	4,768,981
Total Liabilities	6,978,201	6,652,439	13,630,640
Minority interest in subsidiary	61,542	-	61,542
Equity	1,212,347	641,240	1,853,587
Total Liabilities and Equity	$8,252,090	$7,293,679	$15,545,769

Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)

	For the Six Months Ended June 30, 2005 Ameritas Acacia	Union Central	Pro Forma Combined UNIFI
Statements of Income			
Revenue			
Insurance revenue	$299,371	$ 109,722	$409,093
Net investment income	134,625	112,974	247,599
Net realized gains on investments	12,277	8,183	20,460
Other revenue	87,808	19,748	107,556
Total Revenues	534,081	250,627	784,708
Benefits and Expenses			
Benefits paid or credited to policyowners or beneficiaries	253,477	136,818	390,295
Underwriting, acquisition and other expenses	214,410	98,016	312,426
Total Benefits and Expenses	467,887	234,834	702,721
Income before federal income tax and minority interest in earnings of subsidiary	66,194	15,793	81,987
Federal income tax expense	25,548	6,021	31,569
Income before minority interest in earnings of subsidiary	40,646	9,772	50,418
Minority interest in earnings of subsidiary	(3,355)	-	(3,355)
Net Income	$ 37,291	$ 9,772	$ 47,063

Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)

	For the Twelve Months Ended December 31, 2004		Pro Forma Combined
	Ameritas Acacia	Union Central	UNIFI
		Restated	Restated
Statements of Income			
Revenue			
Insurance revenue	$ 593,324	$207,798	$ 801,122
Net investment income	272,129	242,634	514,763
Net realized gains on investments	74,203	7,910	82,113
Other revenue	164,189	32,353	196,542
Total Revenues	1,103,845	490,695	1,594,540
Benefits and Expenses			
Benefits paid or credited to policyowners or beneficiaries	503,739	274,004	777,743
Underwriting, acquisition and other expenses	401,754	166,699	568,453
Total Benefits and Expenses	905,493	440,703	1,346,196
Income before federal income tax and minority interest in earnings of subsidiary	198,352	49,992	248,344
Federal income tax expense	62,758	12,753	75,511
Income before minority interest in earnings of subsidiary	135,594	37,239	172,833
Minority interest in earnings of subsidiary	(5,108)	-	(5,108)
Income before cumulative effect of change in accounting principle	130,486	37,239	167,725
Cumulative effect of change in accounting principle	(606)	-	(606)
Net Income	$ 129,880	$ 37,239	$ 167,119

Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)

	For the Twelve Months Ended December 31, 2003		Pro Forma Combined
	Ameritas Acacia	Union Central	UNIFI
		Restated	Restated
Statements of Income			
Revenue			
Insurance revenue	$590,021	$212,430	$ 802,451
Net investment income	259,249	252,776	512,025
Net realized gains (losses) on investments	(24,156)	29,151	4,995
Other revenue	151,394	34,093	185,487
Total Revenues	976,508	528,450	1,504,958
Benefits and Expenses			
Benefits paid or credited to policyowners or beneficiaries	511,631	290,490	802,121
Underwriting, acquisition and other expenses	375,152	200,740	575,892
Total Benefits and Expenses	886,783	491,230	1,378,013
Income before federal income tax and minority interest in earnings of subsidiary	89,725	37,220	126,945
Federal income tax expense	33,868	11,962	45,830
Income before minority interest in earnings of subsidiary	55,857	25,258	81,115
Minority interest in earnings of subsidiary	(5,781)	-	(5,781)
Net Income	$ 50,076	$25,258	$ 75,334

Pro Forma Unaudited U.S. GAAP Combined Statements of Income (in thousands)

	For the Twelve Months Ended December 31, 2002		Pro Forma Combined
	Ameritas Acacia	Union Central	UNIFI
		Restated	Restated
Statements of Income			
Revenue			
Insurance revenue	$570,682	$235,817	$ 806,499
Net investment income	266,734	246,559	513,293
Net realized losses on investments	(15,572)	(42,233)	(57,805)
Other revenue	148,201	32,208	180,409
Total Revenues	970,045	472,351	1,442,396
Benefits and Expenses			
Benefits paid or credited to policyowners or beneficiaries	506,249	323,102	829,351
Underwriting, acquisition and other expenses	389,913	195,048	584,961
Total benefits and expenses	896,162	518,150	1,414,312
Income (loss) before federal income tax and minority interest in earnings of subsidiary	73,883	(45,799)	28,084
Federal income tax expense (benefit)	23,403	(17,838)	5,565
Income (loss) before minority interest in earnings of subsidiary	50,480	(27,961)	22,519
Minority interest in earnings of subsidiary	37	-	37
Net Income (Loss)	$ 50,517	$ (27,961)	$ 22,556

Notes to the Unaudited Pro Forma U.S. GAAP Combined Consolidated Financial Statements

1. The Consolidated Financial Statements were prepared in accordance with United States generally accepted accounting principals.

2. The consolidated financial information was prepared under the pooling of interests method of accounting. Therefore, the historical balance sheets and income statements of the two entities were combined as stated.

3. Certain balance sheet and income statement line items were combined for the financial statement presentation; therefore, certain line items presented herein may not be identical to the corresponding line items in the historical audited consolidated financial statements. The unaudited pro forma combined consolidated financial statements should be read in conjunction with the respective historical audited consolidated financial statements and notes thereto of Union Central and Ameritas Acacia included as Attachment 2 to the Supplement and Exhibit 3 in the Policyholder Information Booklet Exhibit Volume, respectively.

4. It was assumed the merger would occur in the fourth quarter of 2005 and possible revenue enhancements, expense efficiencies and all integration costs have not been incorporated in the unaudited pro forma combined consolidated financial statements included herein. Specifically:

    - The anticipated transaction costs were not incorporated into the unaudited pro forma combined consolidated financial statements for the periods ending December 31, 2004, 2003, and 2002. However, the transaction costs, net of tax of \$8.1 million and \$11.9 million were included in the "Underwriting, acquisition and other expenses" line of the June 30, 2005 income statements of Ameritas Acacia and Union Central, respectively. The \$11.9 million transaction costs of Union Central is comprised of \$6.8 million of expenses related to the early retirement packages accepted by 69 Union Central employees and \$5.1 million of adviser and other fees and expenses (representing the allocable portion of the \$11.0 million total estimated adviser and other fees and expenses in connection with the Reorganization for the six month period). *See "Costs of Reorganization," under the first bullet point on page 5 of the Supplement.*

    - The anticipated cost savings expected were not incorporated into the unaudited pro forma combined consolidated financial statements included herein.

    - The anticipated increases in sales were not incorporated into the unaudited pro forma combined consolidated financial statements included herein.

    - There were no intercompany transactions, and therefore, no eliminating entries posted in the unaudited pro forma combined consolidated financial statements included herein.

5. The unaudited pro forma combined consolidated financial statements included herein are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of the operations that would have actually been reported had the Reorganization occurred at the beginning of the periods presented, nor is it necessarily indicative of future financial position or results of operations.

Attachment 2

CONSOLIDATED FINANCIAL STATEMENTS

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

AT DECEMBER 31, 2004 AND 2003 AND YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002 WITH REPORT OF INDEPENDENT AUDITORS

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2004 and 2003 and Years ended December 31, 2004, 2003 and 2002

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Report of Independent Auditors

To the Board of Directors of
The Union Central Life Insurance Company

We have audited the accompanying consolidated balance sheets of The Union Central Life Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2004. 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 did not audit the financial statements of Union Central Mortgage Funding, Inc., a wholly-owned subsidiary, which statements reflect 2.8% and 12.5% of total consolidated pre-tax income for the years ended 2004 and 2003, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Union Central Mortgage Funding, Inc., is based solely on the report of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Union Central Life Insurance Company and subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

February 8, 2005, except the restatement described
in Note 1 for which the date is August 17, 2005.

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2004 Restated	December 31, 2003 Restated
ASSETS		
Investments:		
Fixed maturities available-for-sale at fair value (amortized cost: 2004 - $3,365,283 and 2003 - $3,365,149)	$ 3,448,772	$ 3,448,932
Other fixed maturities	13,236	24,260
Equity securities available-for-sale at fair value (cost: 2004 - $16,681 and 2003 - $59,810)	17,475	63,077
Other equity securities	4,135	13,803
Cash and short-term investments	15,840	5,958
Other invested assets	32,647	32,926
Mortgage loans held-for-investment	512,292	508,655
Mortgage loans held-for-sale	107,020	18,996
Amounts receivable under repurchase agreement	71,730	36,457
Real estate	10,056	11,272
Policy loans	142,611	144,037
Total investments	4,375,814	4,308,373
Accrued investment income	47,646	46,126
Deferred policy acquisition costs	370,109	356,495
Property, plant and equipment, at cost, less accumulated depreciation (2004 - $94,522 and 2003 - $86,040)	37,871	41,904
Deferred federal income tax asset	--	288
Federal income tax recoverable	4,972	--
Receivable for securities	105,709	7,904
Other assets	374,965	273,883
Separate account assets	2,095,848	1,809,545
Total assets	$ 7,412,934	$ 6,844,518
LIABILITIES AND EQUITY		
Policy liabilities:		
Future policy benefits	$ 4,036,163	$ 4,010,705
Deposit funds	114,896	119,116
Policy and contract claims	28,982	37,126
Policyholders' dividends	8,398	9,152
Total policy liabilities	4,188,439	4,176,099
Deferred revenue	50,990	60,902
Payable for securities	107,086	185
Warehouse line of credit	84,565	18,970
Other liabilities	133,239	99,767
Federal income tax payable	--	895
Deferred federal income tax liability	4,422	--
Surplus notes payable	49,810	49,801
Obligation under repurchase agreement	71,041	36,257
Separate account liabilities	2,095,848	1,809,545
Total liabilities	6,785,440	6,252,421
Equity:		
Policyholders' equity	627,109	589,870
Accumulated other comprehensive income	385	2,227
Total equity	627,494	592,097
Total liabilities and equity	$ 7,412,934	$ 6,844,518

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

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands)

	December 31,		
	2004	2003	2002
REVENUE	**Restated**	**Restated**	**Restated**
Insurance revenue:			
Traditional insurance premiums	$ 113,805	$ 117,285	$ 149,842
Universal life policy charges	61,657	63,291	58,832
Annuities	32,336	31,854	27,143
Net investment income	242,634	252,776	246,559
Net realized gains (losses) on investments	7,910	29,151	(42,233)
Fee income	23,969	24,885	22,120
Other	8,384	9,208	10,088
Total revenue	490,695	528,450	472,351
BENEFITS AND EXPENSES			
Benefits	114,654	112,058	141,357
Increase in reserves for future policy benefits	12,680	14,053	12,096
Interest expense:			
Universal life	63,438	72,754	76,437
Investment products	71,603	77,885	79,359
Underwriting, acquisition and insurance expense	166,699	200,740	195,048
Policyholders' dividends	11,629	13,740	13,853
Total benefits and expenses	440,703	491,230	518,150
Income (loss) before federal income tax expense (benefit)	49,992	37,220	(45,799)
Federal income tax expense (benefit)	12,753	11,962	(17,838)
Net Income (Loss)	$ 37,239	$ 25,258	$ (27,961)

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

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Accumulated Other Comprehensive Income	Policyholders' Equity	Total
Balance at January 1, 2002, as previously reported	$ (20,020)	$ 599,640	$ 579,620
Prior period adjustments (see Note 1)	--	(7,067)	(7,067)
Balance at January 1, 2002, as restated	(20,020)	592,573	572,553
Net loss		(27,961)	(27,961)
Unrealized gains on securities, net of tax and reclassification adjustment	35,287		35,287
Minimum pension liability adjustment	(6,879)		(6,879)
Comprehensive income			447
Balance at December 31, 2002 , as restated	8,388	564,612	573,000
Net income		25,258	25,258
Unrealized losses on securities, net of tax and reclassification adjustment	(3,090)		(3,090)
Minimum pension liability adjustment	(3,071)		(3,071)
Comprehensive income			19,097
Balance at December 31, 2003, as restated	2,227	589,870	592,097
Net income		37,239	37,239
Unrealized gains on securities, net of tax and reclassification adjustment	789		789
Minimum pension liability adjustment	(2,631)		(2,631)
Comprehensive income			35,397
Balance at December 31, 2004 , as restated	$ 385	$ 627,109	$ 627,494

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

THE UNION CENTRAL LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31		
	2004 Restated	2003 Restated	2002 Restated
OPERATING ACTIVITIES			
Net income (loss)	$ 37,239	$ 25,258	$ (27,961)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Interest credited to universal life policies	63,438	72,754	76,437
Interest credited to investment products	71,603	77,885	79,359
Accrual of discounts on investments, net	8,685	10,441	2,135
Net realized (gains) losses on investments	(7,910)	(29,151)	42,233
Depreciation	8,482	10,580	7,189
Amortization of deferred policy acquisition costs	52,832	69,708	63,892
Amortization of deferred revenue	(15,341)	(10,558)	(20,685)
Policy acquisition cost deferred	(62,462)	(57,941)	(66,648)
Revenue deferred	5,429	2,873	10,384
Deferred federal income tax expense (benefit)	5,619	1,612	(4,476)
Cost of mortgage loans held for sale, net	(85,442)	(18,899)	--
Changes in operating assets and liabilities:			
Accrued investment income	(1,520)	(863)	(1,117)
Receivable for securities	(97,805)	(964)	6,680
Other (assets) liabilities	(101,083)	(76,734)	(60,656)
Amounts receivable under repurchase agreement	(35,273)	(36,457)	--
Policy liabilities	72,842	8,038	(3,606)
Payable for securities	106,901	(140,748)	135,881
Obligation under repurchase agreement	34,784	36,257	--
Other items, net	4,396	(2,006)	(8,886)
Cash Provided by (Used in) Operating Activities	65,414	(58,915)	230,155
INVESTING ACTIVITIES			
Costs of investments acquired	(2,457,237)	(3,534,371)	(2,955,450)
Proceeds from sale, maturity or repayment of investments	2,510,121	3,500,802	2,583,590
(Increase) decrease in policy loans	1,426	(11)	2,162
Purchases of property and equipment, net	(4,449)	(4,355)	(7,059)
Cash Provided by (Used in) Investing Activities	49,861	(37,935)	(376,757)
FINANCING ACTIVITIES			
Receipts from universal life and investment contracts	560,266	654,871	824,479
Withdrawals from universal life and investment contracts	(755,809)	(702,495)	(579,104)
Net proceeds from the issuance of line of credit debt	65,595	18,970	--
Reverse repurchase agreements	24,555	--	--
Cash Provided by (Used in) Financing Activities	(105,393)	(28,654)	245,375
Increase (decrease) in cash and short term investments	9,882	(125,504)	98,773
Cash and short term investments at beginning of year	5,958	131,462	32,689
Cash and short term investments at end of year	$ 15,840	$ 5,958	$ 131,462
Supplemental disclosures of cash flow information:			
Cash paid (refunded) during the year for federal income taxes	$ 11,342	$ (6,404)	$ (6,099)
Cash paid during the year for interest on surplus notes	$ 4,100	$ 4,100	$ 4,100
Cash paid during the year for interest on line of credit	$ 1,387	$ 1,069	$ --

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Organization

The accompanying consolidated financial statements have been prepared in accordance with accounting principles genera accepted in the United States (GAAP) and include the accounts of The Union Central Life Insurance Company (Uni Central) and the following subsidiaries: Summit Investment Partners, Inc., wholly-owned, a registered investment advis Carillon Investments, Inc., wholly-owned, a registered broker-dealer that offers investment products and related servi through its registered representatives; Payday of America, LLC, wholly-owned, a payroll company (as detailed below, Uni Central sold the assets of Payday of America, LLC in 2004); Family Enterprise Institute, Inc., wholly-owned, a natio membership organization for family business owners; PRBA, Inc., wholly-owned, the holding company of a pensi administration company; Summit Investment Partners, LLC, wholly-owned, a registered investment advisor and Uni Central Mortgage Funding, Inc, a mortgage banking business. Fee based revenues of the consolidated subsidiaries v included in "Fee Income" in the Consolidated Statements of Income. The Company also consolidated the following mut funds due to its level of ownership in these funds: the Summit Apex High Yield Bond Fund; the Summit Apex TSI Fu the Summit Pinnacle Lehman Aggregate Bond Index Portfolio and the Summit Apex EAFE International Index Fund. 1 consolidated company will be referred to as "the Company". The holdings of the consolidated Summit mutual funds reported at fair value in "Other fixed maturities" and "Other equity securities" in the Balance Sheets. All signific intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements. addition, Summit Mutual Funds, Inc., a registered investment company, is an investment affiliate of Union Central.

On January 1, 2004, the Company adopted Statement of Position 03-1 "Accounting and Reporting by Insurance Enterpri for Certain Nontraditional Long-Duration Contracts and for Separate Accounts". The impact of adoption was immaterial.

The Company will adopt FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") on Januar 2005. The impact of adoption is not anticipated to be material. In 1996, the Company created a collateralized b obligation through the formation of a trust in which the Company is the primary beneficiary. The trust issued debt securi to lenders. As of December 31, 2004, $70,300,000 of debt securities was outstanding. Upon the adoption of FIN 46, Company anticipates consolidation of the collateralized bond obligation will be required. The maximum exposure to los the Company as a result of the activities of the collateralized bond obligation was $43,400,000 as of December 31, 2004.

During 2004, the Company sold Family Enterprise Institute, Inc., a wholly-owned subsidiary. A $1,600 after-tax gain recorded as a result of the sale.

During 2004, the Company completed the sale of Payday of America, LLC's assets to Paycor, Inc., in exchange for comn stock of Paycor, Inc. The net after-tax impact from recording the sale was a reduction in net income of $3,467,000. operating activities of Payday of America, LLC had ceased as of December 31, 2004.

During 2002, the Company established Union Central Mortgage Funding, Inc., a wholly-owned consolidated subsidi which was formed to originate, sell and service commercial mortgage loans.

The Company provides a wide spectrum of financial products and related services for the benefit of individual, group pension policyholders. Such products and services include insurance to provide for financial needs resulting from loss of or income and management of funds accumulated for preretirement and retirement needs.

The Company is licensed to do business in all 50 states.

The preparation of financial statements requires management to make estimates and assumptions that affect amounts repo in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as m information becomes known, which could impact the amounts reported and disclosed herein.

Restatement

The accompanying financial statements have been adjusted to correct errors in the calculation of deferred policy acquisition costs and future policy benefits related to the Company's term life insurance products. Policyholders' and total equity as of January 1, 2002 was reduced by $7,067,000 as a result of the restatement. The effects of the restatement are presented below:

	2004		2003	
	As Previously Reported	As Restated	As Previously Reported	As Restated
	(in thousands)			
At December 31:				
Deferred policy acquisition costs	$ 370,223	$ 370,109	$ 358,632	$ 356,495
Deferred federal income tax asset	--	--	--	288
Other assets	403,421	374,965	291,224	273,883
Future policy benefits	4,028,737	4,036,163	4,003,852	4,010,705
Deferred federal income tax liability	17,020	4,422	8,928	--
Policyholders' equity	650,505	627,109	606,984	589,870
Total equity	650,890	627,494	609,211	592,097

	2004		2003		2002	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
	(in thousands)					
For the year ended December 31:						
Increase in reserves for future policy benefits	$ 993	$ 12,680	$ 4,942	$ 14,053	$ 7,993	$ 12,096
Underwriting, acquisition and insurance expense	168,721	166,699	198,169	200,740	195,376	195,048
Income (loss) before federal income tax expense (benefit)	59,657	49,992	48,902	37,220	(42,024)	(45,799)
Federal income tax expense (benefit)	16,136	12,753	16,051	11,962	(16,517)	(17,838)
Net income (loss)	43,521	37,239	32,851	25,258	(25,507)	(27,961)

Investments

Fixed maturity and equity securities classified as available-for-sale are carried at fair value with net unrealized gains and losses reported as other comprehensive income or loss. Other fixed maturity and equity securities represent the underlying assets of consolidated mutual funds and are carried at fair value with changes in fair value recorded in net investment income.

Other investments are reported on the following bases:

- Mortgage loans on real estate are carried at their aggregate unpaid balance less unamortized discount or plus unamortized premium and less an allowance for possible losses. Mortgage loans held for sale are mortgages the Company intends to sell. Mortgage loans held for sale are stated at lower of aggregate cost or market. The amount, by which cost exceeds market value, if any, is accounted for as a valuation allowance. Changes in the valuation allowance are included in the determination of net income in the period of change.
- Real estate acquired through foreclosure is carried at the lower of cost or its net realizable value.
- Policy loans are reported at unpaid balances.

- Cash and short-term investments consist of cash-in-bank, cash-in-transit and commercial paper that hav maturity date of 90 days or less from the date acquired.
- Receivable for securities represents amounts due from brokers resulting from securities that were sold at end of the year, but the proceeds have not been received at the balance sheet date.
- Payable for securities represents amounts due to brokers resulting from securities purchased at the end of year for which payment has not been made at the balance sheet date.

The Company's carrying values of investments in limited partnerships are adjusted to reflect the GAAP earnings of investments underlying the limited partnership portfolios.

The fair values of fixed maturity and equity securities represent quoted market values from published sources or calcul market values using the "yield method" if no quoted market values are obtainable.

Realized gains and losses on sales of investments are recognized on a specific identification basis. Realized losses due tc recognition of declines in the value of investments judged to be other-than-temporary are recognized on a spe identification basis.

Interest is not accrued on mortgage loans or bonds for which principal or interest payments are determined tc uncollectible.

In 2004 and 2003, the Company entered into repurchase agreements to economically hedge the interest rate risk associ with funded mortgage loans held for sale that have not yet been sold. Based on the terms of the repurchase agreements transactions are considered collateralized loans in accordance with Statement of Financial Accounting Standard No. "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". The Company $71,041,000 and $36,257,000 in outstanding repurchase agreements for the years ended December 31, 2004 and 2 respectively. As the Company sold the collateral that was pledged to the Company, a liability has been recognize "Obligation under repurchase agreement" in the Consolidated Balance Sheets to reflect the obligation to return the collat Also, the Company recognized a receivable representing the cash it lent under the terms of the repurchase agreement, w totaled $71,730,000 and $36,457,000 for the years ended December 31, 2004 and 2003, respectively, and was reflecte "Amounts receivable under repurchase agreement" in the Consolidated Balance Sheets.

The Company has entered into reverse repurchase agreements whereby the Company sells securities and simultanec agrees to repurchase the same or substantially the same securities. Reverse repurchase agreements are accounted fc collateralized borrowed money with the amount received for the securities recorded in "Other liabilities" in the Consolic Balance Sheets. At December 31, 2004, the Company had reverse repurchase agreements outstanding with a total carr value of $24,555,000. There were no repurchase agreements outstanding as of December 31, 2003 and 2002.

The Company purchases and sells call options to hedge insurance contracts whose credited interest is linked to return Standard & Poor's 500 Stock Index (Index) based on a formula which applies participation rates to the returns in the Ir Call options are contracts, which give the option purchaser the right, but not the obligation, to buy securities at a spec price during a specified period. The Company holds call options which expire monthly until December 1, 2005. Company paid and received initial fees (the option premium) to enter the option contracts. The purchased Index call op give the Company the right to receive cash at settlement if the closing Index value is above the strike price, while the index call options require the Company to pay cash at settlement if the closing Index value is above the strike price. Company sells call options to effectively offset the proceeds the Company would receive on its purchased call options represent a return above the amount that would be credited to insurance contracts electing a capped return in the Index.

The Company is exposed to credit-related losses in the event of nonperformance by counter-parties to the call options minimize this risk, the Company only enters into private options contracts with counterparties having Standard & P credit ratings of AA- or above or listed contracts guaranteed by the Chicago Board Options Exchange. The credit expo is limited to the value of the call options of $6,083,000 at December 31, 2004.

The call options are carried at their fair value, and are reflected in "Other invested assets" in the Consolidated Bal Sheets. The liabilities for the hedged insurance contracts are adjusted based on the market value of the call options, an reflected in "Deposit funds" in the Consolidated Balance Sheets. The liabilities for the hedged insurance contracts adjusted based on the returns in Standard & Poor's 500 Stock Index, and were reflected in "Deposit funds" in the Consolidated Balance Sheets. The notional amount of the call options at December 31, 2004 and 2003 was $50,574,000 and $31,128,000, respectively.

In 2004 and 2003, the Company entered into interest rate swap agreements with a notional value of $35,000,000 and $125,000,000, respectively, with Morgan Stanley, Bank One and Deutsche Bank. The purpose of the interest rate swap agreements was to hedge interest rate risk associated with specifically identified bonds within the Company's investment portfolio. The interest rate swap agreements were categorized as and met the criteria of effective fair value hedges. Under the interest rate swap agreements, the Company paid a fixed rate and received a floating interest rate. The objective of the interest rate swaps was to offset any change in value of the bonds due to market interest rate fluctuations. The Company is exposed to credit-related losses in the event of nonperformance by the counter-parties to the interest rate swaps. To minimize this risk, the Company only enters into private contracts with counterparties having Standard & Poor's credit ratings of AA- or above or listed contracts guaranteed by the Chicago Board Options Exchange. The credit exposure is limited to the value of the interest rate swaps of $317,000 at December 31, 2003. The Company is required to make semi-annual interest payments based on the fixed rate inherent in the interest rate swaps. Settlement of gain or loss under the interest rate swaps occurs upon termination. The financing cost of the interest rate swaps excluded from the assessment of hedge effectiveness totaled $307,000 and $592,000 in 2004 and 2003, respectively, and was recorded in "Net investment income" in the Consolidated Statements of Income.

The change in value of the interest rate swaps was accounted for consistently with the hedged bonds. During 2004 and 2003, $75,000,000 and $85,000,000, respectively, of the notional value of the interest rate swap agreements was terminated, leaving no notional value as of December 31, 2004. In 2004 and 2003, respectively, a pre-tax gain of $262,000 and $603,000 was realized upon the terminations of the agreements and was recorded in "Net investment income" in the Consolidated Statements of Income.

In 2004, 2003 and 2002, the Company entered into one-month swap agreements with Deutsche Bank and Morgan Stanley to hedge the change in value of a portion of its investments in certain Summit Mutual Fund, Inc. mutual funds. (See Note 2 for further detail of the Company's investments in these funds.) The notional amount of the swap agreements is set based on the amount of the Company's investments in the mutual funds that it determines to hedge. Under the swap agreements, the Company pays or receives the total return of the associated indexes during the term of the swap agreements, and receives interest income on the notional amount of the swap agreements that approximates prevailing short-term rates. The Company records the change in value of its swap agreements and investments in the unconsolidated hedged Summit mutual funds in earnings. The swap agreements were designated and qualified as fair value hedges.

For the years ended December 31, 2004, 2003 and 2002, the swap agreements offset unrealized gains of $301,000, $0 and $3,449,000, respectively, and pre-tax realized gains (losses) of $440,000, $2,138,000 and ($7,919,000), respectively, that the Company incurred in the hedged mutual funds. Swap agreements with a notional value of $4,200,000 and $0 were outstanding as of December 31, 2004 and 2003, respectively.

In 2004, the Company entered into interest rate swap agreements with a notional value of $75,000,000 at December 31, 2004, with Morgan Stanley and Bank One. The swap agreements are carried at their fair value and are reflected in "Other invested assets" in the Consolidated Balance Sheets. The purpose of the interest rate swap agreements was to hedge interest rate risk associated with a pool of commercial mortgage loans held for sale. Under the interest rate swap agreements, the Company paid a fixed rate and received a floating interest rate. The objective of the interest rate swaps is to offset any change in value due to market interest rate fluctuations of the pool of commercial mortgage loans prior to the sale. The loss in fair value of the swap agreements of $1,153,000 and financing costs of $737,000 was recorded in "Net investment income" in the Consolidated Statements of Income. The interest rate swap agreements were not designated as hedging instruments.

In 2002, the Company entered into interest rate swap agreements with a notional value of $200,000,000 with Deutsche Bank and Morgan Stanley. The purpose of the interest rate swap agreements was to hedge interest rate risk associated with a pool of commercial mortgage loans that the Company had agreed to sell to Morgan Stanley. Under the interest rate swap agreements, the Company paid a fixed rate and received a floating interest rate. The objective of the interest rate swaps was to offset any change in value due to market interest rate fluctuations of the pool of commercial mortgage loans prior to the sale to Morgan Stanley. The interest rate swaps were terminated upon the closing of the sale of the mortgage loans to

Morgan Stanley. The loss was combined with the gain on the sale of commercial mortgage loans to Morgan Stanley. The interest rate swap agreements were designated as and qualified as fair value hedges.
The Company enters into loan commitments in association with originating commercial mortgage loans that are held for sale. The loan commitments are accounted for as derivative instruments. The loan commitments are marked to fair value based on estimates of fluctuations in market interest rates for comparable mortgage loans from loan commitment dates. The loan commitments are typically hedged with repurchase agreements.

Deferred Policy Acquisition Costs

The costs of acquiring new business, principally commissions, certain expenses of the policy issue and underwriting department and certain variable agency expenses have been deferred. Deferred policy acquisition costs are amortized consistent with the methods described in "Policy Liabilities, Revenues, Benefits and Expenses". Amortization of deferred policy acquisition costs totaled $52,832,000, $69,708,000 and $63,892,000 for the years ended December 31, 2004, 2003 and 2002, respectively, and was included in "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income. Deferred policy acquisition costs are adjusted to reflect the impact of unrealized gains and losses on available-for-sale securities. Adjustments decreasing deferred policy acquisition costs related to unrealized gains and losses totaled $36,783,000, $40,765,000 and $44,955,000 at 2004, 2003 and 2002, respectively.

In 2004, 2003 and 2002, the Company revised its estimates of future gross profits, and as a result amortization of deferred policy acquisition costs included in "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income increased (decreased) ($5,969,000), $2,563,000 and $20,807,000 for the years ended 2004, 2003 and 2002, respectively.

Property, Plant and Equipment

Property, plant and equipment is valued at historical cost less accumulated depreciation in the Consolidated Balance Sheets. It consists primarily of Union Central's home office, furniture and fixtures and electronic data processing equipment.

Depreciation is computed with the straight-line method over the estimated useful lives of the respective assets, not to exceed 10 years for office furniture and 3 years for electronic data processing equipment. Depreciation is computed for leasehold improvements with the straight-line method over the shorter of the remaining lease term or useful life of the improvements.

Capitalization of Software Costs

Software development costs of $3,891,000 and $3,352,000 were capitalized in 2004 and 2003, respectively. Amortization expense of $4,204,000, $5,283,000 and $3,598,000, respectively, was recorded to "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income in 2004, 2003 and 2002. Depreciation is computed with the straight-line method over the estimated useful life of the software, not to exceed 5 years.

Deposit Funds

The liability for deposit funds is generally established at the policyholders' accumulated cash values plus amounts provided for guaranteed interest.

Policy Claim Reserves

Policy claim reserves represent the estimated ultimate net cost of all reported and unreported claims incurred. In addition, a claim adjustment expense reserve is held to account for the expenses associated with administering these claims. The reserves for unpaid claims are estimated using individual case basis valuations and statistical analyses. The claim adjustment expense reserve is estimated using statistical analyses. These estimates are subject to the effects of trends in claim severity and frequency. Although some variability is inherent in such estimates, management believes that the reserves for claims and claim related expenses are adequate. The estimates are reviewed and adjusted as experience develops or new information becomes known and such adjustments are included in current operations.

Dividends to Policyholders

The Company's dividend liability is the amount estimated to have accrued to policyholders as of each year-end. Insurance in force receiving dividends accounted for 6.19% and 5.63% of total insurance in force at December 31, 2004 and 2003, respectively.

Separate Accounts

Separate account assets and liabilities reported in the accompanying financial statements (excluding seed money provided by the Company) represent funds that are separately administered for the individual annuity, group annuity and variable universal life lines of business, and for which the contract holders rather than the Company bear the investment risk. Separate account contract holders have no claim against the assets of the general account of the Company. Separate account investments are carried at market value. Investment income and gains and losses from these accounts accrue directly to contract holders and are not included in the accompanying financial statements. Union Central derives certain fees for maintaining and managing the separate accounts, but bears no investment risk on these assets, except to the extent that it participates in a particular separate account. On assets transferred to the separate accounts, the Company recognized interest income of $37,846,000, $22,455,000 and $25,491,000 and investment gains (losses) of $172,762,000, $327,660,000 and ($318,870,000) for the years ending December 31, 2004, 2003 and 2002, respectively. The interest income and investment gains were offset by the increase in separate account liabilities within the same line item in the Consolidated Statements of Income.

The Company issues variable annuity contracts through the separate accounts where the Company contractually guarantees to the contract holder total deposits made to the contract less any partial withdrawals. This guarantee only includes benefits that are payable in the event of death. The total separate account assets and liabilities for policies with a minimum guaranteed death benefit were $365,042,000 and $335,182,000 as of December 31, 2004 and 2003, respectively, and were composed of mutual funds. Death claims incurred and paid as a result of the minimum guaranteed death benefit totaled $146,000, $325,000 and $146,000 for the years ended December 31, 2004, 2003 and 2002, respectively. The Company had $15,649,000 of net amount at risk involving the minimum guaranteed death benefit on variable annuities as of December 31, 2004. The weighted average attained age for contract holders with a minimum guaranteed death benefit was 57 years old as of December 31, 2004.

Policy Liabilities, Revenues, Benefits and Expenses

Traditional Insurance Products

Traditional insurance products include those products with fixed and guaranteed premiums and benefits and consist primarily of whole life insurance policies, term insurance policies and disability income policies. Premiums for traditional products are recognized as revenue when due.

The liability for future policy benefits for participating traditional life is computed using a net level premium method and the guaranteed mortality and dividend fund interest. The mortality and interest assumptions are equivalent to statutory assumptions. The liabilities for future policy benefits and expenses for nonparticipating traditional life policies and disability income policies are generally computed using a net level premium method and assumptions for investment yields, morbidity, and withdrawals based principally on experience projected at the time of policy issue, with provision for possible adverse deviations. Interest assumptions for participating traditional life reserves for all policies ranged from 2.3% to 6.0% for the years ended 2004 and 2003.

The costs of acquiring new traditional business, principally commissions, certain policy issue and underwriting expenses (such as medical examination and inspection report fees) and certain agency expenses, all of which vary with and are primarily related to the production of new and renewal business, are deferred to the extent that such costs are deemed recoverable through future gross premiums. Such non-participating deferred acquisition costs are amortized over the anticipated premium paying period of the related policies, generally not to exceed the premium paying lifetime of the policies using assumptions consistent with those used to develop policy benefit reserves. For participating life insurance products, deferred policy acquisition costs are amortized in proportion to estimated gross margins of the related policies. Gross margins are determined for each issue year and are equal to premiums plus investment income less death claims, surrender benefits, administrative costs, policyholder dividends, and the increase in reserves for future policy benefits. The future investment yields are assumed to range from 5.7% to 8.2%, 6.1% to 8.3% and 7.0% to 8.2% for the years ended 2004, 2003 and 2002, respectively. Changes in dividend payouts are assumed with changes in yields.

Universal Life and Other Interest Sensitive Products

Interest sensitive products include universal life, single premium whole life and annuity products. They are distinguished by the existence of a separately definable fund that is credited with interest and from which any policy charges are taken. Revenues for these products consist of policy charges for the cost of insurance, policy administration charges, and surrender charges that have been assessed against policyholder account balances during the period.

Benefit reserves for universal life and other interest sensitive products are computed in accordance with the retrospective deposit method and represent policy account balances before applicable surrender charges. Policy benefits that are charged to expense include benefit claims incurred in the period in excess of related policy account balances and interest credited to account balances. Interest crediting rates ranged from 2.8% to 7.0%, 4.5% to 6.5% and 4.5% to 8.0% for the years ended 2004, 2003 and 2002, respectively.

The cost of acquiring universal life and other interest sensitive products, principally commissions, certain policy issue and underwriting expenses (such as medical examination and inspection report fees) and certain agency expenses, all of which vary with and are primarily related to the production of new and renewal business, are deferred to the extent that such costs are deemed recoverable through future estimated gross profits. Acquisition costs for universal life and other interest sensitive products are amortized over the life of the policies in proportion to the present value of expected gross profits from surrender charges and investment, mortality and expense margins. The amortization is adjusted retrospectively when estimates of current or future gross profits (including the impact of investment gains and losses) to be realized from a group of products are revised.

Amounts assessed policyholders that represent revenue for services to be provided in future periods are reported as unearned revenue and recognized in income over the life of the policies, using the same assumptions and factors as are used to amortize deferred acquisition costs. These charges consist of policy fees and premium loads that are larger in the initial policy years than they are in the later policy years. Amortization of unearned revenue totaled $15,341,000, $10,558,000 and $20,685,000 for the years ended December 31, 2004, 2003 and 2002, respectively, and was included in "Universal life policy charges" in the Consolidated Statements of Income.

In 2004, 2003 and 2002, the Company revised its estimates of future gross profits, and as a result amortization of unearned revenue included in "Universal life policy charges" in the Consolidated Statements of Income was increased by $3,396,000, $3,161,000 and $5,168,000 for the years ended 2004, 2003 and 2002, respectively.

Group Products

Group products consist primarily of group life insurance, and group long and short term disability income products. Premiums for group insurance products are recognized as revenue when due.

The liabilities for future policy benefits and expenses for group life and disability income products are computed using statutory methods and assumptions, which approximate net level premium reserves using assumptions for investment yields, mortality, and withdrawals based principally on company experience projected at the time of policy issue, with provisions for possible adverse deviations. Interest assumptions are based on assumed investment yields that ranged from 6.6% to 8.3% and 7.5% to 8.3% for the years ended 2004 and 2003, respectively.

Pension Products

Pension products include deferred annuities and payout annuities. Revenues for the deferred annuity products consist of investment income on policy funds, mortality and expense charges, contract administration fees, and surrender charges that have been assessed against policyholder account balances. Expenses for deferred annuity products include the interest credited on policy funds and expenses incurred in the administration and maintenance of the contracts. For payout annuities, premiums are recognized as revenue when due while expenses exclude the interest credited on policy funds.

Benefit reserves for the deferred annuity contracts represent the policy account balances before applicable surrender charges. Interest assumptions on payout annuities are based on assumed investment yields that ranged from 2.0% to 8.0% for the years ended 2004 and 2003.

Commissions and other related costs of acquiring annuity contracts that vary with and are primarily related to the production of new and renewal business are deferred to the extent that such costs are deemed recoverable through future estimated gross profits. Acquisition costs are amortized over the life of the contracts in direct proportion to the present value of expected gross profits from surrender charges and investment and expense margins. The amortization is adjusted retrospectively when estimates of current or future gross profits (including the impact of investment gains or losses) to be realized on a group of contracts are revised.

Reinsurance

Reinsurance premiums and claims are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums and benefits are reported net of reinsured amounts.

Federal Income Taxes

The Company accounts for income taxes using the liability method for financial accounting and reporting of income taxes. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying the applicable tax rate to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

Reclassifications

Previously reported amounts for prior years, have in some instances, been reclassified to conform to the 2004 presentation.

NOTE 2 – INVESTMENTS

Available-for-sale securities are summarized as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
		(in thousands)		
December 31, 2004:				
U.S. treasury securities and obligations of U.S. government corporations and agencies	$ 34,931	$ 171	$ (154)	$ 34,948
Corporate securities and other	2,386,810	86,339	(5,939)	2,467,210
Mortgage-backed securities, collateralized mortgage obligations and other structured securities	943,542	10,864	(7,792)	946,614
Subtotal	3,365,283	97,374	(13,885)	3,448,772
Equity securities	16,681	856	(62)	17,475
Total	$3,381,964	$ 98,230	$ (13,947)	$3,466,247

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
		(in thousands)		
December 31, 2003:				
U.S. treasury securities and obligations of U.S. government corporations and agencies	$ 40,314	$ 354	$ --	$ 40,668
Corporate securities and other	2,045,679	97,063	(11,937)	2,130,805
Mortgage-backed securities, collateralized mortgage obligations and other structured securities	1,279,156	16,882	(18,579)	1,277,459
Subtotal	3,365,149	114,299	(30,516)	3,448,932
Equity securities	59,810	3,616	(349)	63,077
Total	$3,424,959	$ 117,915	$ (30,865)	$3,512,009

Fixed maturity available-for-sale securities, at December 31, 2004, are summarized by stated maturity as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Due in one year or less	$ 44,604	$ 45,380
Due after one year through five years	332,600	346,360
Due after five years through ten years	1,151,657	1,192,823
Due after ten years	727,189	745,260
Subtotal	2,256,050	2,329,823
Mortgage-backed securities	943,601	946,679
Other securities with multiple repayment dates	165,632	172,270
Total	$3,365,283	$3,448,772

Significant components of the unrealized gain on available-for-sale securities included in "Accumulated other comprehensive income" in the accompanying Consolidated Balance Sheets are as follows:

	Year Ended December 31, 2004	2003	2002
		(in thousands)	
Gross unrealized gain on available-for-sale securities	$ 84,283	$ 87,050	$ 95,995
Amortization of deferred policy acquisition costs	(36,783)	(40,765)	(44,955)
Deferred tax liability	(16,625)	(16,199)	(17,864)
Net unrealized gain on available-for-sale securities	$ 30,875	$ 30,086	$ 33,176

A summary of available-for-sale securities with unrealized losses along with the related fair value, aggregated by the length of time that investments have been in a continuous loss position, is as follows (in thousands):

December 31, 2004	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities	$ 932,256	$ (10,548)	$ 208,180	$ (3,337)	$1,140,436	$ (13,885)
Equity securities	33	(15)	1,860	(47)	1,893	(62)
Total	$ 932,289	$ (10,563)	$ 210,040	$ (3,384)	$1,142,329	$ (13,947)

December 31, 2003	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities	$ 905,114	$ (22,451)	$ 107,960	$ (8,065)	$1,013,074	$ (30,516)
Equity securities	74	(4)	347	(345)	421	(349)
Total	$ 905,188	$ (22,455)	$ 108,307	$ (8,410)	$1,013,495	$ (30,865)

The unrealized losses in both 2004 and 2003 reported above were primarily caused by the effect of the interest rate environment on certain securities with stated interest rates currently below market rates, and as such, are temporary in nature. Certain securities also experienced declines in fair value that were due in part to credit-related considerations. Upon review of the economic circumstances underlying these securities, the Company determined that such declines were temporary in nature. Therefore, the Company does not believe the unrealized losses on available-for-sale investments represent an other-than-temporary impairment as of December 31, 2004 and December 31, 2003.

See Note 9 for discussion of the methods and assumptions used by the Company in estimating the fair values of available-for-sale securities.

Investments in bonds on deposit with state insurance departments to satisfy regulatory requirements are carried at fair value and totaled $3,325,000 and $3,498,000, at December 31, 2004 and 2003, respectively.

Proceeds, gross realized gains, and gross realized losses from the sales and maturities of available-for-sale securities follows:

	Year Ended December 31,		
	2004	2003	2002
		(in thousands)	
Proceeds	$2,415,601	$3,352,138	$1,013,004
Gross realized gains	35,895	69,271	42,803
Gross realized losses	16,064	28,000	37,792

In 2004, the Company completed the sale of mortgage-backed securities with a book value of $285,000,000 to a third party in conjunction with a securitization transaction that closed in 2005. An after-tax loss of $1.2 million was recorded on the sale.

A summary of the characteristics of the Company's mortgage portfolio follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Percent of Carrying Amount	Carrying Amount	Percent of Carrying Amount
		(in thousands)		
Region				
New England and Mid-Atlantic	$ 42,272	6.8%	$ 31,354	5.9%
South Atlantic	134,944	21.8	97,623	18.5
North Central	114,090	18.4	102,113	19.4
South Central	56,338	9.2	46,756	8.9
Mountain	128,959	20.8	116,578	22.1
Pacific	142,709	23.0	133,227	25.2
Total	$ 619,312	100.0%	$ 527,651	100.0%
Property Type				
Apartment and residential	$ 35,772	5.8%	$ 35,805	6.8%
Warehouses and industrial	135,800	21.9	110,028	20.8
Retail and shopping center	209,921	33.9	178,264	33.8
Office	166,510	26.9	149,828	28.4
Other	71,309	11.5	53,726	10.2
Total	$ 619,312	100.0%	$ 527,651	100.0%

In 2002, the Company sold commercial mortgage loans with a book value of $186,686,000 to Morgan Stanley. A pre-tax realized gain of $15,857,000 (net of the loss of $5,980,000 on interest rate swaps used to hedge interest rate risk associated with the mortgage loans) was recorded on the transaction. Relative to the sale, the Company has agreed to repurchase mortgage loans which are secured by properties that do not have terrorism insurance in place, in the event the properties are subjected to a terrorist attack resulting in a loss. As of December 31, 2004, the maximum potential exposure to the Company is $3,400,000. It is management's opinion that the probability of loss related to this commitment is remote due to the nature and location of the properties.

At December 31, 2004 and 2003, respectively, an interest-only strip asset of $1,387,000 and $2,085,000 was recorded in "Other invested assets" in the Consolidated Balance Sheets. During 2004, the Company recognized a pre-tax realized loss of $305,000 recorded in "Net realized gains (losses) on investments" in the Consolidated Statements of Income and a reduction of the interest-only strip asset of $305,000 due to the prepayment of mortgage loans previously sold to third parties. The realized loss and reduction of the interest-only strip asset represented the present value of compensation related to mortgage loans previously sold to third parties that the Company would have received over the life of the mortgage loans.

Amortization expense of $393,000, $518,000 and $669,000 was recorded in "Net investment income" in the Consolidated Statements of Income for the years ended December 31, 2004, 2003 and 2002, respectively.

In 2004 the Company recorded a pre-tax realized loss of $335,000 representing the difference between net collateral value and book value on two mortgage loans held for investment with a book value of $1,637,000. The Company recognized and collected interest totaling $161,000 during 2004 on the two mortgage loans.

In 2003, the Company secured a $100 million warehouse finance facility from a bank. This facility bears interest at prime (5.25% at December 31, 2004 and 4.00% at December 31, 2003) or LIBOR (2.56% at December 31, 2004 and 1.12% at December 31, 2003) plus 1.00%. $84,565,000 and $18,970,000 was outstanding under this facility at December 31, 2004 and December 31, 2003, respectively, and was recorded in "Other liabilities" in the Consolidated Balance Sheets. Outstanding borrowings on the Company's warehouse finance facilities are collateralized by commercial mortgage loans held for sale. Upon the sale of these loans the borrowings under the facility are repaid.

Real estate consists of investment real estate under lease and foreclosed real estate. The investment real estate under lease is depreciated over 40 years. The cost of the property totaled $1,755,000 at December 31, 2004 and 2003 and accumulated depreciation totaled $1,408,000 at December 31, 2004 and 2003. The book value of foreclosed real estate was $9,709,000 and $10,926,000 at December 31, 2004 and 2003, respectively.

In 2000, the Company commenced the development of a 123-acre business park (the Park), which included the installation of infrastructure and a roadway. To fund the cost of the infrastructure and roadway, the municipality in which the Park is located issued $2,800,000 of municipal bonds. The municipal bonds will be paid off through tax increment financing (TIF). TIF is an economic development tool that allows a local government to use increases in real property tax revenues to finance public infrastructure improvements. Thus, the development of the Park will result in increased real property tax revenues, which will be directed to pay off the municipal bonds. If increases in real property tax revenues from the Park are not sufficient to service the municipal bonds, the Company must fund any shortage. The maximum estimated potential exposure to the Company is $2,800,000. Based upon current projections, the Company anticipates the increased property tax revenues will be sufficient to fully service the municipal bonds.

NOTE 3 – REINSURANCE

In the ordinary course of business, the Company assumes and cedes reinsurance with other insurers and reinsurers. These arrangements provide greater diversification of business and limit the maximum net loss potential on large or hazardous risks. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. Reinsurance ceded is recorded in "Other assets" in the Consolidated Balance Sheets. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under the reinsurance agreements. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances would be established for amounts deemed or estimated to be uncollectible. To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers. No losses are anticipated, and, based on management's evaluation; there are no concentrations of credit risk at December 31, 2004 and 2003. The Company retains the risk for varying amounts of individual or group insurance written up to a maximum of $1,000,000 on any one life or $4,000 per month disability risk and reinsures the balance.

Reinsurance transactions with other insurance companies for the years ended December 31, 2004, 2003 and 2002 are summarized as follows:

	December 31, 2004			
	Direct	Assumed	(Ceded)	Net
	(in thousands)			
Life insurance in force	$ 34,864,605	$ 125,468	$(20,855,818)	$14,134,255
Premiums and other considerations:				
Traditional insurance premiums and universal life	$ 395,773	$ 5,365	$ (225,676)	$ 175,462
Annuity	32,336	--	--	32,336
Total	$ 428,109	$ 5,365	$ (225,676)	$ 207,798

	December 31, 2003			
	Direct	Assumed	(Ceded)	Net
	(in thousands)			
Life insurance in force	$ 31,353,542	$ 141,861	$(17,636,047)	$13,859,356
Premiums and other considerations:				
Traditional insurance premiums and universal life	$ 347,834	$ 5,888	$ (173,146)	$ 180,576
Annuity	31,854	--	--	31,854
Total	$ 379,688	$ 5,888	$ (173,146)	$ 212,430

	December 31, 2002			
	Direct	Assumed	(Ceded)	Net
	(in thousands)			
Life insurance in force	$ 42,892,027	$ 162,983	$(16,327,572)	$26,727,438
Premiums and other considerations:				
Traditional insurance premiums and universal life	$ 275,453	$ 6,257	$ (73,036)	$ 208,674
Annuity	27,143	--	--	27,143
Total	$ 302,596	$ 6,257	$ (73,036)	$ 235,817

Benefits paid or provided were reduced by $16,836,000, $21,521,000 and $7,165,000 at December 31, 2004, 2003, and 2002, respectively, for estimated recoveries under reinsurance treaties.

Neither the Company nor any of its related parties control, either directly or indirectly, any reinsurers in which the Company conducts business. No policies issued by the Company have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Company has not entered into any reinsurance agreements in which the reinsurer may unilaterally cancel any reinsurance for reasons other than nonpayment of premiums or other similar credits.

NOTE 4 - FEDERAL INCOME TAX

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31,	
	2004	2003
	(in thousands)	
Deferred tax liabilities:		
Deferred policy acquisition costs	$ 142,412	$ 140,704
Unrealized gains – FAS 115	16,625	16,119
Capitalization of software	4,581	5,245
Other	662	311
Total deferred tax liabilities	164,280	162,379
Deferred tax assets:		
Policyholders' dividends	2,864	1,611
Future policy benefits	79,299	81,969
Basis differences on investments	17,823	20,405
Premium - based DAC adjustment	35,207	37,308
Retirement plan accruals	20,289	17,474
Investment income differences	358	787
Other	4,018	3,113
Total deferred tax assets	159,858	162,667
Net deferred tax asset (liabilities)	$ (4,422)	$ 288

Significant components of the provision for income tax expense (benefit) attributable to continuing operations are as follows:

	Year ended December 31,		
	2004	2003	2002
	(in thousands)		
Current	$ 7,134	$ 10,350	$ (13,362)
Deferred	5,619	1,612	(4,476)
Total	$ 12,753	$ 11,962	$ (17,838)

Federal income tax expense (benefit) is calculated based on applying the statutory corporate tax rate to taxable income, and adjusting this amount for permanent differences between deductions allowed for financial statement purposes versus federal income tax purposes. Significant differences are due to adjustments to prior years' tax liabilities and the release of tax contingency reserves.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space for various field agency offices with lease terms that vary in duration from 1 to 15 years. Some of these leases include escalation clauses that vary with levels of operating expense. Rental expense under these operating leases totaled $3,808,000, $3,835,000 and $2,849,000 in 2004, 2003 and 2002, respectively. The Company leased equipment through a series of arrangements in 2004, 2003 and 2002. Rental expense under these agreements totaled $158,000, $121,000 and $104,000 in 2004, 2003 and 2002, respectively.

At December 31, 2004, the future minimum lease payments for all noncancelable operating leases are as follows:

Year	Amount (in thousands)
2005	$ 2,860
2006	2,212
2007	1,013
2008	764
2009	526
After 2009	1,808
Total	$ 9,183

Other Commitments

At December 31, 2004, the Company had outstanding agreements to fund mortgages totaling $38,065,000 in early 2005. In addition, the Company has committed to invest $11,241,000 in equity-type limited partnerships during the years 2005 to 2011. These transactions are in the normal course of business for the Company.

Litigation

In the normal course of business, the Company is party to various claims and litigation primarily arising from claims made under insurance policies and contracts. Those actions are considered by the Company in estimating the policy and contract liabilities. The Company's management believes that the resolution of those actions will not have a material adverse effect on the Company's financial position or results of operations.

Guaranty Fund Assessments

The economy and other factors have caused an increase in the number of insurance companies that are under regulatory supervision. This circumstance is expected to result in an increase in assessments by state guaranty funds, or voluntary payments by solvent insurance companies, to fund policyholder losses or liabilities of insurance companies that become insolvent. These assessments may, in certain instances, be offset against future premium taxes. For 2004, 2003 and 2002, the charge to operations related to these assessments was not significant. The estimated liability of $796,000 and $860,000 at December 31, 2004 and 2003, respectively, was based on data provided by the National Organization of Life and Health Insurance Guaranty Associations and was included in "Other liabilities" in the Consolidated Balance Sheets.

NOTE 6 - STATUTORY SURPLUS AS REPORTED TO REGULATORY AUTHORITIES

Union Central files statutory-basis financial statements with regulatory authorities. Union Central's statutory-basis financial statements are prepared in conformity with accounting practices prescribed or permitted by the Department of Insurance of Ohio, Union Central's state of domicile. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. Surplus as reflected in the statutory-basis financial statements was as follows:

	Year Ended December 31,	
	2004	2003
	(in thousands)	
Capital and surplus	$ 337,730	$ 311,308

NOTE 7 - EMPLOYEE BENEFITS

The Company has pension plans covering substantially all of its employees. Pension expense and funding was determined according to regulations as specified by the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments. Benefits are based on the average of the employee's compensation over their career.

In addition to pension benefits, the Company provides certain health care and life insurance benefits for its eligible retired employees ("Other Postretirement Benefits"). Substantially all of the Company's employees may become eligible for these benefits if they reach normal retirement age while working for the Company.

The measurement date for the Company's pension benefits was December 31. The measurement date for Other Postretirement Benefits was October 1. A summary of the assets, obligations and assumptions are as follows:

	Pension Benefits			Other Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
	(in thousands)					
Accumulated benefit obligation	$140,852	$128,666	$114,740	$ 25,596	$ 23,355	$ 19,861
Projected benefit obligation	$143,023	$130,603	$116,837	$ --	$ --	$ --
Plan assets at fair value	$109,540	$113,692	$ 94,745	$ 10,278	$ 8,131	$ 5,835
Funded status	$(33,483)	$(16,911)	$(22,092)	$(15,318)	$(15,224)	$(14,026)
Accrued liabilities	$ 31,312	$ 14,975	$ 19,996	$ 14,546	$ 15,343	$ 15,038
Employer contributions	$ --	$ 4,855	$ 20,157	$ 2,575	$ 2,400	$ 2,177
Plan participants' contributions	$ --	$ --	$ --	$ 351	$ 242	$ 220
Benefits and administrative expenses paid	$ 6,014	$ 6,354	$ 5,792	$ 2,281	$ 1,927	$ 1,825
Components of net periodic benefit cost:						
Service cost	$ 3,597	$ 3,711	$ 4,104	$ 845	$ 731	$ 540
Interest cost	8,181	7,962	8,459	1,464	1,336	1,389
Expected return on plan assets	(8,746)	(8,075)	(7,830)	(709)	(504)	(498)
Transition obligation/(asset) amortization	(41)	(41)	(41)	--	--	--
Amount of recognized (gains)/losses	3,529	4,734	2,779	--	--	--
Amount of unrecognized (gains)/losses	--	--	--	--	--	(88)
Amount of prior service cost recognized	(1,050)	(1,070)	--	178	1,142	--
Total net periodic benefit cost	$ 5,470	$ 7,221	$7,471	$ 1,778	$ 2,705	$ 1,343

	Pension Benefits			Other Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
Weighted average assumptions:						
Discount rate	6.00%	6.50%	7.00%	6.00%	6.50%	7.00%
Expected compensation increase	3.00%	3.00%	3.50%	3.00%	3.00%	3.50%
Expected return on plan assets	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%

	Pension Benefits		Other Postretirement Benefits
Expected Benefit Payments:		(in thousands)	
2005	$ 7,567		$ 1,562
2006	7,898		1,610
2007	8,376		1,663
2008	8,984		1,716
2009	9,700		1,765
2010 – 2014	61,715		10,202

Also, $2,631,000, $3,071,000 and $6,879,000 (net of tax) was charged directly to policyholders' equity in 2004, 2003 and 2002, respectively, as a result of recognizing an additional minimum pension liability adjustment under Statement of Financial Accounting Standard No. 87, "Employers' Accounting for Pensions", and was included in "Minimum pension liability adjustment" in the Consolidated Statements of Equity. The additional minimum liability adjustment as of December 31, 2002 was reduced by $7,872,000 (net of tax) due to the establishment of an intangible asset. During 2003, the Company determined that the intangible asset should not have been recorded in 2002. The intangible asset recorded in 2002 was appropriately eliminated from the Consolidated Balance Sheets and the calculation of the additional minimum liability in 2003.

Plan assets of the pension and other postretirement benefit plans are composed of affiliated and unaffiliated mutual funds and a portfolio of actively managed equity securities. As of their respective measurement dates in 2004 and 2003, $89,955,000 and $93,060,000 was invested in affiliated mutual funds.

The expected long-term rate of return for the Company's benefit plans is currently 8.5%. In developing this assumption, the Company periodically monitors investment yields on the assets in the plans to determine if the current expected rate of return is reasonable given the current investment performance. Historical and projected returns are also reviewed for appropriateness of the selected assumption. The Company believes its assumption of future returns is reasonable.

The primary investment objectives of the Company's benefit plans are to provide sufficient assets and liquidity to meet the distribution requirements of the Plans through capital appreciation of the Plans' assets and levelized funding. To accomplish this objective, Pension Plan assets are invested in affiliated and unaffiliated mutual funds and assets of the Other Postretirement Benefit Plans are invested in a diversified pool of equity securities, affiliated mutual funds and cash. The Company's investment strategy for the Pension Plan is generally a target investment mix of 60% equities and 40% bonds. The Company's investment strategy for Other Postretirement Benefit Plans is a target investment allocation consisting primarily of equities with the remainder in bonds and cash. The actual allocation of plan assets by investment category for the year ending December 31, 2004 and 2003 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
Equity securities:				
Domestic equities	52.3%	51.6%	82.6%	87.0%
Foreign equities	9.6	9.2	9.4	3.8
Bonds	38.1	39.2	5.8	--
Cash	--	--	2.2	9.2
Total	100.0%	100.0%	100.0%	100.0%

The Company's current funding strategy for its benefit plans is to fund an amount at least equal to the minimum required funding as determined under ERISA with consideration of factors such as the minimum pension liability requirement for Pension Benefits and the maximum tax deductible amounts for both Pension Benefits and Other Postretirement Benefits. The ultimate amount of the Company's funding may be adjusted based on changes in the fair value of plan assets and changes in related assumptions. For the year ending December 31, 2004, the Company does not expect any required contributions under ERISA for the Pension Plans and will fund Other Postretirement Benefits Plans to meet their liquidity needs.

The health care cost trend rate was 12.1% graded to 5.0% over 10 years for 2004. The health care cost trend rate assumption has an insignificant effect on the postretirement benefit obligation, the interest cost and estimated eligibility cost components of the net periodic postretirement benefit cost as of and for the year ended December 31, 2004.

The Company did not adjust its projection of the liability for Other Postretirement Benefits to consider the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as the impact was immaterial.

The Company has two contributory savings plans for home office employees and agents meeting certain service requirements, which qualify under Section 401(k) of the Internal Revenue Code. These plans allow eligible employees to contribute up to certain prescribed limits of their pre-tax compensation. The Company will match 50% of the first 6% of participants' contributions for the Employees Savings Plan and the Agents Savings Plan. The Company's matching contributions to these plans were $1,846,000, $1,820,000 and $1,964,000 for 2004, 2003 and 2002, respectively. The value of the plans' assets was $95,318,000 and $83,287,000 at December 31, 2004 and 2003, respectively. The assets are held in the deposit fund or under the variable accounts of a group annuity policy. At December 31, 2004 and 2003, $31,960,000 and $28,994,000, respectively, was invested in affiliated mutual funds.

NOTE 8 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and short-term investments: The carrying amounts reported in the Consolidated Balance Sheets for these instruments approximate their fair values.

Investment securities: Fair values for bonds are based on quoted market prices, where available. If quoted market prices are not available, fair values are estimated using values obtained from independent securities broker dealers or quoted market prices of comparable instruments. The fair values of common stock in Company sponsored mutual funds are based on quoted market prices and are recognized in "Equity securities available-for-sale at fair value", "Other fixed maturities" and "Other equity securities" in the Consolidated Balance Sheets. The fair values for limited partnerships are based on the quoted market prices of the investments underlying the limited partnership portfolios.

Mortgage loans: The fair values for commercial mortgages held for investment in good standing are estimated using discounted cash flow analysis using interest rates currently being offered for similar loans to borrowers with similar credit ratings in comparison with actual interest rates and maturity dates. Fair values for mortgages held for investment with potential loan losses are based on discounted cash flow analysis of the underlying properties.

The estimate of fair values for commercial mortgage loans held for sale is based on current pricing of whole loan transactions that a purchaser unrelated to the seller would demand for a similar loan.

Warehouse Finance Facility: The warehouse finance facility is offered with interest at market interest rates, and therefore, the carrying value of the warehouse finance facility is a reasonable estimation of fair value.

Policy loans: Management is unable to ascertain the estimated life of the policy loan portfolio. Due to the excessive costs that would be incurred to determine this information, management considers the estimation of its fair value to be impracticable. The nature of a policy loan insures that the outstanding loan balance will be fully recoverable because the balance owed to the Company is always equal to or lower than the cash value of the insurance policy owed to the policyholder. Policy loans are stated at their aggregate unpaid balance in the Consolidated Balance Sheets.

Investment contracts: Fair values for the Company's liabilities under investment-type insurance contracts are estimated using discounted cash flow calculations, based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued.

Surplus notes: Fair value for the Company's surplus notes liability was estimated using a discounted cash flow calculation based on current interest rates consistent with the maturity of the surplus notes.

Repurchase Agreements: The fair value of repurchase agreements are based on quoted market prices.

Interest Rate Swap Agreements: The fair value of interest rate swaps is the estimated amount the Company would receive or pay to terminate the agreements based on current market interest rates.

The carrying amounts and fair values of the Company's mortgage loans are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Mortgage loans	$ 619,312	$ 656,724	$ 527,651	$ 571,359

The carrying amounts and fair values of the Company's liabilities for investment-type insurance contracts are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Direct access	$ 61,072	$ 61,072	$ 63,208	$ 63,208
Traditional annuities	35,157	38,324	34,896	38,838
Supplementary contracts	9,855	9,907	10,919	11,073
GPA not involving life	539	584	719	785
Dividend accumulations	5,830	5,830	5,846	5,846
Premium deposit funds	662	662	664	664
Total	$ 113,115	$ 116,379	$ 116,252	$ 120,414

The carrying amounts and fair values of the Company's liability for surplus notes are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Surplus notes	$ 49,810	$ 56,034	$ 49,801	$ 52,657

The Company's other insurance contracts are excluded from disclosure requirements. However, the fair values of liabilities under all insurance contracts 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. Additional data with respect to the carrying value and fair value of the Company's investments is disclosed in Note 2.

NOTE 9 - LIABILITY FOR UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Activity in the liability for unpaid claims and claim adjustment expense is summarized as follows:

	December 31,		
	2004	2003	2002
		(in thousands)	
Balance as of January 1	$ 176,655	$ 161,037	$ 152,796
Incurred related to:			
Current year	83,105	91,862	80,743
Prior years	11,451	6,927	11,821
Total incurred	94,556	98,789	92,564
Paid related to :			
Current year	45,940	52,342	50,279
Prior years	39,023	30,829	34,044
Total paid	84,963	83,171	84,323
Balance as of December 31	$ 186,248	$ 176,655	$ 161,037

The balance in the liability for unpaid claims and claim adjustment expenses is included in "Future policy benefits" and "Policy and contract claims" in the Consolidated Balance Sheets.

As a result of changes in estimates of insured events in prior years, the provision of claims and claim adjustment expenses increased by $11,451,000, $6,927,000 and $11,821,000 in 2004, 2003 and 2002, respectively. Amounts related to incurred claims related to prior years' resulted from prior year claims being settled for amounts greater than originally estimated. Included in the above balances are reinsurance recoverables of $2,615,000, $4,037,000 and $2,413,000 at 2004, 2003 and 2002, respectively.

NOTE 10 - SURPLUS NOTES

On November 1, 1996, Union Central issued $50,000,000 of 8.20% Surplus Notes (Notes). The Notes mature on November 1, 2026 and may not be redeemed prior to maturity. The Notes are unsecured and subordinated to all present and future policy claims, prior claims and senior indebtedness. Subject to prior written approval of the Superintendent of the Ohio Insurance Department, these Notes pay interest semi-annually on May 1 and November 1. Interest expense of $4,100,000 was incurred in 2004, 2003 and 2002, and was recorded as a reduction of "Net investment income" in the Consolidated Statements of Income. In connection with issuing the Notes, Union Central incurred and capitalized $765,000 of issuance cost. This cost is recorded in "Other assets" in the Consolidated Balance Sheets, and totaled $562,000 and $587,000 as of December 31, 2004 and 2003, respectively. Issuance cost of $26,000 was amortized in 2004, 2003 and 2002, respectively, and recorded to "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income. Additionally, the Notes have an original issue discount of $260,000, which is deducted from the balance of the Notes. Issuance costs and original issue discount will be amortized under the straight-line method over the term of the Notes. Amortization relating to original issue discount of $9,000 was recorded in 2004, 2003 and 2002 in "Underwriting, acquisition and insurance expense" in the Consolidated Statements of Income. Unamortized original issue discount of $190,000 and $199,000 was deducted from the balance of the Notes as of December 31, 2004 and 2003, respectively.

NOTE 11 - COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (FAS 130) establishes the requirement for the reporting and display of comprehensive income and its components in the financial statements. Comprehensive income is defined by the FASB as all changes in an enterprise's equity during a period other than those resulting from investments by owners and distributions to owners. Comprehensive income includes net income and other comprehensive income, which includes all other non-owner related changes to equity and includes unrealized gains and losses on available-for-sale debt and equity securities and minimum pension liability adjustments. FAS 130 also requires separate presentation of the accumulated balance of other comprehensive income within the equity section of a statement of financial position. The Company has presented the required displays of total comprehensive income and its components, along with the separate presentation of the accumulated balance of other comprehensive income within the Consolidated Statements of Equity.

Following are the FAS 130 disclosures of the related tax effects allocated to each component of other comprehensive income and the accumulated other comprehensive income balances required by FAS 130.

	Year Ended December 31, 2004		
	Before-Tax Amount	Tax Expense/(Benefit) (in thousands)	Net-of-Tax Amount
Unrealized gains on securities:			
Unrealized gains arising during 2004	$ 22,694	$ 7,943	$ 14,751
Less: reclassification adjustments for gains realized in net income	(21,480)	(7,518)	(13,962)
Net unrealized gains	1,214	425	789
Minimum pension liability adjustment	(4,048)	(1,417)	(2,631)
Other comprehensive loss	$ (2,834)	$ (992)	$ (1,842)

	Year Ended December 31, 2003		
	Before-Tax Amount	Tax Expense/(Benefit) (in thousands)	Net-of-Tax Amount
Unrealized losses on securities:			
Unrealized gains arising during 2003	$ 20,561	$ 7,196	$ 13,365
Less: reclassification adjustments for gains realized in net income	(25,316)	(8,861)	(16,455)
Net unrealized losses	(4,755)	(1,665)	(3,090)
Minimum pension liability adjustment	(4,725)	(1,654)	(3,071)
Other comprehensive loss	$ (9,480)	$ (3,319)	$ (6,161)

	Year Ended December 31, 2002		
	Before-Tax Amount	Tax Expense/(Benefit) (in thousands)	Net-of-Tax Amount
Unrealized gains on securities:			
Unrealized gains arising during 2002	$ 58,105	$ 20,337	$ 37,768
Less: reclassification adjustments for gains realized in net income	(3,817)	(1,336)	(2,481)
Net unrealized gains	54,288	19,001	35,287
Minimum pension liability adjustment	(10,583)	(3,704)	(6,879)
Other comprehensive income	$ 43,705	$ 15,297	$ 28,408

NOTE 12 - SUBSEQUENT EVENT

In January 2005, the Board of Directors of Union Central and the Ameritas Acacia Companies voted to combine at the mutual holding company level. The target date for the consolidation is the end of 2005. Members and policyholders of the companies must approve the transaction. In addition, a number of regulatory approvals must be met, including approval from the Department of Insurance in Ohio. The Department of Insurance in Nebraska approved the transaction in 2005. The Company has offered to qualifying associates an early retirement benefit that is contingent upon the approval of the combination. The after-tax expense associated with the early retirement benefit is anticipated to be approximately $6.8 million, and as the approval of the combination is considered probable, the expense was recorded in 2005.

UnionCentral

The Union Central Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240
(800) 825-1551

August 22, 2005

Dear Union Central Policyholder:

In late July or early August you received a Policyholder Information Booklet, dated July 21, 2005, relating to a proposed Plan of Reorganization (the "Plan"). Under the Plan, The Union Central Life Insurance Company ("Union Central"), an Ohio mutual life insurance company, will convert to an Ohio stock insurance company subsidiary of a new Ohio mutual insurance holding company (the "Conversion"), which holding company will thereafter be immediately merged with and into Ameritas Acacia Mutual Holding Company ("Ameritas Acacia"), a Nebraska mutual insurance holding company (the "Merger" and, together with the Conversion, the "Reorganization"). Upon consummation of the Reorganization, Ameritas Acacia will change its name to UNIFI Mutual Holding Company ("UNIFI") and Union Central will be an indirect subsidiary of UNIFI.

Several changes, which are described below, are being made to the Policyholder Information Booklet and other materials previously sent to you. To ensure that you will have ample time to consider these supplemental materials, we are postponing the special meeting ("Special Meeting") of Union Central policyholders ("Union Central Policyholders") originally scheduled for September 1, 2005. **The Special Meeting has been rescheduled ("Rescheduled Special Meeting") for September 30, 2005, commencing at 10:00 a.m. Eastern Time, at Union Central's home office, 1876 Waycross Road, Cincinnati, Ohio 45240. The Superintendent of Insurance for the State of Ohio has also rescheduled the public hearing on this matter to October 21, 2005 ("Rescheduled Public Hearing"). We ask that you discard the original proxy card included with the Policyholder Information Booklet and use the new blue-striped proxy card ("Proxy for Rescheduled Special Meeting") included with this letter. Only votes that are made on blue-striped proxies or cast by Internet or telephone with control numbers from such blue-striped proxies will be counted for the Rescheduled Special Meeting. Accordingly, if you have already submitted a proxy card or voted by Internet or telephone, you must vote again as described below, or your vote will not be counted. If you have not yet voted, we encourage you to vote now.**

The changes to the Policyholder Information Booklet, described in the enclosed Supplement to the Policyholder Information Booklet (the "Supplement"), are being made to reflect certain errors in Union Central's consolidated financial statements prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") and certain information derived from such GAAP financial statements, including unaudited pro forma GAAP financial information. During the preparation of the June 30, 2005 GAAP financial statements, Union Central identified an error in the calculation of certain reserve items relating to its term life insurance product. The errors were uncovered when reserve entries were reviewed for the term product on a stand-alone product basis. Due to these errors, GAAP total equity and net income were overstated for certain periods as set forth below. Union Central's audited GAAP financial statements, originally included as Exhibit 2 to the Policyholder Information Booklet Exhibit Volume, have been restated to reflect a reduction in the ceded reserve credit and other less significant reserve related items with respect to term insurance products. The ceded reserve credit is a receivable, or an asset, on Union Central's GAAP balance sheet that represents the portion of policy reserves that have been transferred to accredited third party reinsurance companies by Union Central through reinsurance agreements. Management of Union Central has concluded that these errors are isolated and do not reflect a systemic problem with Union Central's accounting processes.

The following table sets forth the adjustments to GAAP total equity as of December 31, 2004 and 2003, respectively, and the adjustments to GAAP net income for the years ended December 31, 2004, 2003 and 2002, respectively. Except for the percentage changes, all amounts are in millions of dollars. Percentage changes in any given year are based on the difference between the GAAP Restated Equity and the GAAP Reported Equity and the difference between the GAAP Restated Net Income and the GAAP Reported Net Income, as applicable, in such year.

Equity	2004	2003	
Reported Equity	$650.9	$609.2	
Cumulative Adjustment	(23.4)	(17.1)	
Restated Equity	$627.5	$592.1	
Percentage Change	(3.6%)	(2.8%)	
Net Income	2004	2003	2002
Reported Net Income	$43.5	$32.9	$(25.5)
Adjustment	(6.3)	(7.6)	(2.5)
Restated Net Income	$37.2	$25.3	$(28.0)
Percentage Change	(14.5%)	(23.1%)	(9.8%)

Union Central's restated audited consolidated GAAP financial statements, with the report of independent auditors, are included in the enclosed Supplement. Please refer to the enclosed Supplement for details of each change to the Policyholder Information Booklet relating to these GAAP adjustments, including changes to the unaudited pro forma financial information for UNIFI. The unaudited UNIFI pro forma financial information has also been updated to reflect the financial results for Union Central and Ameritas Acacia as of and for the six months ended June 30, 2005. The restated unaudited UNIFI pro forma financial information as of and for the three month period ended March 31, 2005 has not been presented therein.

The GAAP adjustments do not have any impact on Union Central's financial statements prepared in accordance with statutory accounting principles ("SAP") for any period. The GAAP adjustments described above would not have affected significantly, if at all, any of Union Central's financial decisions, or product decisions, or any financial transactions. In addition, the GAAP adjustments result in a 2.8% and 3.6% reduction in Union Central's previously reported 2003 and 2004 GAAP total equity, respectively. In light of these factors, both Union Central and Ameritas Acacia have agreed that the GAAP adjustments do not constitute a material adverse effect under the Merger Agreement that would entitle Ameritas Acacia to terminate the Merger Agreement.

The GAAP adjustments do not affect the Union Central Board's conclusion that the Plan is fair and equitable to the Union Central Policyholders and that the interests of the Union Central Policyholders are properly protected. The Union Central Board continues to recommend that you vote "FOR" the proposal relating to the Reorganization, which proposal appears in the Notice of Rescheduled Special Meeting preceding the Supplement. In addition, Morgan Stanley and Milliman have both confirmed that the GAAP adjustments have no impact on their fairness opinions, each dated July 20, 2005, included as Exhibit 4 and Exhibit 5, respectively, of the Policyholder Information Booklet Exhibit Volume.

You may attend the Rescheduled Special Meeting in person or submit your vote by proxy in any of the following ways: returning the enclosed blue-striped proxy card for Rescheduled Special Meeting, voting by Internet or voting by telephone. For more details on how to vote, please see the Questions and Answers included with the Policyholder Information Booklet and voting instructions appearing on the enclosed blue-striped proxy card. For the Plan to be approved, we must have the support of a majority of the votes cast by eligible Union Central Policyholders voting in person or by proxy at the Rescheduled Special Meeting.

If you do not plan to vote in person at the Rescheduled Special Meeting, it is important that you complete, sign, date and return your blue-striped proxy card in the enclosed envelope or cast your vote by Internet or telephone. Instructions on how to vote by phone or Internet appear on the enclosed blue-striped proxy card. Proxies sent by mail must be received by 5:00 p.m., Eastern Time, on September 29, 2005. Your prompt cooperation will be greatly appreciated.

If you require another copy of the Policyholder Information Booklet, the Policyholder Information Booklet Exhibit Volume or the Questions and Answers or have any questions or need assistance, please call our Reorganization Information Line at 1-800-315-9781.

We value the confidence you have placed in Union Central, and we look forward to continuing to serve your financial needs in the future.

Sincerely,

John H. Jacobs

John H. Jacobs
Chairman, President and Chief Executive Officer

UnionCentral

Proxy for Rescheduled Special Meeting

YOUR VOTE IS IMPORTANT
YOU MAY VOTE BY
INTERNET / TELEPHONE / MAIL
24 HOURS A DAY / 7 DAYS A WEEK

Please read the enclosed Supplement to the Policyholder Information Booklet, the Policyholder Information Booklet, the Policyholder Information Booklet Exhibit Volume, and Questions and Answers to learn more about the Proposal (set forth below). Union Central Policyholders who are eligible to vote can vote **"FOR"** or **"AGAINST"** the Proposal in any of the following ways:

Mail: by completing the proxy card below and returning it via mail in the postage-paid return envelope provided. If there is more than one policyholder, then all policyholders must sign this proxy card.

OR

Internet: by going to http://www.dfking.com/unioncentral and following the instructions that appear on your computer screen. Your Internet vote authorizes the named proxies to vote in the same manner as if you marked, signed and returned the proxy card.

Telephone: by calling 1-800-318-2767 and following the recorded instructions. Your telephone vote authorizes the named proxies to vote in the same manner as if you marked, signed and returned the proxy card.

OR

In person: by attending the Rescheduled Special Meeting of Union Central Policyholders to be held at 10:00 a.m. Eastern Time, on September 30, 2005 at Union Central's home office located at 1876 Waycross Road, Cincinnati, Ohio 45240.

Please note: Only proxy card votes that are made on blue-striped proxies such as the one below or votes cast by Internet or telephone with control numbers from such blue-striped proxies will be counted. Accordingly, if you have already submitted a proxy card or voted by Internet or telephone, you must vote again or your vote will not be counted.

If you are voting by proxy and the envelope is damaged or missing, please mail your proxy to: D.F. King & Co., Inc., Wall Street Station, P.O. Box 1163, New York, NY 10269-0013. If you have submitted your proxy by telephone or the Internet, or plan to attend and vote in person at the special meeting, there is no need for you to mail your proxy card.

▼ **DETACH PROXY CARD HERE IF YOU ARE NOT VOTING BY TELEPHONE, INTERNET OR IN PERSON** ▼

UnionCentral

Proxy for Rescheduled Special Meeting

Please Vote, Sign, Date and Return Promptly in the Enclosed Envelope.

X

Votes MUST be indicated (x) in black or blue ink.

Proposal:

To approve the Plan of Reorganization (the "Plan") of The Union Central Life Insurance Company ("Union Central") pursuant to the provisions of Sections 3913.25 through 3913.38 of the Ohio Revised Code and the transactions contemplated by the Plan, including the formation of Union Central Mutual Holding Company ("UCMHC") as a mutual insurance holding company, the conversion of Union Central from an Ohio mutual life insurance company to an Ohio stock life insurance company, which will become a wholly-owned subsidiary of UCMHC, the adoption of the Amended and Restated Articles of Incorporation and Code of Regulations of Union Central as a stock life insurance company, the merger of UCMHC with and into Ameritas Acacia Mutual Holding Company (which will be renamed UNIFI Mutual Holding Company) and the designation of the Union Central designees to initially serve as directors of UNIFI Mutual Holding Company and their initial terms of office, all as more fully described in the Policyholder Information Booklet previously provided to you and the accompanying Supplement to the Policyholder Information Booklet.

☐ **FOR THE PROPOSAL** ☐ **AGAINST THE PROPOSAL**

SIGNATURE OF POLICYHOLDER

DATE SIGNED

SIGNATURE OF CO-OWNER(S) (if applicable)

DATE SIGNED

(Please see the back of this card for additional information regarding your (i) appointment of persons to vote on your behalf in the manner you indicate on this proxy card and (ii) right to withhold your authority to vote for approval of one or more of the designated UNIFI directors.)

PROXY FOR RESCHEDULED SPECIAL MEETING

[Reverse side of card]

I hereby constitute and appoint Michael S. Cambron, Richard H. Finan and John H. Jacobs, and each of them individually, to be my proxies, with full power of substitution, at the rescheduled special meeting of Policyholders of The Union Central Life Insurance Company to be held on September 30, 2005, and all adjournments thereof, to vote on my behalf on the Proposal set forth on the opposite side of this card and described in the Notice of Rescheduled Special Meeting of Union Central Policyholders, dated August 22, 2005, in accordance with the direction set forth on the opposite side of this card.

To withhold authority to vote for one or more of the Union Central designees to the Board of Directors of UNIFI Mutual Holding Company (such designees are identified in the Policyholder Information Booklet under the caption "Initial UNIFI Board of Directors" beginning at page 53), write the name or names of such designees below:

____________________________ ____________________________

____________________________ ____________________________

UnionCentral

The Union Central
Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240
(800) 825 1551

Insurance and Investments

August 22, 2005

Dear Policyholder:

Enclosed are materials supplementing the documents you previously received in connection with our proposal to reorganize and become part of what will become the UNIFI Mutual Holding Company group. Since the Special Meeting of Policyholders, originally scheduled for September 1, 2005, has been rescheduled to September 30, 2005, our records indicate that you now meet the voting eligibility requirements under Ohio law to vote on the proposal at the Rescheduled Special Meeting.

You may attend the Rescheduled Special Meeting in person or submit your vote by proxy in any of the following ways: returning the enclosed blue-striped proxy card in the enclosed return envelope, voting by Internet or voting by telephone. For more details on how to vote, please see the Questions and Answers included with the Policyholder Information Booklet previously mailed to you and voting instructions appearing on the enclosed blue-striped proxy card. For the Plan to be approved, we must have the support of a majority of the votes cast by eligible Union Central Policyholders voting in person or by proxy at the Rescheduled Special Meeting.

If you do not plan to vote in person at the Rescheduled Special Meeting, it is important that you vote by using the enclosed blue-striped proxy card or by phone or Internet. Instructions on how to vote by phone or Internet appear on the enclosed blue-striped proxy card. Proxies sent by mail must be received by 5:00 p.m., Eastern Time, on September 29, 2005. Your prompt cooperation will be greatly appreciated.

The reorganization, Union Central, Ameritas Acacia and voting procedures are all described more fully in the enclosed Union Central President's Letter, Supplement to the Policyholder Information Booklet and proxy card, as well as in the documents you previously received, including the Questions and Answers, the Policyholder Information Booklet and Exhibits to the Policyholder Information Booklet, all of which we urge you to read carefully. **If you require another copy of any of the materials that were previously sent to you or have any questions or need assistance, please call our Reorganization Information Line at 1-800-315-9781.**

UnionCentral

The Union Central
Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240
(800) 825 1551

Insurance and Investments

August 22, 2005

Dear Policyholder:

We thank you for your recent decision to purchase a policy from us and we welcome you as a new member of The Union Central Life Insurance Company. The Union Central Life Insurance Company is proposing to reorganize and become part of what will become the UNIFI Mutual Holding Company group as described in the enclosed materials. We are sending you these materials **for informational purposes only.** Union Central Policyholders who, on the basis of the records of Union Central, meet certain voting eligibility requirements under Ohio law are being asked to vote on the proposal at the Special Meeting of Policyholders. We are not asking you to vote because at this time you, as a recent member, do not meet the voting eligibility requirements, which are described below:

- the policyholder must be the owner of a life insurance or disability policy with a coverage (or annual benefit in the case of a disability policy) of at least $1,000; or

- the policyholder must be the owner of an annuity contract (or a certificate holder of certain group retirement annuity contracts) or pure endowment contract that requires the payment of $100 or more annually; **and**

- in either case, the insurance policy or annuity contract must be in force and must have been in force since September 30, 2004.

The reorganization will not reduce the benefits, values, guarantees or other terms of your Union Central policies or contracts and it will not change your premium. Also, policy dividends will continue to be paid as declared by the Board of Directors of Union Central in accordance with the same principles and policies in place prior to the reorganization. The reorganization, Union Central and Ameritas Acacia are all described more fully in the Questions and Answers that follow and in the enclosed Policyholder Information Booklet and related Exhibit Volume, which we urge you to read carefully.

If you have any questions, please call our Reorganization Information Line at 1-800-315-9781.

The Union Central
Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240
(800) 825 1551

Insurance and Investments

August 22, 2005

Dear Policyholder:

Enclosed are materials supplementing the documents you previously received in connection with our proposal to reorganize and become part of what will become the UNIFI Mutual Holding Company group. As before, we are sending you these materials **for informational purposes only** as you do not meet the voting eligibility requirements, which are described below:

- the policyholder must be the owner of a life insurance or disability policy with a coverage (or annual benefit in the case of a disability policy) of at least $1,000; or

- the policyholder must be the owner of an annuity contract (or a certificate holder of certain group retirement annuity contracts) or pure endowment contract that requires the payment of $100 or more annually; **and**

- in either case, the insurance policy or annuity contract must be in force and must have been in force since September 30, 2004.

The changes described in the enclosed supplemental materials do not change the terms or effects of the proposed reorganization as described in the documents you previously received from us.

If you have any questions, please call our Reorganization Information Line at 1-800-315-9781.

UnionCentral

The Union Central
Life Insurance Company
1876 Waycross Road
Cincinnati, OH 45240
(800) 825 1551

Insurance and Investments

August 22, 2005

Dear Policyholder:

As you know, The Union Central Life Insurance Company is proposing to reorganize and become part of what will become the UNIFI Mutual Holding Company group. Our records indicate that you have recently decided to terminate a policy with us and do not have any other policy making you eligible to vote at the Special Meeting of Policyholders which was originally scheduled for September 1, 2005 but has been recently rescheduled to September 30, 2005. If you have already voted by proxy card, Internet or telephone, your vote will not be counted.

We are very excited about the potential benefits we hope to achieve in the reorganization. We regret that you have terminated a policy with our company but hope that you will consider us or any of the other UNIFI companies to serve your financial needs in the future.