SMITH GROUP
DISABILITY & REINSURANCE CONSULTANTS

November, 2013

Dear Smith Group Client:

We are pleased to provide the 3rd Quarter 2013 Earnings Conference Call Summary for leading group LTD carriers.

This report is based on insurers' quarterly earnings releases. The data and information upon which this summary is based are readily available in the public domain. Sources include press releases, statistical supplements, SEC filings, and earnings conference calls. As a service to its reinsurance and consulting clients, Smith Group compiles this earnings information, analyzes group LTD statistics, and identifies notable trends.

This summary is not intended to make predictions about insurers or their results.

Direct inquiries to:
Joe Skvorak
jskvorak@smithgroupre.com
707 Sable Oaks Dr.
South Portland, ME 04106
(207) 879-5680

Prudential Financial

Profit (not reported by business line):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)	3Q13 Loss Ratio	3Q12 Loss Ratio
Group Disability	NA	NA	91.9%	93.9%
Group Life	NA	NA	84.8%	90.7%

EP/Sales:

Line of Business	3Q13 EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales ($000,000)
Disability	$223	$13	$231	$28
Life	$948	$33	$1,010	$18

Notable Statements

● Annual review of actuarial assumptions had a favorable impact of $45 million in Group Insurance reflecting updates of both life and disability claims reserves based on experience studies.

● After adjusting for the reserve refinements reflecting our annual actuarial reviews, Group Insurance earnings amounted to $23 million in the current quarter compared to $28 million a year ago. The decrease reflected higher expenses and a lower contribution from investment results, which together, more than offset improved claims experience in group life.

Analyst Questions

● On the disability, the loss that you show, if we adjust for the actuarial assumption change, I think was around 96%, which is worse than where it was before. So maybe just talk about what you're seeing in the disability business, what drove the deterioration there and just progress on your re-pricing initiatives?

Response: So the disability ratio this quarter was, on a normalized basis, 96% versus the year-ago of 96.5%. So, we've come down slightly but it is worse than it was last quarter, which was 93.2%. Now we said the process wasn't going to be linear and that we're going to kind of grind the ratio back down, were the words that we've been using, and that's exactly what we're doing. But if you look at incidence, severity and termination for a moment, third quarter to third quarter where we did see improvement, incidence decreased, severity was slightly higher but terminations increased. And I'll come back to termination in a second because that's an important part of the equation. Third quarter and second quarter, both incidence and severity both increased somewhat, severity more than incidence, which more than offset the increase in terminations. So, you did have a little bit of a step back there. But I think the important issue is that we've been working really hard on claims management. And the terminations in both cases have gone up. So we're

dealing with the problem. We're about 1/3 of the way through it at this point. We're re-pricing certain cases. We're letting others lapse and we're working on the terminations themselves, which are showing material improvement. So we'll get there but it isn't going to be linear. But if you look on a sort of four quarter rolling average, I think you'll see improvement as we go forward.

Unum

Profit (Before FIT and net realized investment Gains/Losses):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)	3Q13 Benefit Ratio	3Q12 Benefit Ratio
Unum US	$219.8	$216.3	72.0%	73.0%
LTD/STD	$78.6	$74.5	82.9%	84.9%
Life & AD&D	$58.5	$56.1	71.6%	72.3%
US Supp & Vol	$82.7	$85.7	52.3%	51.5%
Unum Limited	$31.3	$27.5	70.6%	77.7%
Colonial	$69.0	$68.7	53.1%	52.9%

EP/Sales

Line of Business	3Q13 EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales ($000,000)
Unum US	$1,124.6	$121.8	$1,111.9	$122.8
LTD	$385.0	$25.7	$392.4	$23.6
STD	$129.5	$12.8	$120.1	$14.1
Life	$305.2	$23.3	$297.3	$24.5
AD&D	$30.5	$2.2	$29.2	$2.2
Voluntary/Supp	$274.4	$57.8	$272.9	$58.4
Unum UK	$137.3	$17.3	$175.2	$17.0
LTD	$96.5	$10.3	$102.9	$10.4
Life	$25.6	$6.1	$56.4	$5.6
Other	$15.2	$.9	$15.9	$1.0
Colonial	$309.1	$76.1	$299.4	$78.4
Acc/Sick/Dis	$185.0	$50.2	$181.8	$51.6
Life	$55.6	$13.7	$52.2	$14.4
Cancer & CI	$68.5	$12.2	$65.4	$12.4

Notable Statements

Unum U.S.

● LTD sales increased 9% in Unum U.S., while core market sales in Unum U.S., which includes our STD, LTD and group life lines of business, increased 2%, and voluntary benefit sales in Unum U.S. grew 6%.

●Persistency trends in our Unum U.S. lines remain in line with our expectation, helping to produce positive premium growth for Unum U.S. in total. I would add that we continue to see little benefit to premium income from the overall economy and employment trends on our business.

● On our group disability business, we continue to perform very well with the benefit ratio at a tick under 83% for the third quarter of 2013, which compares favorably to

almost 85% in the year-ago quarter and 84% in the second quarter of 2013. The underlying experience continues to be strong with stable to lower overall claim incidence and continued strong claim recovery performance

● Group life and AD&D also produced good results for the quarter with operating income increasing by 4.3% to $58.5 million. The benefit ratio was steady in the quarter at 71.5%, reflecting favorable underlying risk experience.

● The supplemental and voluntary line reported operating income of $82.7 million for the quarter, down from the $85.7 million in the year-ago quarter. The benefit ratios for the primary lines of business were slightly higher from the year-ago results but very much within our expectations as the underlying risk results remain generally stable. Persistency trends also tracked with our expectations in the third quarter.

Unum UK

● Operating earnings were GBP 20.1 million for the third quarter, improved from the year-ago quarter, which was GBP 17.3 million, but off slightly from the second quarter of GBP 21.8 million. We're pleased with the overall progress we're seeing in our U.K. business, particularly with the re-pricing and repositioning of the group life block of business.

● The underlying claim experience for the group life business improved in the quarter. We did have softer sequential results in the group disability product in the quarter. However, this is not too surprising given that historically, we are subject to seasonal volatility with disability claims in the quarter. Overall for the U.K., this quarter's results are within our anticipated range, and we continue to make solid progress on restoring the high-margin expectations we have for this business.

● Sales are up by 3.7% this quarter in local currency. Disability sales in the core market showed an increase year-over-year, while sales in the group life market increased due to higher enrollments on existing cases.

● Persistency in the U.K. continues to be impacted by the pricing actions we are taking, particularly in the group life line where the lapse of an unprofitable large case during the quarter helped contribute to a reduction in persistency to 65%. These are all driven by the actions that we put in place to improve the profitability of the book and are trending as we expected. Persistency in the disability line remains relatively stable at 82%.

Colonial

● Colonial Life continues to produce solid steady results with operating income at $69 million for the third quarter. The benefit ratio is slightly higher at 53% for the quarter as we experienced slightly unfavorable risk experience in life product line and the accident, sickness and disability product line, which offset improved claim experience in the cancer and critical illness product lines.

● Aggregate sales were down 3%, but premium income grew 3.2% for the quarter and 3.5% for the first 9 months of the year. The decline in sales is primarily attributable to the ongoing slowdown in activity in the small end of the market. This is particularly true in the less-than-50 lives market where the most disruption seems to be going on from the implementation of health care reform. In fact, we're seeing new account activity down by as much as 28%.

Analyst Questions

● Regarding the strong recovery in group LTD sales in the U.S., what's changed relative to the prior two quarters? I know a significant focus by some benefit managers at large corporations on the looming Affordable Care Act implementation had been a drag in the first half. Did that ease off in third quarter? I'm trying to get a better sense of what changed.

Response: I'd say the headwinds that we had been feeling through the first half of the year are definitely still out there in the market when it comes to health care reform. That being said, we did see that abate just a bit as a number of health care decisions, particularly for large employees, get made around midyear, and so they can now turn their attention a bit to some of our lines of business. So we were encouraged to see the increase in disability. We're encouraged to see the increase, as Tom mentioned, in our core and in our voluntary benefits sales. But we're still cautious around the outlook given that employers still have a great deal to work through, particularly in the small end of the market. And with fewer prospects out there, fewer employers looking to make changes, we continue to see a pretty aggressive pricing environment as carriers are looking to meet sales goals with fewer prospects available.

● You should have some clarity, I think, on January 1 renewals. So I'm just curious in the light of maybe the prior conversation about kind of how employers are looking at the situation, are you seeing anything that fundamentally changes your outlook on what persistency is going to look like as you head into 2014?

Response: We do have a pretty good line of sight, particularly towards the larger end of the market where employers are making decisions with a bit more lead time for implementation. And I think, on balance, we actually feeling pretty good about our renewals. As you know, we've been consistently, over the last couple of years, looking at modest rate increases in the 5 to 8 sort of mid- to high-single-digit ranges. We're having good success with that placement. Persistency is tracking well within our expectations. So, we feel very good about that. That's sort of the flip side of the malaise of health care reform, is when employees are sorting through health care decisions, it does add to the stickiness of existing programs, so it helps facilitate, I think, a pretty successful renewal approach here.

Standard Financial Group

Profit (Operating income, pre-tax, excluding after-tax realized investment gains or losses):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)	3Q13 Ben Ratio	3Q12 Ben Ratio
Insurance Services	$78.3	$62.4	74.9%	79.4%

EP/Sales

Line of Business	3Q13EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales ($000,000)
LTD	$191.3	$9.0	$199.1	$6.5
STD	$56.4	$3.0	$52.5	$3.2
Life & AD&D	$210.4	$10	$218.3	$6.2
Other	$19.8	$7.7	$19.7	$4.6
ERR	($3.2)	----	($6.5)	----
Total EB	$474.7	$29.7	$483.1	$20.5

Notable Statements

●In the Insurance Services segment, pretax income for the third quarter was $78.3 million. That compares to $62.4 million for the third quarter of 2012. This growth in income was largely due to the very favorable claims experience in our group insurance business. Our group insurance benefit ratio was 75.1% for the third quarter of 2013 compared to 79.7% for the third quarter of 2012. We are seeing the benefits of a slowly improving economy in conjunction with our re-pricing actions related to long-term disability claims incidence.

● In addition to the effects of our pricing actions, we saw the benefits of favorable claims volatility this quarter. To put these results in perspective, on a constant discount rate basis, the group benefit ratio is our third lowest in our 14 years as a public company.

●Consistent with our guidance, group insurance premiums for the third quarter of 2013 decreased 1.7% compared to the third quarter of 2012. Contributing to the decline in premiums during the quarter was a slight reduction in the workforce among our current customers. As we have seen for several quarters now, the decline in employment levels continues to moderate, although year-over-year employment growth is still slightly negative. We are hopeful that organic growth will return in 2014.

●Group insurance sales, reported as annualized new premiums, were $29.7 million for the third quarter compared to $20.5 million for the third quarter of 2012. And as you know, historically, the third quarter is typically one of our lower sales quarters. This continues to be a difficult sales environment. There are still significant uncertainties in the general economy and distractions due to the introduction of the Affordable Care Act.

Year-to-date, sales are down mostly due to fewer large cases, and the pipeline is not as robust as we would like.

●Our third quarter discount rate used for newly established, long-term disability claim reserves was 3.75%, 25 basis points lower than the 4% discount rate used for the third quarter of 2012. The 25 basis point lower discount rate used for this quarter resulted in a corresponding decrease in quarterly pretax income of approximately $2 million, which equates to an increase of about 40 basis points in the quarterly group insurance benefit ratio.

Analyst Questions

●Maybe just to get a little more color on the claims and the favorable actual expected in the quarter. And I guess, what did you see incidence, favorable recoveries? Was it broad-based across sectors? Maybe just a little bit more color on what was a fairly dramatic decline in ratios?

Response: I think I'd start by saying, there are really two drivers on the benefit ratio here. One was really some favorable volatility that Greg mentioned in his comments a moment ago, and really, the traction that we're getting our re-pricing efforts, and that's really driving a lot of this. Having said that, we always caution against looking at the benefit ratio on any quarterly window because of the inherent volatility in a short period of time. And really, we'd point you to the annual ratio, which is right around 80% at this point, and we like that number a lot. Within the quarter, we saw a lot of things moving. And probably, just going from general to more specific, all product lines really contributed to the result this quarter. We did see good improvement in LTD, but we also saw contributions from Life. And even our smaller premium lines, like STD and Dental, played into it as well. Within the LTD line, which is something we've commented on historically at some detail, we've seen incidence moderate throughout the year in a positive way. Still remains, though, a little above where we were prior to the recession. Recoveries remain strong, and that helped out in the quarter as well.

● One question just around the loss ratio, as well. Do you feel like you've seen enough kind of from the rate increases, the incidence improvement where that benefit ratio can decline back towards that 74% to 78% historical range? Or have you not really seen enough yet in terms of a return of wage growth and employment levels?

Response: Chris, I think I would, again, kind of point you to the annual numbers that we're seeing. And even if you look at 2012, recorded volatility between second, third and fourth quarter jumped all over and fourth quarter after really good -- third quarter jumped back up. When we look at that -- at those numbers, that the annual number's a better place to look throughout the year. And as Floyd said earlier, it's right around 80, just below the bottom end of our range for guidance, and we think that's a pretty good marker.

When you think of sort of historical range that we've given, I mean, before the financial crisis, we used to say around 76%, 73.6% to 78.3%. Now remember, that was sort of a 5-

year range at that point in time. And even when we got those benefit ratios, we would have said, for example, in 2008 when we got the benefit ratio of 73.6%, we said this was not sustainable, so be cautioned. I mean, that was, when you look at the historical numbers, that was in a different interest rate environment. Since then, our mix of business has changed. So you probably shouldn't get too hung up on sort of one benefit ratio number and particularly, not be distracted by sort of where the historical numbers have been.

● I had a question about healthcare reform. Wondering on the voluntary product side, how you guys are planning to participate in private exchanges once those go into effect?

Response: Certainly, with the exchange business, I don't think you'll see us out on any of the public exchanges that are out there. We are continuing to look at private exchanges, and we'll pick a spot where we think it works best for us. We've got a long history of success in our voluntary benefits platform, and we continue to invest in that platform and we'll do so, I think, for the next couple of years.

● You talked about the pipeline for new business not being kind of what you'd like. Is this just, again, continued ACA uncertainty that's creating that, or is it on a stubborn employment market? Just any additional color there would be helpful.

Response: We are disappointed with our 1/1 pipeline. And you mentioned the ACA. That's certainly a contributing cause. A number of our brokers and consultants are still working with employers on changes to medical insurance plans. It looks like that's going to continue into next year. But I also want to mention that new sales are particularly competitive out there right now. There probably are less opportunities in those that are there are extremely competitive, and this is all happening at a time when we've been very, very disciplined in our pricing. So, those things are all converging to push down our 1/1 sales outlook.

Aetna

Profit (Operating income, pre-tax, excluding after-tax realized investment gains or losses):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$19.7	$29.3

EP

Line of Business	3Q13 Earned Premium ($000,000)	3Q12 Earned Premium ($000,000)
Group Insurance	$577.7	$531.2

Analyst Questions

● Group operating earnings declined both year-over-year and sequentially, as we experienced higher claim incidence, primarily in our Group Life business. Our Group Life results appeared to be consistent with the statistical variance associated with this business. And this variance is not projected to continue in 2013. Our financial position, capital structure and liquidity all continued to be very strong.

Principal Financial Group

Profit (Operating income, post-tax, excluding after-tax realized investment gains or losses):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)	3Q13 Loss Ratio	3Q12 Loss Ratio
Specialty Benefits	$31.7	$16.3	65.3%	71.8%
Group Disability	---	---	73.5%	85.6%
Group Life	---	---	60.0%	74.9%

*Life & Health Division includes Individual Life, Health Insurance and Specialty Benefits

Line of Business	3Q13EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales ($000,000)
Disability	$76.7	$13.8	$73.5	$16.7
Life	$85.5	$9.8	$81.6	$11.8

Notable Statements

● Specialty Benefits operating earnings of $32 million, were up 74% from the adjusted year-ago quarter. The current period loss ratio of 65% compared favorably to the 72% result in the year-ago quarter, and was a large contributor to the earnings gain. We continue to expect our quarterly loss ratios to be in that 65% to 71% range.

● Specialty Benefits premium and fees grew 3% over a year-ago quarter. On a trailing 12-month basis, premium and fees were up 4%, relative to our 6% to 8% target, reflecting our focus on profitable growth.

Analyst Questions

● If I could just ask one on Specialty Benefits, where your results have been, it's a very strong year-to-date with favorable claims experience. You've also seen some modest sales growth. Just could you talk a little bit about what you're seeing in the group market in terms of both claims trends, as well as the competitive environment?

Response: A lot of discipline on the part of the team to achieve nice growth and, at the same time, be profitable. Remember that our average size plan for Specialty Benefits is approximately 40 employees. It's diversified by industry and, frankly, by geography. And we have done a good job kind of balancing growth and profitability. In terms of health care reform and how it might impact Specialty Benefits, there's a pediatric benefit that comes out of the dental component that has to be included in health care reform on the medical plans. So, Principal continues to monitor that. In most states, what most carriers are doing is, even though they have the pediatric benefit within the health insurance

program, they're still purchasing dental insurance. It is a comprehensive solution. It's a best practice on the part of the advisor. So we don't see health care reform derailing our model of distribution today for Specialty Benefits. Having said that, we'll continue to evaluate both the public and the private platforms for our products.

● Any comments on just the pricing environment? You've had a tailwind in the past couple of years as most people in the market have been raising prices. Are you still seeing that? Are you seeing any signs of increased competition?

Response: Yes. It's a competitive marketplace, and our rates tend to always be -- we're a top 5 provider in Specialty Benefits. And so there are new entrants from time to time that can be disruptive to the industry, but I would say that it's no more or any less competitive than it's been in the last few years. So it's game as usual, I suspect.

Cigna

Profit (Income from continuing operations, excluding realized investment gains/losses, after taxes):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)
Group Disability & Life	$92	$64

EP

Line of Business	3Q13 EP ($000,000)	3Q12 EP ($000,000)
Disability	$402	$350
Life	$383	$355

Notable Statements

● Third quarter earnings in our Group business were $92 million, reflecting stable results within our Disability book of business, partially offset by unfavorable life claims. The quarter also benefited from $26 million after-tax of favorable impacts from reserve studies, which compares to a $5 million favorable impact from reserve studies in the third quarter of 2012.

Analyst Questions

● On the Disability and Life business, it looks like you'd stabilized from relatively low level of profits in the first quarter rebounded in second and third quarter, now it looks like you're expecting that to drop back off in the fourth quarter. Is there something to highlight there?

Response: I'd take you back to headlines first, and you have kind of picked up on the overall headlines. The group business has been performing really well in a challenging environment. The reporting dynamics on that business are a little different from what you're used to in our core health care business. There is more variability in results due to the nature of th**e** business. So really, what we're talking about is some normalization across the year to a good result.

Assurant

Profit (Net operating income after tax, before net realized gains and losses and the after tax effect of one time events.):

Line of Business	3Q13 Profit ($000)	3Q12 Profit ($0000)	3Q13 Loss Ratio	3Q12 Loss Ratio
Employee Benefits* (includes DRMS)	$6,149	$13,246	72.7%	68.6%

* Employee benefits includes dental, disability & life

EP/Sales

Line of Business	3Q13 EP ($000)	3Q13 Sales ($000)	3Q12 EP ($000)	3Q12 Sales ($000)
LTD & STD	$99,820	$13,642	$102,218	$9,748
Life	$47,796	$9,080	$46,453	$7,558

Notable Statements

● Assurant Employee Benefits continued to make progress scaling our Voluntary products and services, another key targeted area for long-term profitable growth. Total sales increased by 41% from the third quarter of 2012. This demonstrates that our streamlined enrollment capabilities and broad product portfolio are attractive to small employers and their employees.

● Macroeconomic trends continue to pressure results in long-term disability. Low interest rates along with modest job and wage growth will continue to challenge this business. We’re accelerating expense management efforts to improve disability returns as we continue to grow our Voluntary business.

● At Employee Benefits, less favorable disability experience decreased earnings. The reduction was largely driven by lower claimant recovery rates, but incidence levels also increased over the prior year. Experience across all other product lines ran as expected. Net earned premiums and fees were level with the third quarter of 2012. Growth in Voluntary was offset by premium declines in our employer-paid business, particularly long-term disability. We continue to maintain strict pricing discipline for both new and renewal business. For the full year, we expect continued growth in our Voluntary business, and additional expense actions are already underway to improve returns.

MetLife

Profit (Operating Earnings after tax, before after-tax investment gains/losses):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)	3Q13 Loss Ratio	3Q12 Loss Ratio
Group, Voluntary and Worksite	$226	$283	---	---
Group Life	---	---	90.3%	88.1%

EP

Line of Business	3Q13 EP ($000,000)	3Q12 EP ($000,000)
Group Non-Medical *	$1,602	$1,555
Group Life	$1,352	$1,379

*Group Non-Medical includes dental, disability, long-term care, AD&D, critical illness and vision.

● Group, Voluntary & Worksite Benefits reported operating earnings of $226 million, down 20% year-over-year. The primary drivers were weaker underwriting results in group life and disability, higher expenses due to reinvestment in the business and less favorable catastrophe experience versus a favorable result a year ago.

● The non-medical health benefit ratio was 90.5%, up 2 percentage points from the prior year quarter of 88.5% and just above the top end of the targeted range of 86% to 90%. The primary driver for the increase in the ratio was weaker underwriting results in group disability due to higher severity. Incidence rates were generally in line with the prior year quarter and plan. As a reminder, a 1-percentage-point change in the non-medical health benefit ratio equates to an operating earnings impact of approximately $10 million on a quarterly basis.

Analyst Questions

● The higher severity of claims in group life and disability, is there a chance that this might continue, that this might be a sign of some pricing actions you need to take? Any clarity there?

Response: Well, when we have a chance to reprice cases, we obviously look at the individual experience, and I'm there'll be some cases we'll reprice and raise prices. That's just the nature of the beast in the pricing cycle. But because the underwriting results were really about incidence, not -- or really about severity and not incidence, that kind of tells you it's more than likely more random than expectations. And we do see this occasionally. I guess, we feel that it was severity, higher severity in both group life and disability. So I think we feel that it's a sort of normal underwriting volatility if you will and doesn't cause us to think that we're going to have to significantly change our pricing expectations.

Hartford

Profit (Pre-Tax and DAC)

Line of Business	3Q13 ($000,000)	3Q12 ($000,000)
Group Benefits (Disability, Life, Other)	$37	$37

EP/Sales

Line of Business	3Q13 EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales $(000,000)
Group Disability	$343	$32	$411	$25
Group Life	$435	$28	$468	$24

● Group Benefits had an outstanding quarter. We've been very disciplined in our management actions and the results are clearly paying off. Core earnings for the quarter were up 57%* over prior year, achieving an after-tax margin of 3.9%. Year-to-date, core earnings are up 66% over 2012, driving an after-tax margin improvement of 1.7 points. Our improved core earnings are largely attributable to a lower disability loss ratio, which came in at 87.9% for the quarter, favorable to last year by 3.6 points.

* the 57% increase refers to the core earnings which is income from continuing operations minus income tax expense and net realized capital gains or losses. Income from continuing operations was $37 million this quarter, the same amount from a year ago.

● We've commented previously that our claim recoveries were improving across our long-term disability book and this trend continued in quarter three. In particular, actual recoveries for incurral years 2011 and 2012 have emerged better than our previous expectations. This has caused us to update our reserve assumptions for claim recoveries in incurral years 2012 and prior, which contributed to our loss ratio improvement in the quarter. This also gives us high confidence in our projection for incurral year 2013 and confirms that we're making great progress on our pricing and claim initiatives.

● Heading to the favorable outlook, we're encouraged by continued signs of declining incidence rates. As you recall, incidence rates have been stable for several years but at historically elevated levels. As our 2012 data has matured, and now with a very early look at 2013, we have continued to see a modest but consistent decrease in incidence rates, approaching levels more in line with long-term patterns. Looking to both recovery and incidence trends, we believe they established a strong profit driver for us moving forward.

● Shifting to the top line. This is the second consecutive quarter of year-over-year growth in new sales, posting $63 million this quarter, up 15% from 2012 as conditions in certain sectors of the new business marketplace have improved. We're also working aggressively on our January 2014 renewal block, which is particularly important for the National

Accounts segment. We're maintaining our disciplined approach to pricing and underwriting on our multi-year contracts. Our execution on renewals and new sales, in conjunction with favorable emerging trends in our book of business, indicate that we are well along our journey to achieve target profitability levels.

Analyst Questions

● Can you just talk about incidence trends in Group? And how they compared sequentially with the second quarter, which was obviously very strong?

Response: I would say that sequentially, the incidence trends in the third quarter compare very consistent with second quarter, right? So we're finally seeing some improvement relative to those patterns. And third quarter sat right on top of second quarter.

Fourth quarter is our seasonally highest and best quarter in Group Benefits. So again, there'll be, I'll call it, seasonality and incidence in termination improvements that will ultimately come through when we report fourth quarter earnings.

● Just an update in terms of the legal entity separation. You had mentioned to kind of strip out the Group Benefits piece. Any timeline for when you expect to have that done?

Response: We feel very good about it. We've gotten, I'll call it, the legal entity approved in New York. And we got to get some product filings approved. We got to finish couple a little operational activities with admin systems. But I would say mid- to late-first quarter, we'll have that all done.

Lincoln Financial

Profit (Post tax)

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)	3Q13 Loss Ratio	3Q12 Loss Ratio
Group Protection	$23	$16	73.4%	75.7%
Group Disability	---	---	73.2%	76.3%
Group Life	---	---	74.2%	76.8%

EP/Sales

Line of Business	3Q13 EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales ($000,000)
Group Protection	$516	$107	$473	$97
Group Disability	---	$47	---	$41
Group Life	---	$43	---	$41

Notable Statements

● Turning to Group Protection. Sales growth in both our core and voluntary segments has been supported by the addition of brokers and new products. Worksite sales, a part of voluntary results, are being driven by third-party enrollment firms and traditional brokers. The goals of expanding shelf space and partnered distribution are working in Group, as it does in our other business lines. Reflecting this product progress, third quarter sales of $107 million increased 10% from the prior quarter. In the voluntary segment, sales increased by 11%.

● While we have been successful in achieving price increases throughout the year, we intend to push even harder on both renewal and new business pricing as we close 2013 and move into 2014. Our improved product offering and distribution strength better positions us to raise prices. And we remain focused on meaningfully improving our ROEs over the next 24 months. As we move forward with an eye on achieving stronger renewal rates and new business prices and maintaining consistency, we expect to produce solid results that enable us to deliver on our strategy for accelerated profitable growth in the Group business.

● Group Protection earned $23 million in the third quarter compared to $16 million in the prior year quarter. The quarter's results included approximately $3 million of net favorable items. The year-over-year improvement in the nonmedical loss ratio of 73.4% was within our targeted range, down from 75.7% in the third quarter of 2012. Nonmedical premium growth, which came in at 10% for the third quarter, has been consistent over recent quarters as the combination of expanded distribution and product offerings have expanded our sales footprint. Looking forward, while the overall economic environment will likely continue to interject some level of volatility into Group's results, we expect to see continued gradual improvement from the Group business as price increases on both new and renewal business benefit earnings.

Sun

Profit (Net income after tax):

Line of Business	3Q13 Profit ($000,000)	3Q12 Profit ($000,000)
Employee Benefits Group (U.S.)	$23	$12

EP/Sales

Line of Business	3Q13 EP ($000,000)	3Q13 Sales ($000,000)	3Q12 EP ($000,000)	3Q12 Sales ($000,000)
Employee Benefits Group (U.S.)	$556	$120	$528	$96

● Our U.S. continuing operations reported operating earnings of $101 million, up 28% from a year ago. This improvement reflected higher interest rates in equity markets and a positive impact of assumption changes, partially offset by negative claims experienced in employee benefits group, and mortality experience in our closed life business

● Total EBG sales in the quarter increased 25% compared to a year ago. Within EBG, voluntary benefits sales increased 47% compared to last year. Sales of international investment and life products increased by 26% and 182%, respectively, compared to the third quarter of 2012, driven by expanded distribution

Summary

Company	Earnings	Sales	EP
Prudential	**Not reported by line of business**	**Dis: $13M (↓53.6%)** **Life: $33M (↑83.3%)**	**Dis: $223M (↓3.5%)** **Life: $948M (↓6.1%)**
Unum	**LTD/STD: $78.6(↑5.5%)** **Life/AD&D: $58.5M (↑4.3%)** **Limited: $31.3M (↑13.8%)** **Colonial: $69.0M (flat)**	**U.S Brokerage** **LTD: $25.7M(↑8.9%)** **STD: $12.8M(↓9.2%)** **Life: $23.3M(↓4.9%)** **AD&D: $2.2M(flat)** **Vol: $57.8M(↓1%)** **Unum Limited** **LTD: $10.3M(↓1%)** **Life: $6.1M(↑8.9%)** **Colonial** **Acc/Dis: $50.2M(↓2.7%)** **Life: $13.7M (↓4.9%)** **Can/CI: $12.2M (↓1.6%)**	**U.S. Brokerage** **LTD: $385M (↓1.9%)** **STD: $129.5M (↑7.8%)** **Life: $305.2M (↑2.7%)** **AD&D: $30.5M (↑4.5%)** **Vol: $274.4M(flat)** **Unum Limited** **LTD: $96.5M (↓6.2%)** **Life: $25.6(↓54.6%)** **Colonial** **Acc/Dis: $185.0M (↑1.8%)** **Life: $55.6M (↑6.5%)** **Can/CI: $68.5M (↑4.7%)**
Standard	**Group: $78.3M (↑25.5%)**	**LTD: $9.0M (↑38.5%)** **STD: $3.0M (↓6.3%)** **Life/AD&D: $10M (↑61.3%)**	**LTD: $191.3M (↓3.9%)** **STD: $56.4M (↑7.4%)** **Life/AD&D: $210.4M (↓3.6%)**
Aetna	**Group: $19.7M (↓32.8%)**	**Group:N/A**	**Group: $577.7M (↑8.8%)**
Principal	**Specialty Benefits: $31.7M (↑94.5%)**	**Dis: $13.8M (↑40.8%)** **Life: $9.8M (↓16.9%)**	**Dis: $76.7M (↑4.4%)** **Life: $85.5 (↑4.8%)**
Cigna	**Group Dis & Life: $92M (↑43.8%)**	**N/A**	**Dis: $402M (↑14.9%)** **Life: $383M (↑7.9%)**
Assurant	**Employee Benefit: $6.1M(↓53.6%)**	**LTD/STD: $13.6M(↑39.9%)** **Life: $9.1M (↑20.1%)**	**LTD/STD: $99.8M (↓2.3%)** **Life: $47.8M (↑2.9%)**
Met	**Non Medical: $226M (↓20.1%)**	**Not reported by line of business**	**Non-Med: $1,602M (↑3%)** **Life: $1,352(↓2%)**
Hartford	**Group: $37M (flat)**	**Dis: $32M (↑28%)** **Life: $28M (↑16.7%)**	**Dis: $343M (↓16.5%)** **Life: $435M (↓7.1%)**
Lincoln	**Group Protection: $23M (↑43.8%)**	**Dis: $47M(↑14.6%)** **Life: $43M (↑4.9%)**	**Group Protection: $516M (↑9.1%)**
Sun	**U.S. Employee Benefits Group: ($23M) (↑91.7%)**	**U.S. Employee Benefits Group: $120M (↑25%)**	**U.S. Employee Benefits Group: $556M (↑5.3%)**