



Mutual of Omaha

MUTUAL of OMAHA
Mutual of Omaha Plaza
Omaha, NE 68175
mutualofomaha.com

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M U T U A L O F O M A H A

PROMISES

2005 ANNUAL REPORT



Mutual of Omaha

A MESSAGE TO OUR CUSTOMERS



As the year 2005 drew to a close, Americans may have breathed a sigh of relief. It was a year marked by unimaginable natural disasters that upended lives and unsettled entire communities. But we learned as a nation that the human spirit cannot be swept away and it will prevail in the worst of times.

Mutual of Omaha celebrates that human spirit, the indestructible blend of determination and compassion that surmounts hardship and mends lives.

As an insurance and financial services provider, Mutual of Omaha is intimately involved when our customers encounter loss or experience a life change. Our products help our customers prepare for life's turns, whether expected or unexpected. Some of those customers' stories are included in this year's annual report.

During 2005, Mutual of Omaha experienced significant milestones:

- We achieved record sales of our Medicare supplement products. Mutual of Omaha was one of the first carriers to offer Medicare supplements and today we remain an insurer of choice for those over 65. In 2005 we partnered with another company to provide the new Medicare Part D prescription drug insurance nationwide.
- With the addition of two new interest-sensitive products, we are even better equipped to meet the life insurance needs of today's individuals and families. Our company was again named by the Ward Group as one of the top 50 life insurers in the nation.
- We continue to provide more products and services to employers than ever before. During 2005, we achieved goal-breaking sales of life and disability insurance to businesses. We're seeing strong growth in our voluntary benefits, made available to employees at their worksite.
- We made investments in our technology to support the sales and service of our products. With multiple sales channels, we can reach out to consumers anywhere and do business with them in the manner that meets their needs and lifestyle.
- Community stewardship grew. In 2005 we established a new foundation to manage our significant corporate giving. On their own, our associates donated nearly a million dollars to the United Way, American Red Cross, Juvenile Diabetes Research and numerous local causes through our HALO organization. With a matching donation from the Mutual of Omaha Foundation, more than \$200,000 alone went to aid the victims of Hurricane Katrina.
- Mutual of Omaha's financial foundation remains strong, with statutory surplus of \$1.75 billion. These funds represent security for our policyholders and future growth for our organization. Along with the rest of the industry, we experienced challenges relative to the stock market and low interest rates but we see the trend shifting and are optimistic about the financial prospects for 2006.

I hope you enjoy this year's report. It provides only a snapshot of the dedicated efforts of our associates. Behind every story and number you see here are thousands of people – home office and sales associates – who are committed to meeting your needs today and into the future.

Thank you for your trust in Mutual of Omaha.

Daniel P. Neary
DANIEL P. NEARY
 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOTAL REVENUES.....	\$3,742,762,000
BENEFITS TO POLICYHOLDERS.....	\$2,666,182,000
TOTAL ASSETS.....	\$18,373,662,000
LIFE INSURANCE IN FORCE.....	\$145,265,407,000

RATINGS

A.M. BEST COMPANY.....	A (EXCELLENT)
MOODY'S INVESTORS SERVICE.....	Aa3 (EXCELLENT)
STANDARD & POOR'S.....	AA- (VERY STRONG)



Connor, Linda and Shannon Sanders

REMEMBERING TO PUT FAMILY FIRST

“WHEN YOU LOSE A PART OF YOUR FAMILY, IT’S HARD. NOT HAVING TO GIVE UP THE THINGS THAT YOU LOVE MEANS A LOT.”

Family was the most important thing in Brian Sanders’ life. Since he passed away in 2004 from a brain tumor at age 46, the memories he left his wife, Linda, and their children, Shannon, 17, and Connor, 15, remind them of his devotion.

Shannon and Connor recall how he never missed a swim meet, always cheering them on and pushing them to do their best. Linda recollects their wedding – an intimate candlelight ceremony on Valentine’s Day. To calm her nerves, Brian kissed her and told her how wonderful their life would be.

Brian also left them a tangible reminder of his devotion in the form of a life insurance policy from United of Omaha, a Mutual of Omaha company. Years earlier, as he watched a football game with neighbor and Mutual of Omaha representative Mike Collins, the subject came up. They discussed whether the life insurance provided through his job as a firefighter in Racine, Wis., was enough to put his kids through school and maintain the family’s lifestyle if something were to happen to him. Even though he was young and healthy, the conversation left an impression on Brian. Later, he talked it over

with Linda. “Before I knew it, he brought home the paperwork and it was done,” she said.

Brian decided a \$200,000 policy would cover the family’s needs. That policy now is helping the way Brian intended. With Mike’s help, Linda invested for the kids’ educations as well as her own retirement, and purchased life insurance and disability insurance for herself.

Being able to take time off work to grieve and to help Shannon and Connor grieve was another comfort the life insurance afforded her. As Shannon applies to colleges, Linda is thankful she doesn’t have to worry about whether tuition will be a burden. The insurance also allowed them to maintain some stability during trying times. “When you lose a part of your family, it’s hard,” Shannon said. “Not having to give up the things that you love means a lot.”

Linda said Brian would be proud of how she and the kids have helped each other through the rough times, and she’s thankful they were able to do that surrounded by their memories in the home they shared with Brian – a home where family will always come first.

INDIVIDUAL AND FAMILY COVERAGES:

LIFE INSURANCE • DISABILITY INSURANCE

LONG-TERM CARE INSURANCE • MEDICARE SUPPLEMENT INSURANCE

CRITICAL ILLNESS INSURANCE • HOSPITAL INCOME INSURANCE

ANNUITIES • MUTUAL FUNDS

WORKING TO PROVIDE EMPLOYEE OPTIONS

“THE COUNTY HAS ALL KINDS OF EMPLOYEES – JUDGES, SHERIFF’S DEPUTIES, SANITATION WORKERS, HOSPITAL STAFFERS – I HEAR THAT EVERYONE IS PLEASED.”

“When more coverage comes at a good price, it’s a great deal.”

Eleanor Haugh, benefits manager for Ohio’s Cuyahoga County Board of Commissioners, said that statement is the shorthand description of her work with Mutual of Omaha. She helped select a life insurance plan from United of Omaha, a Mutual of Omaha company, for the county’s 9,000 Cleveland-area employees.

The full description takes in a lot more. “Mutual researched our employees’ needs and wishes upfront, organized an enrollment effort tailored for our convenience and continues to be easy to work with,” Eleanor said. “The county has all kinds of employees – judges, sheriff’s deputies, sanitation workers, hospital staffers – I hear that everyone is pleased.”

Eleanor said Mutual of Omaha’s Judy Mack is proactive and effective in responding to issues and answering questions. “For our enrollment, Judy worked with Karen Ragland (Mutual’s worksite enrollment manager) who organized more than 120 meetings with 7,500 employees at 27 locations over a three-week period. Karen’s staff came to our people on the job. We didn’t have to move everyone out of their offices to attend one big meeting.”

From pre-enrollment focus group results, Mutual plan designers knew Cuyahoga County employees wanted the opportunity to buy more coverage. Careful structuring of a basic and voluntary life plan made it possible to offer everyone up to \$250,000 in coverage during the enrollment period without a medical exam – a major increase in choice and benefit levels over the previous insurer’s plan, which had a \$50,000 maximum.

Through Mutual of Omaha’s voluntary products, which are employer-supported/employee-paid, Cuyahoga County employees purchase the additional voluntary life coverage they choose through payroll deduction.

“Our employees’ response shows the value of the advance research and the benefit education Mutual provided,” Eleanor said. “Our people had the opportunity to ask all the questions they wanted at their enrollment meetings. Nearly 70 percent of county employees are participating in our new plan.”

Eleanor said she appreciates the cost effectiveness of Mutual of Omaha’s coverage and the innovation shown in implementing it. “We’re working well together to give Cuyahoga County employees the extra life coverage they want at the right price.”

VOLUNTARY PRODUCT OPTIONS:

LIFE INSURANCE • SHORT-TERM AND LONG-TERM DISABILITY
ACCIDENTAL DEATH AND DISMEMBERMENT • DENTAL



*Deputy Pat Butler,
HR director Joe Nanni,
executive assistant Marvin
Hayes and the Honorable
Nancy McDonnell*

JOINT EFFORTS CREATE A UNIFIED TEAM

“WE HAVE A GOOD RAPPORT AND ARE IN ACCORD BECAUSE WE HAVE COME TO THINK OF MUTUAL AS PART OF THE NIC TEAM.”

From Maine to Hawaii, 18 states rely on Olathe, Kan.-based NIC Inc. to build and manage online solutions so governments, citizens and businesses can interact more efficiently.

Just as these state governments rely on NIC to create powerful solutions, NIC relies on Mutual of Omaha to deliver exceptional quality health insurance benefits for more than 300 NIC employees and their families. The leading provider and manager of eGovernment services, NIC helps governments communicate more effectively with citizens and businesses by putting essential services – from vehicle registration to tax filing and election reporting – online.

“Not only does Mutual of Omaha provide insurance benefits to NIC, they provide a true alliance for health and wellness,” said Mary McCombs, administrative services director for NIC. “We both want NIC employees to be good health care consumers. We believe Mutual helps us make that happen.

“Our Mutual representative, Brett Young, is a valuable resource. He works with us on our *healthyHabits* program, which is our series of monthly Web seminar lunch-and-learn sessions geared toward employee education. Brett lines

up Mutual experts to speak on various topics and participates in the conferences.”

Mary said Mutual of Omaha’s customer service is equally responsive.

“When I call Amy Troske, our claims representative, I get immediate action. Amy consistently goes above and beyond – whether it’s a network issue or physician communication. It’s people that make a relationship successful,” Mary said. “Amy and Brett work well with us. They are flexible. They listen. They come up with ideas and solutions. And when our people talk to them, it’s like we are their only client.”

The NIC/Mutual of Omaha relationship works, Mary said, for more than the obvious reasons.

“Mutual provides the large provider network we need to serve NIC people based in several states; outstanding customer service that we also tap to track benefit utilization; and technological capabilities – such as prescription drugs online – that match our own. But most of all, we work so well together, which is something we’ve seldom experienced with an insurance provider. We have a good rapport and are in accord because we have come to think of Mutual as part of the NIC team.”

EMPLOYEE BENEFIT PLANS:

LIFE INSURANCE • DISABILITY INSURANCE • DENTAL INSURANCE
ACCIDENTAL DEATH AND DISMEMBERMENT • HEALTH INSURANCE
RETIREMENT PLANS





*B.J. Marchi,
Frances Coverstone,
Buddy Ritenour and
Dave Marchi*

A PLAN THAT OFFERS FREEDOM OF CHOICE

“HAVING THIS COVERAGE GIVES US FREEDOM OF CHOICE FOR OUR FUTURE. WE ALL GET OLDER, BUT I KNOW THAT I AM COVERED.”

When the time came for 81-year-old Clarence “Buddy” Ritenour to enter a nursing home, he was thankful financial considerations didn’t prevent him from choosing Heritage Hall in Front Royal, Va.

His sister, Frances Coverstone, and her daughter and son-in-law, B.J. and Dave Marchi, live nearby and visit him often. He knows it’s not home, but there he receives the medical care he needs for his Parkinson’s disease – and there are some perks. He enjoys his favorite activities, like bingo, on a regular basis and if he doesn’t like what’s on the menu, the nurses often sneak him his favorite treat, peanut butter and jelly sandwiches.

Buddy’s long-term care insurance from Mutual of Omaha covers 95 percent of the nursing home cost, and his Medicare supplement insurance covers other medical expenses. He and Frances, 87, have had their Medicare supplement coverage and long-term care insurance through Mutual of Omaha for years.

When Frances’ husband passed away from emphysema in 1998, his Medicare supplement insurance helped cover the medical expenses. “Dad always spoke very highly of Mutual of

Omaha,” said their daughter, B.J. “He always felt comfortable knowing Mutual was covering him when he was sick. If he didn’t have it, his illness could have financially drained them.”

Mutual of Omaha representative Avie Megeath helps the family with their questions and explains how their benefits work. She has also assisted Buddy and Frances with some investments through Mutual of Omaha Investor Services, Inc. and annuities through United of Omaha, a Mutual of Omaha company. In addition, Avie sold Mutual’s long-term care coverage to B.J. and Dave. Compared with other options, B.J. and Dave said Mutual was a clear choice. “Looking at the prices and the benefits, there was no comparison. Mutual of Omaha was a much better option,” B.J. said.

Like many people, B.J. and Dave’s family experiences made the need for long-term care insurance a reality. Dave’s mother, who lives in an assisted living facility, doesn’t have long-term care insurance and is using her savings to cover the cost. On the other hand, they’ve seen how Buddy’s plan has helped him.

“Having this coverage gives us freedom of choice for our future,” Dave said. “We all get older, but I know that I am covered.”

INDIVIDUAL AND FAMILY COVERAGES:

LIFE INSURANCE • DISABILITY INSURANCE
LONG-TERM CARE INSURANCE • MEDICARE SUPPLEMENT INSURANCE
CRITICAL ILLNESS INSURANCE • HOSPITAL INCOME INSURANCE
ANNUITIES • MUTUAL FUNDS

DELIVERING ON HIGH EXPECTATIONS

“MUTUAL WORKS WITH US TO MAKE OUR PLAN A RESOURCE THAT STRENGTHENS THE SPIRIT OF PARTNERSHIP WITH OUR PEOPLE.”

Whenever an employee of TravelCenters of America greets a truck driver or motorist with the company’s “Thanks for traveling with us” slogan, Bruce Sebera, vice president of human resources, said he senses a partnership growing stronger.

“It’s important for our people to see their company as their partner in delivering exceptional customer service,” Bruce said. “One way TravelCenters holds up its end is with a strong benefits package, including our 401(k) retirement plan with United of Omaha, a Mutual of Omaha company. Mutual works with us to make our plan a resource that strengthens the spirit of partnership with our people.”

With 12,000 TravelCenters employees spread across 41 states and Canada, achieving that goal is no small task, Bruce said. Headquartered in Westlake, Ohio, TravelCenters’ network of facilities for professional drivers and the traveling public is the nation’s largest – providing restaurants, fuel, truck service and travel stores in 140 locations.

“When we considered changing retirement plan providers, we had high expectations,” Bruce said. “We wanted a well-managed transition between the old and new plans, a thorough education program, solutions and services tailored to our

needs, and a broad choice of investment options. Mutual of Omaha came through on every count.” Bruce said he and human resources manager Lisa Crawford particularly value Mutual’s commitment to plan education. “Mutual produced a custom compact disc in English and Spanish that took a big education load off the shoulders of our facilities’ general managers,” Lisa said. “The CD covers retirement plan issues and concepts, and clearly explains our investment options.”

TravelCenters’ employees choose from more than 15 investment options that include Mutual’s five professionally managed asset allocation funds. Plan communication is critical, too, Lisa said. “The quarterly statements Mutual provides are user friendly and comprehensive. Our employees access their accounts easily by phone and the Internet and Mutual turns around check requests promptly.”

“Choosing Mutual of Omaha was the right decision,” Bruce said. “We have proactive service from Jennifer Schaefer (Mutual’s relationship manager), investment options designed to our specifications and an exchange of ideas to make improvements as we go.

“High expectations? You bet. Mutual continues to meet them.”

EMPLOYEE BENEFIT PLANS:

LIFE INSURANCE • DISABILITY INSURANCE • DENTAL INSURANCE
ACCIDENTAL DEATH AND DISMEMBERMENT • HEALTH INSURANCE
RETIREMENT PLANS



TravelCenters’ Lodi, Ohio, facility general manager Dennis Gardner, HR vice president Bruce Sebera, HR manager Lisa Crawford and waitress Patricia Acker



Eileen Correll

INSURANCE THAT PROVIDES PEACE OF MIND

“NOT HAVING TO WORRY ABOUT MONEY IS SUCH A RELIEF. PEACE OF MIND – IT’S WORTH EVERYTHING.”

Eileen Correll and her husband, Ralph, lived life to the fullest. They met in 1944. He was a World War II tail gunner and Eileen worked at a factory in Indiana alongside Ralph’s sister, who introduced the pair while Ralph was home on leave. They were married after only a three-day courtship.

Together for more than 60 years, they traveled to exciting places, making cross-country trips on Ralph’s motorcycle. When Ralph retired in 1982, they settled into a cozy log cabin in Trego, Wis., and spent their winters in Arizona.

As a union pipe fitter, Ralph had a good pension. Eileen never worried about the finances. Ralph handled everything. When he passed away in October 2004, not only was Eileen grief-stricken, she was confused by the decisions she had to make over his pension. A friend suggested Eileen meet with her daughter, Kim Carroll, a Mutual of Omaha representative. “Kim helped me so much. She looked at all of the papers and explained things so I could understand,” Eileen said.

In working with Kim, Eileen realized a Mutual of Omaha Medicare supplement policy was a

better value than her previous health coverage. Along with the Medicare supplement plan’s prescription drug discount, Eileen has realized more than a 50 percent savings and a lot less hassle thanks to no deductibles and automatic claims processing that works hand-in-hand with Medicare.

Kim also helped Eileen use a portion of the money to fund a single premium immediate annuity with a five-year term. Eileen receives a monthly income for five years with an annual 6 percent increase for inflation. After five years, Eileen plans to sell her home and secure another annuity that will generate an income for the rest of her life. Her annuity income covers living expenses and home maintenance and still leaves enough to enjoy dinners out with friends and to contribute to her church. “I like simple things, but even the simple things cost money,” she said. “We worked hard and to have to change my lifestyle now would have been difficult.”

With income she can count on, Eileen can relax and enjoy traveling again. “Not having to worry about money is such a relief,” she said. “Peace of mind – it’s worth everything.”

INDIVIDUAL AND FAMILY COVERAGES:

LIFE INSURANCE • DISABILITY INSURANCE
LONG-TERM CARE INSURANCE • MEDICARE SUPPLEMENT INSURANCE
CRITICAL ILLNESS INSURANCE • HOSPITAL INCOME INSURANCE
ANNUITIES • MUTUAL FUNDS

FINANCIAL GROWTH

FINANCIAL STRENGTH IS THE BEDROCK UPON WHICH AN INSURANCE COMPANY IS BUILT. Mutual of Omaha ended 2005 in the strongest financial position in its history, experiencing gains in key financial measures while making payments of nearly \$2.7 billion on behalf of our policyholders.

The financial information on pages 18 and 19 is presented on a basis that conforms to generally accepted accounting principles. Total consolidated assets and

retained earnings at the close of 2005 were \$18.4 billion and \$3.2 billion, respectively.

For reporting to state insurance regulators, we are required to use statutory accounting principles. Statutory policy reserves – funds set aside to pay future claims and obligations – ended the year at \$14.0 billion. Statutory surplus, which represents additional funds set aside to meet current and future obligations to policyholders, ended 2005 at \$1.75 billion.

SOURCES OF INCOME

Health Premium	47.0%
Investment Income	22.2%
Life Premium	21.9%
Annuities	8.9%
Total Sources of Income	100%

USES OF INCOME

Policyholder Benefits	74.0%
Expenses	14.2%
Commissions	5.9%
Net Gains	4.8%
Taxes	1.1%
Total Uses of Income	100%

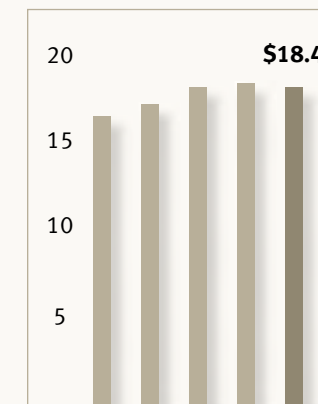
Our core and extended product strategy is reflected in Mutual of Omaha's healthy mix of health premium and combined life premium and annuities. Mutual of Omaha operates on a conservative profit margin. A total of 74 percent of our income is paid out in policyholder benefits. Mutual of Omaha puts premium dollars to work to protect you.

FINANCIAL GROWTH

GUIDED BY A CLEAR CORPORATE STRATEGY that builds on Mutual of Omaha's inherent strength and expertise, the company made significant strides in 2005. Strong profitability further strengthened our rock-solid financial foundation. Strong growth was recorded in core products, validating the company's core and extended product strategy. Streamlining throughout the company resulted in a more efficient organization.

Success requires collaboration and accountability. Mutual's management team and associates have built accountable, results-oriented teams that continue to improve service, achieve efficiencies and encourage innovation. Thanks to the winning spirit of our workforce, a strong commitment to outstanding customer service and a trusted sales force, we are achieving our vision of being the kind of company that our customers value, people admire and our competitors envy.

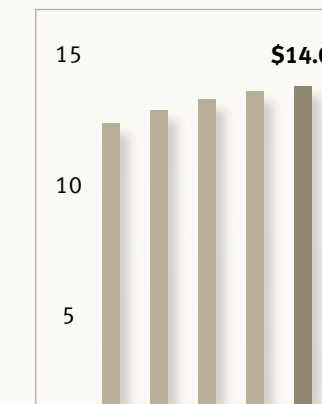
TOTAL CONSOLIDATED ASSETS (In billions of dollars)



YEAR 01 02 03 04 05

Total assets of \$18.4 billion remain solid and demonstrate our financial stability.

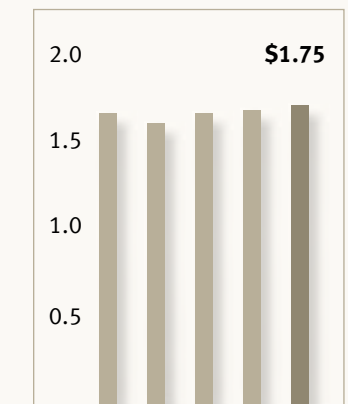
STATUTORY POLICY RESERVES (In billions of dollars)



YEAR 01 02 03 04 05

Policy reserves are funds set aside to pay future claims and other obligations to our policyholders. Measured on a statutory basis, policy reserves totaled \$14.0 billion at year-end 2005.

STATUTORY SURPLUS (In billions of dollars)



YEAR 01 02 03 04 05

Statutory surplus represents additional funds available to meet current and future obligations to policyholders, and is an important indicator of an insurer's financial strength. Mutual of Omaha's statutory surplus remained very strong, finishing 2005 at \$1.75 billion.

DISCIPLINED INVESTMENT STRATEGY

IN THE COMPLEX WORLD OF INSURANCE AND FINANCIAL SERVICES, the core of Mutual of Omaha's business is surprisingly simple. We keep the promises that our policies represent. Our disciplined investment philosophy ensures that we'll be there when you need us.

We build and manage a diversified portfolio of carefully selected investments that offer attractive

returns, while still maintaining the appropriate level of risk. We never forget that policyholders are counting on us to invest their premium dollars wisely.

This responsible investment strategy – along with our solid financial foundation, strong management and competitive portfolio of products and services – has consistently earned Mutual of Omaha high marks from leading rating agencies.

MUTUAL OF OMAHA INVESTED ASSETS

Bonds.....	60.8%
Affiliated Companies Stock.....	32.5%
Other Invested Assets.....	3.4%
Real Estate.....	1.5%
Cash and Short-Term Investments.....	1.3%
General Market Stocks.....	0.5%

Total Invested Assets.....100%

UNITED OF OMAHA INVESTED ASSETS

Bonds.....	85.7%
Mortgage Loans.....	9.0%
Other Invested Assets.....	2.0%
Policy Loans.....	1.4%
Real Estate.....	0.7%
Affiliated Companies Stock.....	0.7%
Cash and Short-Term Investments.....	0.5%

Total Invested Assets.....100%

Because Mutual of Omaha and United of Omaha sell a broad range of insurance products designed to meet a variety of customer needs, we have developed sophisticated asset/liability management strategies to support the different obligations we have to our policyholders. For example, certain insurance products can necessitate payments to policyholders at any time, so the appropriate percentage of each company's portfolio is invested in shorter-term instruments. On the other hand, some products – life insurance and long-term care, for example – represent obligations that may not require payments to policyholders for several years, so the investments supporting those obligations can be somewhat longer-term.

DISCIPLINED INVESTMENT STRATEGY

CURRENT RATINGS FOR MUTUAL OF OMAHA AND UNITED OF OMAHA

A.M. BEST COMPANY

For overall financial strength and ability to meet ongoing obligations to policyholders

A (EXCELLENT)

This rating is third highest of 15

MOODY'S INVESTORS SERVICE

For current financial strength and ability to withstand financial stress in the future

Aa3 (EXCELLENT)

This rating is fourth highest of 21

STANDARD & POOR'S

For financial strength to meet obligations to policyholders

AA- (VERY STRONG)

This rating is fourth highest of 18

In recognition of Mutual of Omaha's financial strength, solid strategy and clear direction, A.M. Best Company changed the outlook on our ratings to positive when it affirmed our ratings during 2005.

MUTUAL OF OMAHA BOND PORTFOLIO

Corporate.....	42.3%
Residential Mortgage-Backed.....	23.8%
Commercial Mortgage-Backed.....	20.8%
Asset-Backed.....	7.6%
Government and Agency.....	5.5%

Total Portfolio.....100%

UNITED OF OMAHA BOND PORTFOLIO

Corporate.....	43.8%
Residential Mortgage-Backed.....	20.5%
Asset-Backed.....	18.6%
Commercial Mortgage-Backed.....	14.1%
Government and Agency.....	3.0%

Total Portfolio.....100%

The majority of our portfolios are invested in bonds with high-quality credit ratings. We emphasize investments in those asset classes that can most effectively fund our insurance products while providing attractive risk-adjusted returns. For both Mutual of Omaha and United of Omaha, more than 95% of the bonds held are in the highest NAIC bond quality classifications – categories 1 and 2.

2005 CONSOLIDATED OPERATING RESULTS

MUTUAL OF OMAHA INSURANCE COMPANY AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET • December 31, 2005 • (In thousands of dollars)

ASSETS

INVESTMENTS:

Fixed maturities, available for sale, at fair value.....	\$12,644,271
Limited partnerships.....	239,840
Equity securities, available for sale, at fair value.....	13,286
Mortgage loans, net of valuation allowance.....	998,724
Policy loans.....	167,019
Other invested assets.....	76,468
Short-term investments.....	203,344
TOTAL INVESTMENTS.....	14,342,952

Cash and cash equivalents.....	81,949
Accrued investment income.....	110,189
Premiums and other receivables.....	173,102
Deferred policy acquisition costs.....	1,402,271
Reinsurance recoverable.....	419,394
Other assets.....	439,693
Separate account assets.....	1,404,112
TOTAL ASSETS.....	\$18,373,662

LIABILITIES AND EQUITY

LIABILITIES:

Future policy benefits.....	\$3,906,618
Policyholder account balances.....	6,562,474
Unpaid claims.....	1,801,698
Unearned revenue.....	239,678
Income taxes payable, current and deferred.....	90,824
Other liabilities.....	1,105,136
Separate account liabilities.....	1,404,112
TOTAL LIABILITIES.....	15,110,540

EQUITY

Retained earnings.....	3,191,501
Accumulated other comprehensive income.....	71,621
TOTAL EQUITY.....	3,263,122

TOTAL LIABILITIES AND EQUITY.....\$18,373,662

The above information is presented on a basis that conforms with generally accepted accounting principles.

2005 CONSOLIDATED OPERATING RESULTS

MUTUAL OF OMAHA INSURANCE COMPANY AND SUBSIDIARIES
 CONSOLIDATED SUMMARY OF OPERATIONS • For the Year Ended December 31, 2005 • (In thousands of dollars)

REVENUES

Health and accident.....	\$1,879,534
Life and annuity.....	1,011,958
Net investment income.....	825,114
Net realized investment gains (losses).....	(76,756)
Other.....	102,912
TOTAL REVENUES.....	3,742,762

BENEFITS AND EXPENSES

Health and accident benefits.....	1,473,030
Life and annuity benefits.....	921,038
Interest credited to policyholders.....	272,114
Policy acquisition costs.....	338,174
General insurance expenses.....	464,566
Other.....	97,721
TOTAL BENEFITS AND EXPENSES.....	3,566,643

Income before income taxes.....	176,119
Income taxes.....	55,053

NET INCOME.....\$121,066

The above information is presented on a basis that conforms with generally accepted accounting principles.

BUILDING A SOLID FINANCIAL FUTURE

YOU NEVER KNOW WHAT UNEXPECTED TWIST LIFE MAY TAKE. That's why Mutual of Omaha offers a wide range of products and services that provide financial protection and help families and small businesses achieve their financial goals. Our nationwide network of sales offices and representatives are ready to assist you. For more information or to locate an office near you, visit mutualofomaha.com.

PRODUCTS AND SERVICES FOR INDIVIDUALS, FAMILIES AND SMALL BUSINESSES

LIFE INSURANCE

Protect your family from the financial risk associated with death or build wealth to achieve your financial goals

- Universal Life Insurance
- Whole Life Insurance
- Term Life Insurance

MEDICARE SUPPLEMENT INSURANCE*

Reduce your out-of-pocket health care expenses with competitively priced products that work with your Medicare plan

- Medicare Supplement Plans
- Medicare Select Plans

ANNUITIES

Accumulate savings for retirement with options to convert those assets into guaranteed income payments

- Single Premium Deferred Annuities
- Single Premium Immediate Annuities
- Flexible Premium Annuities

LONG-TERM CARE INSURANCE**

Preserve your assets and receive quality care when you need it with simple and comprehensive options

- Tax and Non-Tax Qualified Plans
- One or Two Pools of Benefits for Home Care and Confined Care

HEALTH, ACCIDENT AND SPECIAL COVERAGES

Protect yourself and your family from life's unforeseen events

- Disability Income Replacement
- Supplemental Accident Plans
- Critical Illness
- Hospital Income

INVESTMENT PRODUCTS***

Registered representatives can help you invest wisely toward your financial goals

- Mutual Funds
- Variable Annuities
- Variable Universal Life
- 529 Plans
- Mutual Fund Wrap Accounts¹
- Separate Account Management¹
- Financial Planning¹

* Neither Mutual of Omaha Insurance Company or United World Life Insurance Company, nor their Medicare supplement insurance policies/certificates, are connected with or endorsed by the U.S. Government or the federal Medicare program.

** Certain benefits or features may not be available in your state. These products have exclusions and limitations. Please check with your representative for full details.

*** Investment products and advisory services offered through Mutual of Omaha Investor Services, Inc., a broker-dealer and registered investment adviser. Home Office: Mutual of Omaha Plaza, Omaha, NE 68175-1020. ¹These products and services available only through investment adviser representatives of Mutual of Omaha Investor Services, Inc.

EMPLOYEE BENEFIT SOLUTIONS

EMPLOYERS LOOK TO MUTUAL OF OMAHA FOR HIGH-QUALITY, COMPREHENSIVE EMPLOYEE BENEFIT PLANS. We respond with plans that help employers control costs while helping keep employees healthy, engaged and productive. Flexible benefit plans include: disability and life insurance, voluntary product options, dental coverage, consumer-focused health plans and retirement plan solutions. Mutual of Omaha can tailor a plan for you and your employees. Our commitment to service and offices nationwide make us easy to work with. For more information, log on to mutualofomaha.com.

PRODUCTS AND SERVICES FOR BUSINESSES AND EMPLOYEES

LIFE INSURANCE

- Term Life Insurance
- Accidental Death and Dismemberment
- Flexible Plan Designs
- Portability allows employees to keep plan features and benefits when employment terminates

VOLUNTARY PRODUCTS

Voluntary benefits employees can purchase through payroll deduction

- Term Life
- Short-Term and Long-Term Disability
- Dental
- Accidental Death and Dismemberment

GROUP HEALTH PLANS

- National PPO Network
- Consumer-Driven Health Plans with Health Reimbursement Accounts (HRA)
- High Deductible Health Plans with Health Savings Accounts (HSA)
- Prescription Drug Program
- Total Care ManagementSM Approach
- HealthyDirections[®] Disease Management
- Take Charge[®] Employee Education
- Employee Assistance Program
- Alternate Funding Options/Stop-Loss

DENTAL INSURANCE

Various plan designs offering comprehensive and preventative coverage options

- Flexible deductibles, coinsurance and maximums
- Multiple class structures

DISABILITY INSURANCE

Combines responsible claims management with experienced and dedicated rehabilitation resources

- Long-Term Disability
- Short-Term Disability
- Seamless and integrated claims management

SPECIAL MARKETS

- Stop-Loss for Third Party Administrators (TPAs)
- Youth Activities/Sports Accident
- Travel Accident
- Special Risk Basic and Voluntary Accidental Death and Dismemberment

RETIREMENT PRODUCTS AND SERVICES

Intelligent retirement solutions to help plan for a secure future

- 401(k) Plans
- Defined Benefit Plans
- Record keeping services for 401(k), Profit Sharing, Money Purchase and Comparability Plans

GROUP ANNUITIES

- Defined benefit plan terminations
- Annuitization of corporate and pension plan obligations
- Annuitization of individual qualified retirement accounts
- Solutions for charitable gift annuities

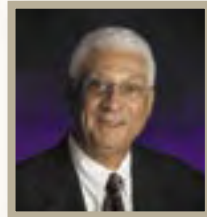
INSTITUTIONAL INVESTMENT PRODUCTS

- Funding agreements
- Guaranteed Investment Contracts (GICs)

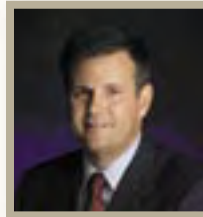
NOTE: Coverages are underwritten by Mutual of Omaha Insurance Company, United of Omaha Life Insurance Company, United World Life Insurance Company, Companion Life Insurance Company and Exclusive Healthcare, Inc. In the state of New York, Companion Life Insurance Company – an affiliate of Mutual of Omaha – underwrites individual life and group life insurance plans, annuity products and special risks coverages. DentaBenefits is underwritten and administered exclusively by United Concordia Companies, Inc.'s, licensed corporate affiliates and marketed exclusively by Mutual of Omaha. United Concordia and Mutual of Omaha are separate and unaffiliated companies. Many of the products listed are available either as fully or partially insured or as administrative services only.

BOARD OF DIRECTORS

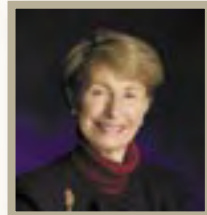
EFFECTIVE LEADERS combine vision, experience, expertise, enthusiasm and wisdom. Mutual of Omaha's Board of Directors and senior management team blend those qualities with a commitment to ensuring Mutual of Omaha remains a leader in the insurance industry.



SAMUEL L. FOGGIE SR.
Former Chief Executive Officer,
National Bankers Association
Fort Washington, Md.



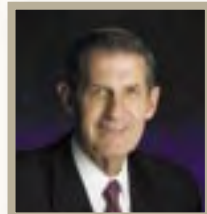
JAMES G. MCFARLANE
Area Chairman,
Arthur J. Gallagher & Co.
Glendale, Calif.



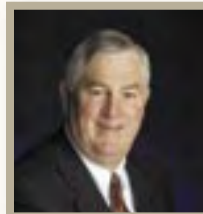
**HONORABLE
CAROL B. HALLETT**
Of Counsel,
U.S. Chamber of Commerce
Washington, D.C.



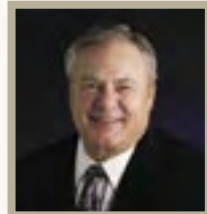
**ADMIRAL
RICHARD W. MIES**
United States Navy (Retired)
President and Chief Executive Officer,
Hicks and Associates, Inc.
McLean, Va.



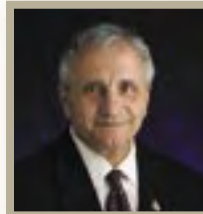
JEFFREY M. HELLER
President and Chief
Operating Officer,
Electronic Data Systems (EDS)
Plano, Texas



DANIEL P. NEARY
Chairman of the Board
and Chief Executive Officer,
Mutual of Omaha Insurance Company
and United of Omaha Life Insurance
Company
Omaha, Neb.



HUGH W. HUNT
Chairman,
HunTel Systems, Inc.
Blair, Neb.



ANTHONY J. PRINCIPI
Former Secretary of the U.S.
Department of Veterans Affairs
Alexandria, Va.

OFFICERS AND AFFILIATES

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Chairman of the Board and Chief Executive Officer

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Executive Vice President and Chief Financial Officer

JAMES L. HANSON
Executive Vice President, Information Services

DANIEL P. MARTIN
Executive Vice President, Group Benefit Services

THOMAS J. MCCUSKER
Executive Vice President and General Counsel

MADELINE R. RUCKER
Executive Vice President, Customer Service

STACY A. SCHOLTZ
Executive Vice President, Corporate Services

TOMMIE D. THOMPSON
Executive Vice President, Comptroller and Treasurer

MICHAEL C. WEEKLY
Executive Vice President, Individual Financial Services
and President, United World Life Insurance Company

RICHARD A. WITT
Executive Vice President and
Chief Investment Officer

MUTUAL OF OMAHA AFFILIATE COMPANIES

COMPANION LIFE INSURANCE COMPANY
of Lynbrook, N.Y., offers a full line of
individual life, annuity and group life
insurance plans to residents of New York.

INNOWAVE® INCORPORATED markets a wide
range of state-of-the-art water purification
products through a nationwide network
of dealers.

**MUTUAL OF OMAHA INVESTOR
SERVICES, INC.**, our registered broker-dealer,
provides mutual funds directly to consumers
through Mutual of Omaha's agency sales force
and Retirement Plans Division.

**UNITED OF OMAHA LIFE INSURANCE
COMPANY** offers a diversified portfolio of life
insurance, fixed annuities and other insurance
and financial services products through Mutual
of Omaha's agency sales force, group sales
offices and independent agent networks.

**UNITED WORLD LIFE INSURANCE
COMPANY** offers specialty life plans and health
and accident coverage through direct marketing,
Mutual of Omaha's agency sales force and
independent agent networks.

HELPING PEOPLE AND MAKING COMMUNITY CONNECTIONS

MUTUAL OF OMAHA WAS FOUNDED ON A SIMPLE PRINCIPLE – TO BE THERE TO HELP IN TIMES OF NEED. IT'S A PROMISE WE MAKE TO OUR CUSTOMERS. AND IT'S A COMMITMENT WE MAKE TO OUR COMMUNITY.

In 2005, we established the Mutual of Omaha Foundation to further extend our commitment to making a difference in our community. From supporting a medical clinic that provides vital health care for those who would otherwise go without to giving an inner-city teacher the resources to introduce students to the beauty of live theater, the Mutual of Omaha Foundation is focused on addressing critical needs and empowering change.

The generosity of Mutual of Omaha's employees was demonstrated many times in 2005. More than 600 employees spent nearly 2,000 hours building a Habitat for Humanity home. In addition, our employee response to hurricane relief, United Way, and food and holiday toy drives was overwhelming.

Through the financial support of the Mutual of Omaha Foundation and the generosity of our employees, we're making a difference in our community.

