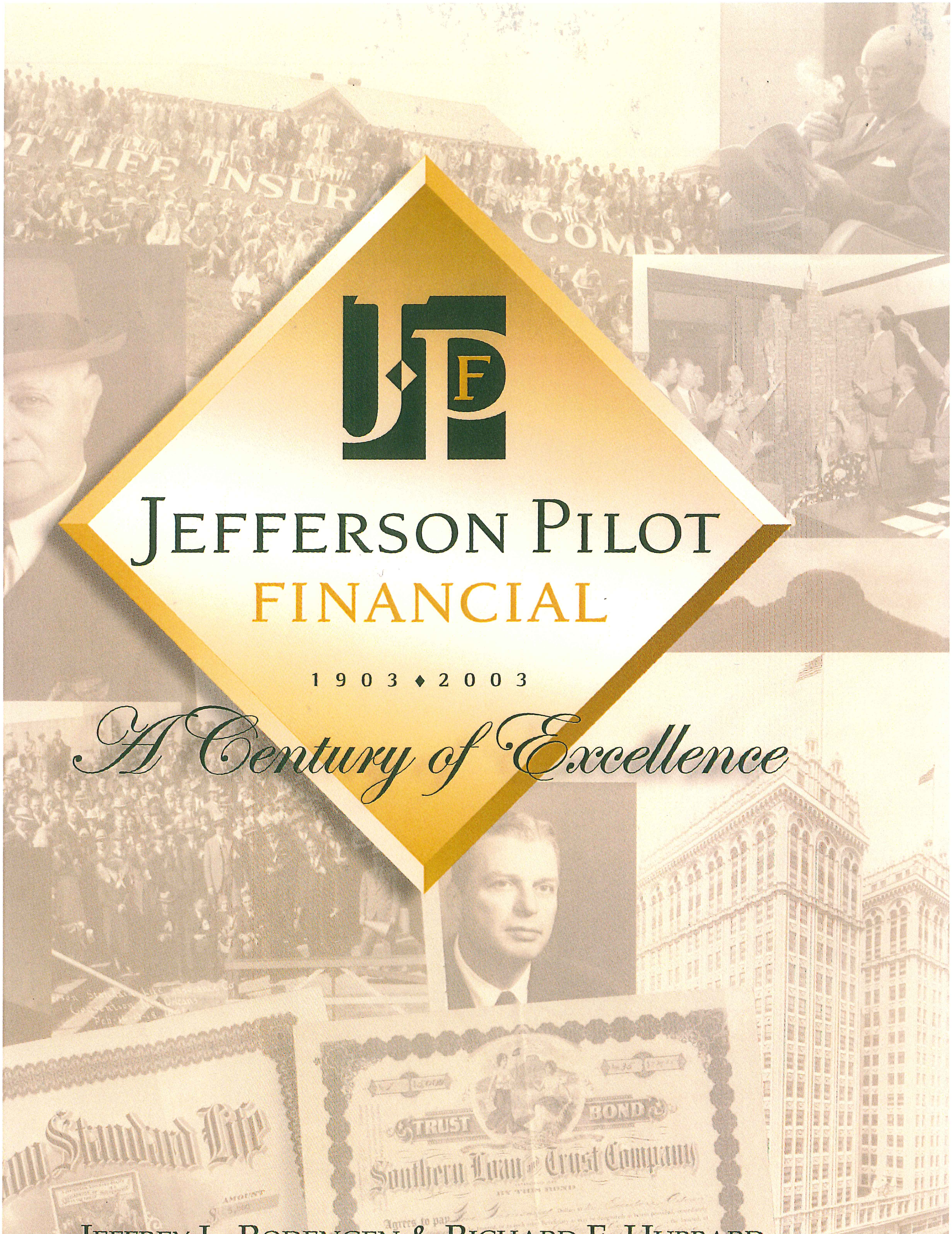


Jefferson Pilot Financial

1903 ♦ 2003

A Century of Excellence

Jeffrey L. Rodengen & Richard F. Hubbard

Fortunately, the U.S. economy would recover by 1983 and gain strength throughout the decade. In 1984, the combined income from Pilot Life and Jefferson Standard reached $127.7 million. Sales of individual life insurance increased 11.2 percent, and life insurance in force hit a record $37 billion.[5]

Plainly the holding company was holding its own in turbulent times. In mid-1986, the American Council of Life Insurance issued a survey of consumer attitudes toward insurance companies. The report was aimed at gauging the public's acceptance of new products and services. An internal document reported highlights from the study: "After declining from 87 percent in 1968 to 76 percent in 1983, the proportion of respondents who choose life insurance as the preferred product for protection against premature death of a breadwinner has risen to 80 percent. . . . There have been significant declines over the past ten years in the number of people who claim to have difficulty with various aspects of life insurance. These areas include: understanding policy wording, determining how much to buy, figuring out policy costs, and deciding what type of policy to buy."[6]

Jefferson-Pilot Communications

Although it was much smaller than the insurance subsidiaries, Jefferson-Pilot Communications, under President Wallace J. Jorgensen, remained a solid contributor to earnings and an important part of the overall company strategy. As Jefferson-Pilot Communications' executives frequently pointed out, every time a viewer or listener heard the name "Jefferson-Pilot" on a television or radio station, or in conjunction with a sports event, the company's name spread a little further. The 1980s would bring important new growth, both for the radio and television stations and for the in-house production agency, Jefferson-Pilot Teleproductions.

In 1982, Jefferson-Pilot Teleproductions came across an offer that was too good to refuse. Pilot Life and Jefferson Standard had been advertising during Atlantic Coast Conference (ACC) basketball games for about 20 years. In fact, Pilot Life had sponsored the first televised broadcasts of ACC games. Yet the broadcast rights were retained by other companies. In 1982, however, Jefferson-Pilot Teleproductions had the opportunity to purchase the broadcast rights for ACC basketball.

"Before 1982, ACC basketball had been with Castleman D. Chesley and Billy Packer," remembered Ed Hull, who had been working for Jefferson-Pilot Teleproductions since the 1970s and later became president of Jefferson-Pilot Sports. "But Chez, as he was called, was getting out of the business for health reasons. We had production expertise to televise the games, so we had the opportunity to join with the ACC and Raycom out of Charlotte and get the broadcast rights for ACC basketball."[7]

It was a perfectly timed opportunity. ACC basketball already was one of the premier collegiate sports attractions.

"Oftentimes, ACC basketball would dominate a market so completely that 50-plus percent of the viewers would be watching those games," Hull said.[8]

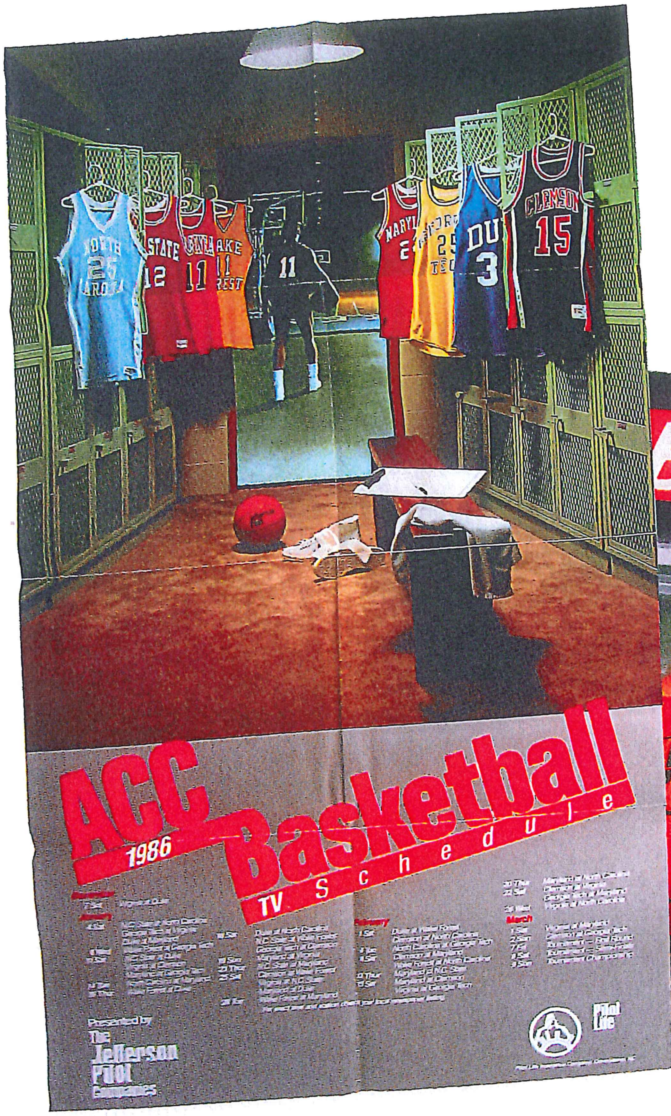
At the same time, cable television was still struggling to get off the ground, and Jefferson-Pilot Teleproductions began selling broadcast rights to a start-up channel called ESPN the year after it was founded. The relationship with ESPN would grow, along with the cable sports channel's massive success.

Two years after the ACC basketball deal, Jefferson-Pilot Teleproductions saw another opportunity unfolding. In 1984, the College Football Association (CFA) deregulated college football. This move allowed each conference to handle its own syndication rights. As a result, Jefferson-Pilot Teleproductions soon acquired the syndication rights for ACC college football, this time acting alone.

This deal was followed in 1986 by the acquisition of the broadcast rights for Southeastern Conference (SEC) basketball, which had been on Turner cable. Then in 1988, Jefferson-Pilot Teleproductions put together a made-for-TV alliance that syndicated college sports in the northeast, including sports powerhouse Notre Dame the first year, in addition to Boston College and Rutgers. Finally, in 1992, Jefferson-Pilot Teleproductions bought the broadcast rights to SEC football.

Together, these four major sports packages commanded a wide audience and established

Opposite: The building that housed WBIG, one of Jefferson-Pilot Communications' original broadcasting stations. Inset, the transmitting antenna after it came down in 1987.



Posters advertising Atlantic Coast Conference (ACC) and Southeastern Conference (SEC) basketball. After almost 20 years, Jefferson-Pilot remained a key sponsor of ACC basketball, and in 1982 the company acquired broadcast rights to it. The SEC rights followed shortly afterward.

Jefferson-Pilot Teleproductions, which was renamed Jefferson-Pilot Sports, as one of the nation's premier syndicators of college sporting events.

Drawing on this experience, Jefferson-Pilot Sports began looking for additional broadcast opportunities, and in the mid-1980s it hit upon a perfect deal. At that time, stock car racing sponsored by National Association of Stock Car Auto Racers (NASCAR) was beginning its meteoric rise as a popular American sport, a transformation that took it from the Carolinas and the South to a nationwide audience. Hoping to capitalize on the sport's growing appeal, Jefferson-Pilot Sports signed a deal to broadcast the races at the Charlotte Motor Speedway in Charlotte, North Carolina. The company even helped create a Winston Cup NASCAR event at the speedway.

In time, however, the "price of poker" got too high, and Jefferson-Pilot Sports sold the national broadcast rights for the NASCAR event. The experience proved invaluable, however. Jefferson-Pilot Sports began pursuing other made-for-TV events, including a bicycle race called the Tour de Trump, made-for-television figure skating competitions (Ice Wars, Champions on Ice, and many others), and gymnastics events.

"All of these were sold to national television," Hull said. "We'd sell these events and actually create the television for them."[9]

Despite its high-profile events, Jefferson-Pilot Sports remained a very small part of the overall corporation—even a small entity within Jefferson-Pilot Communications itself. It was large enough, however, to effectively spread the Jefferson-Pilot name.

"That was always the goal," Hull said, "to get the name more national recognition."[10]

While Jefferson-Pilot Sports expanded, so did Jefferson-Pilot's Communication's portfolio of television and radio stations. By the mid-1980s, Jefferson-Pilot Communications was active in four markets: Charlotte, North Carolina; Miami, Florida; Denver, Colorado; and Atlanta, Georgia. The company had holdings in television, as well as AM and FM radio. In 1985, Jefferson-Pilot Communications expanded again, this time with the acquisition of two San Diego radio stations, KSON (AM) and KSON (FM).

"At the time, we were looking for growth markets," remembered Clarke Brown, who was sales manager in Atlanta during the acquisitions. "We wanted underdeveloped properties that could be turned around."[11]

To turn the San Diego stations around, Brown was sent to San Diego to help run them. From this acquisition until 1992, Jefferson-Pilot Communications did not open any new media markets. Instead, the company purchased radio stations in cities in which it already operated, including WAXY in Miami in 1991 and KCKK and KQKS (FM) in Denver in 1992.

The Merger

At the insurance companies, the financial trends first reported in the beginning of the decade were accelerating by the mid-1980s. In 1986, Jefferson Standard reported an increase in earnings of 8.5 percent while Pilot Life experienced a decline of 20.8 percent.[12]

The reason for this disparity was simple and obvious: health and group accident insurance. By the 1980s, the health care situation in the United States had changed dramatically. After decades of fairly steady and reasonable increases, the cost of health care was beginning to surge. Contributing factors included an aging population, new and expensive treatments, and rising costs of malpractice insurance. As a result, Pilot Life found itself subsidizing its health and group accident operations from its more profitable life insurance. For the short term, President Louis Stephens opted to keep the health and group accident lines until the future became clearer.

Much more important considerations were at hand, after all. By this time, Jefferson Standard and Pilot Life had been united under the same corporate umbrella for thirteen years, along with the Jefferson-Pilot Communications subsidiaries. And although they remained independent companies, they continued to move closer because of the many benefits of close operations. Computers, more powerful than ever before, penetrated deeper into the working environment, offering efficiency and savings at all levels. Similarly, it made sense to combine some investment and administrative operations.

In 1986, Roger Soles announced that his 20-year program of consolidation would finally reach its natural conclusion. As of January 1, 1987, Jefferson Standard and Pilot Life would be merged to create Jefferson-Pilot Life Insurance Company.

In 1987, Jefferson Standard and Pilot Life merged into one financial services and insurance company. Here workers remove the Jefferson Standard sign from the building in downtown Greensboro and put up the new JP signage.