

# TO OUR SHAREHOLDERS:

Seven years may not seem like a long time for a company whose history dates back to 1896.

But in the seven years since our IPO came to market in 1997, we have transformed AmerUs Group from a small, successful regional player in the financial services industry to a nationwide leader in *both* the life insurance and annuity marketplaces.

We completed three acquisitions and two demutualizations. We divested our non-core businesses and recast our product portfolio from low-return traditional life and annuity products to higher-margin products designed to better serve the needs of our target markets. We reinvented our distribution systems, achieving multi-channel balance in our life insurance business and creating a powerful, predominantly owned sales force for our annuity business. Along the way, we delivered outstanding results to our shareholders.

During the seven years ended December 31, 2003, AmerUs Group assets grew seven-fold to \$22 billion. Life and annuity sales grew at compound annual growth rates of 25 percent and 67 percent respectively. Operating earnings grew at a compound annual growth rate of 20 percent. Operating return on equity steadily advanced from less than eight percent to 12 percent.

Our vision was to create a company that could deliver strong, sustainable earnings growth under a variety of market conditions. And our performance in 2003 suggests that this vision has already become reality, with future benefits emerging as we continue to execute our strategy.

While low interest rates continued to pressure the fixed life insurance and annuity markets, our refined product, distribution and operating strategies enabled AmerUs Group to produce record adjusted net operating income of \$149 million in 2003. Net income advanced 156 percent over 2002 results to \$161.1 million. Book value (excluding accumulated other comprehensive income) grew more than 12 percent in 2003 to \$33.81 per share and we achieved our goal of 12 percent return on equity.

We also strengthened our management team, continued to streamline operations and positioned the company, strategically, tactically and financially, for additional success going forward.

## The foresight to “do products right”

One of the strengths of AmerUs Group is product innovation. A sustainable product strategy must deliver value to the company, as well as to customers and distributors. That’s why all of our products are designed and managed to increase competitiveness, improve profitability, effectively manage risk and accelerate the emergence of earnings.

In 2003, we continued to refine our product offering to achieve these objectives. We made the difficult but appropriate decision to eliminate the par whole life product line, which no longer delivered acceptable margins. And we shifted our business away from term life products and traditional fixed annuities, which detract from the value of our enterprise in the

