

# Barclays Financial Services Conference

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September 9, 2014

# Safe Harbor Statement and Non-GAAP Financial Measures

Certain information contained in this presentation may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those not based on historical information, but rather relate to our outlook, future operations, strategies, financial results, or other developments. Forward-looking statements speak only as of the date made. We undertake no obligation to update these statements, even if made available on our website or otherwise. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties, many of which are beyond our control. We caution readers that the following factors, in addition to other factors mentioned from time to time, may cause actual results to differ materially from those contemplated by the forward-looking statements: (1) unfavorable economic or business conditions, both domestic and foreign; (2) sustained periods of low interest rates; (3) fluctuation in insurance reserve liabilities and claim payments due to changes in claim incidence, recovery rates, mortality rates, and offsets due to, among other factors, the rate of unemployment and consumer confidence, the emergence of new diseases, epidemics, or pandemics, new trends and developments in medical treatments, the effectiveness of our claims operational processes, and changes in government programs; (4) legislative, regulatory, or tax changes, both domestic and foreign, including the effect of potential legislation and increased regulation in the current political environment; (5) investment results, including, but not limited to, changes in interest rates, defaults, changes in credit spreads, impairments, and the lack of appropriate investments in the market which can be acquired to match our liabilities; (6) the failure of cyber or other information security systems, as well as the occurrence of events unanticipated in our disaster recovery systems; (7) ineffectiveness of our derivatives hedging programs due to changes in the economic environment, counterparty risk, ratings downgrades, capital market volatility, changes in interest rates, and/or regulation; (8) increased competition from other insurers and financial services companies due to industry consolidation, new entrants to our markets, or other factors; (9) changes in our financial strength and credit ratings; (10) damage to our reputation due to, among other factors, regulatory investigations, legal proceedings, external events, and/or inadequate or failed internal controls and procedures; (11) actual experience that deviates from our assumptions used in pricing, underwriting, and reserving; (12) actual persistency and/or sales growth that is higher or lower than projected; (13) changes in demand for our products due to, among other factors, changes in societal attitudes, the rate of unemployment, consumer confidence, and/or legislative and regulatory changes, including healthcare reform; (14) effectiveness of our risk management program; (15) contingencies and the level and results of litigation; (16) changes in accounting standards, practices, or policies; (17) fluctuation in foreign currency exchange rates; (18) ability to generate sufficient internal liquidity and/or obtain external financing; (19) availability of reinsurance in the market and the ability of our reinsurers to meet their obligations to us; (20) recoverability and/or realization of the carrying value of our intangible assets, long-lived assets, and deferred tax assets; and (21) terrorism, both within the U.S. and abroad, ongoing military actions, and heightened security measures in response to these types of threats. For further discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2013 and the subsequently filed Form 10-Qs. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by these cautionary statements.

In analyzing performance, Unum sometimes uses non-GAAP financial measures that differ from what is reported under GAAP. This presentation contains non-GAAP financial measures, including operating earnings per share, operating return on equity, book value per share (excluding accumulated other comprehensive income, or AOCI), and before tax operating income. Please refer to the Appendix for a reconciliation of the non-GAAP financial measures used in this presentation to the most directly comparable GAAP measures.

# Agenda

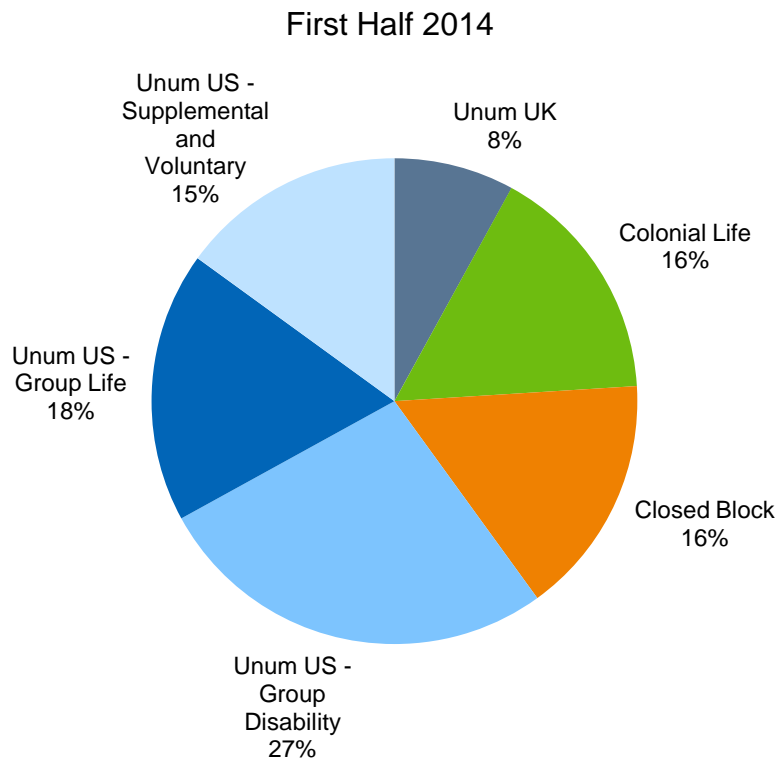
- Introduction
- Operating Trends
- Business Overview
- Outlook
- Capital Management
- Closing Comments

- Fortune 500 Company
- Leading market positions in US and UK
- Over 25 million individual customers
- Market value of over \$9 billion

# Who We Are

## DIVERSIFIED EMPLOYEE BENEFITS PROVIDER

### Distribution of Premium Income



### Financial Information

- After-tax Operating Earnings <sup>(1)</sup> – \$882.5 million (\$3.32 per share)
- Revenues<sup>(1)</sup> – \$10.3 billion
- Return on Equity <sup>(2)</sup> – 11.2%
- Book Value Per Share (excluding AOCI) – \$33.80 <sup>(3)</sup>

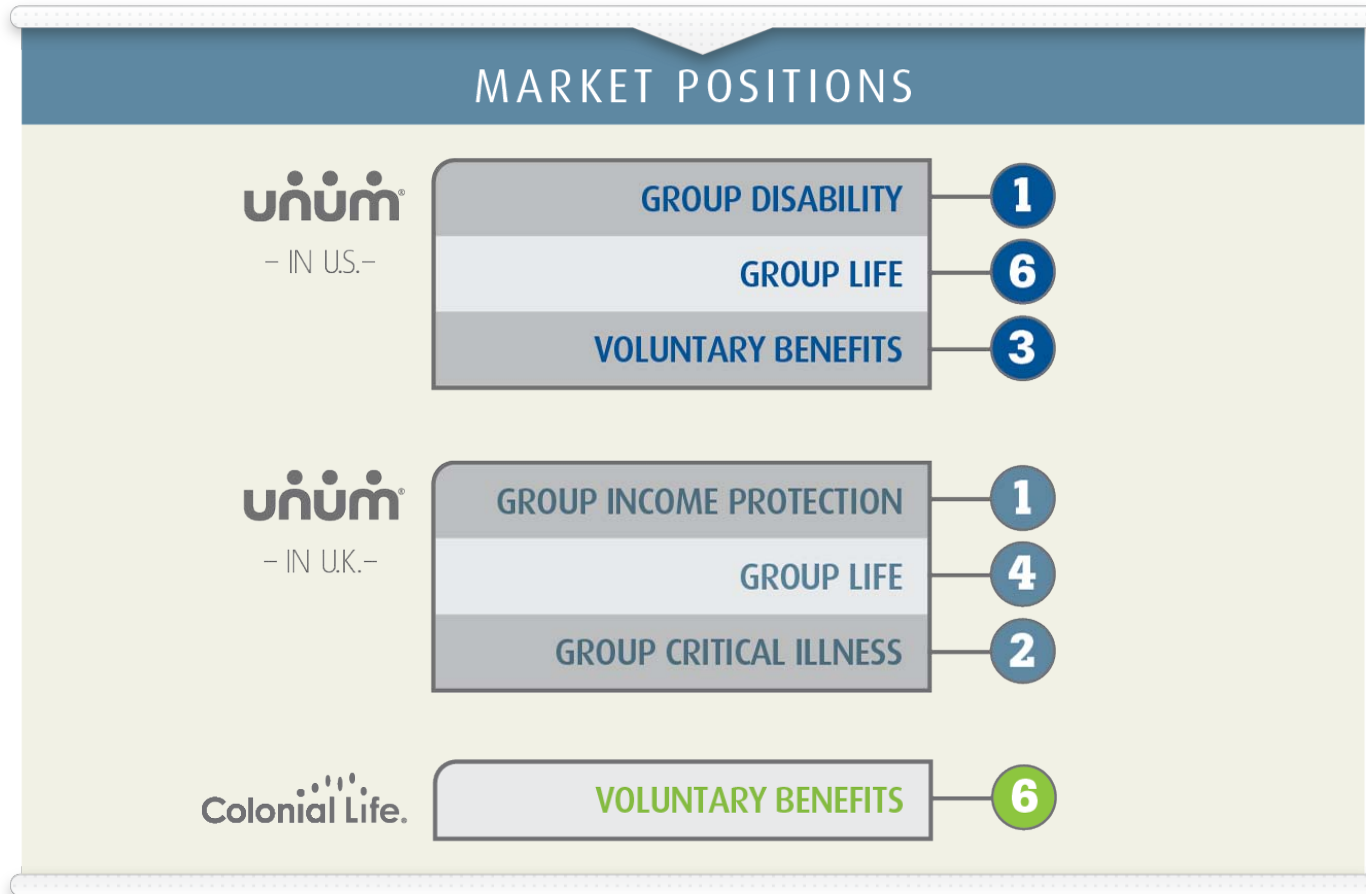
<sup>(1)</sup> Full-year 2013

<sup>(2)</sup> First Half of 2014

<sup>(3)</sup> As of June 30, 2014

# Who We Are

## LEADING MARKET POSITIONS

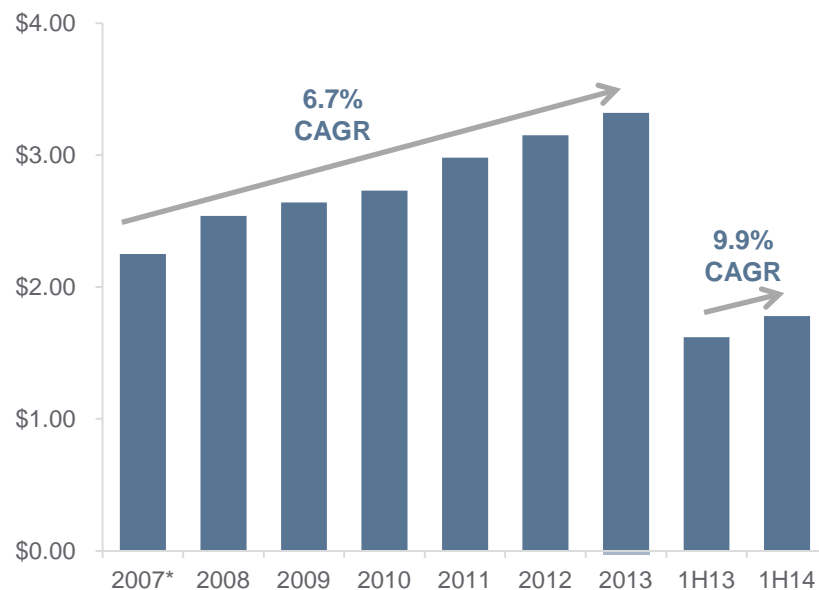


*All Market Positions Based on inforce premiums.*

# Recent Results

## CONSISTENT GROWTH IN EPS AND BVPS

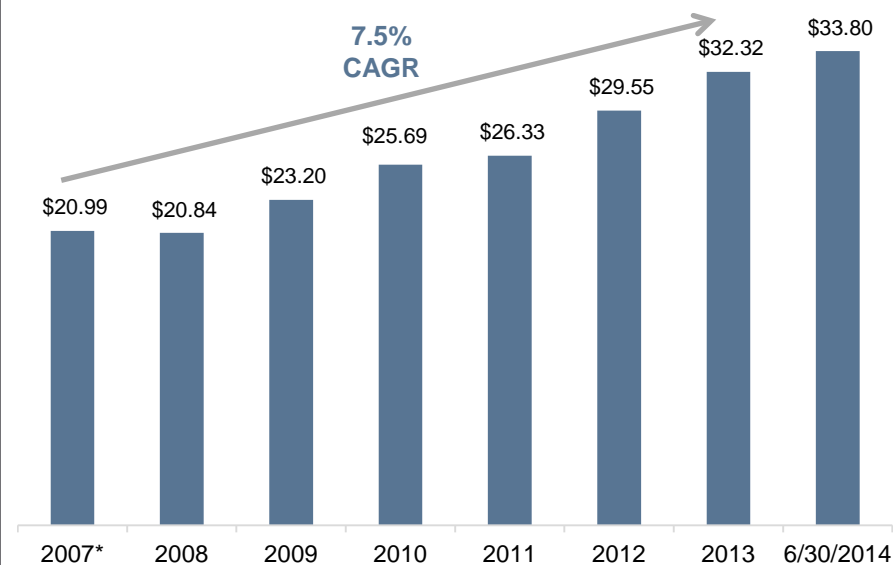
### Operating EPS



\* Does not reflect impact of ASU 2010-26 and special items.

### Book Value Per Share

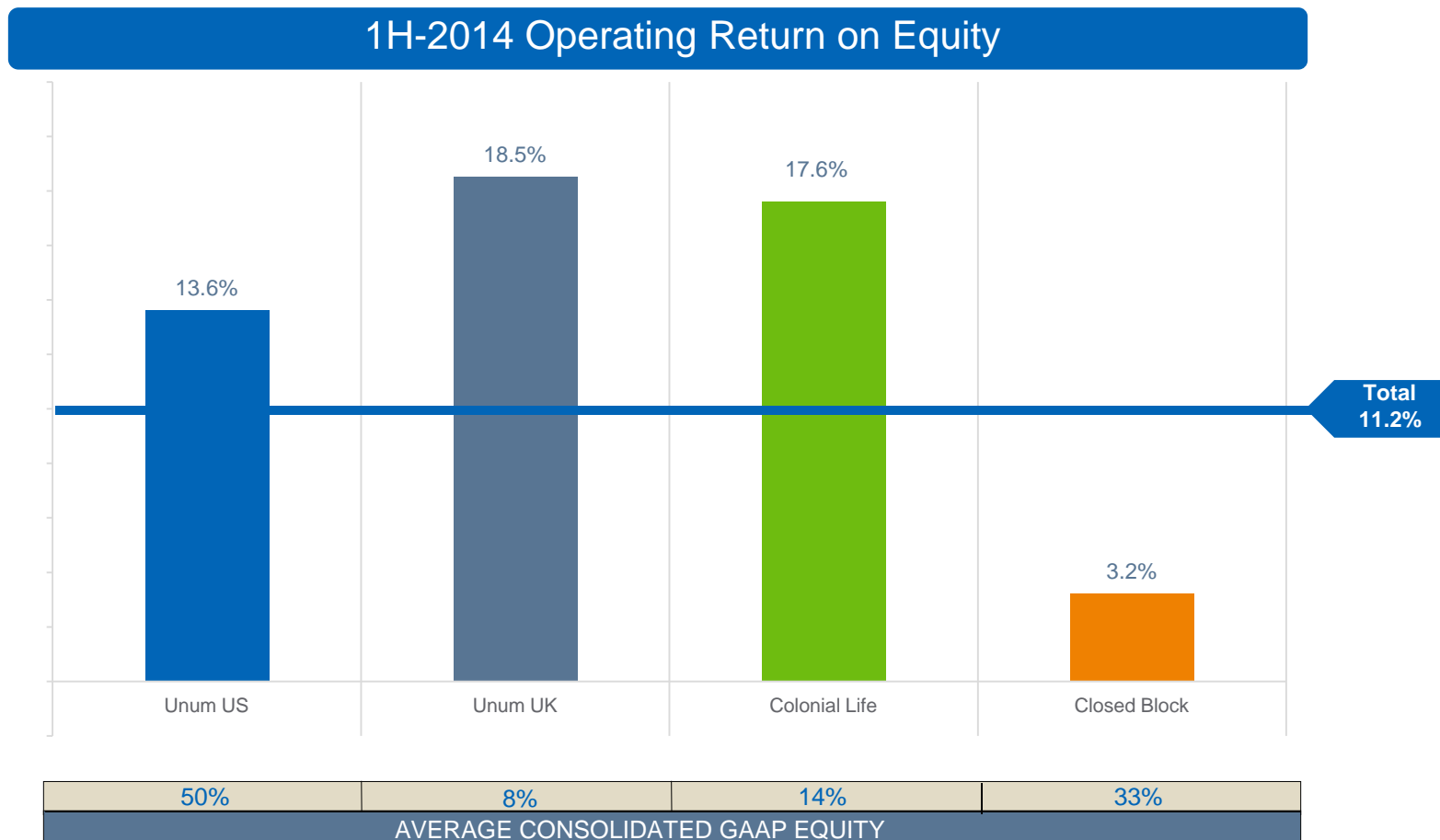
(ex AOCI)



\* Does not reflect impact of ASU 2010-26.

# Recent Results

... CONSISTENTLY STRONG RETURNS



*Average equity excludes negative allocation of corporate deficit and will therefore not add to 100%*

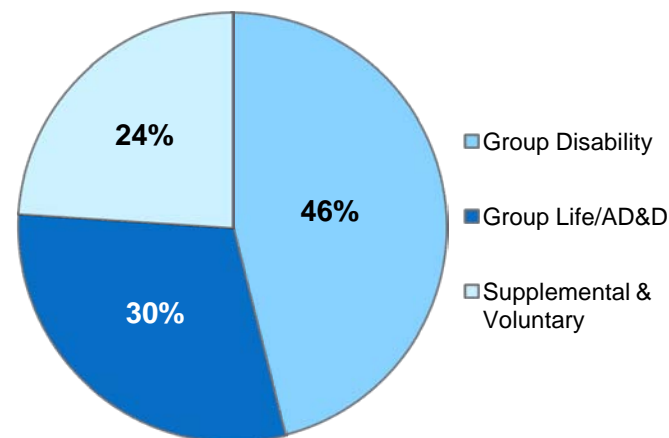


# Business Overview

UNUM US

- Products – Financial protection products, including:
  - Long-term and Short-term Disability
  - Group Life and AD&D
  - Individual Disability and Voluntary Products
- Distribution – Broker-driven distribution backed by a network of field offices and extensive home office support
- Market Position
  - Top 3 market share position across all major product lines

Premium Distribution\*



## Unum US\*

Earned Premium	\$4.5 billion
Before Tax Operating Income	\$859 million
Operating Return on Equity	13.6%

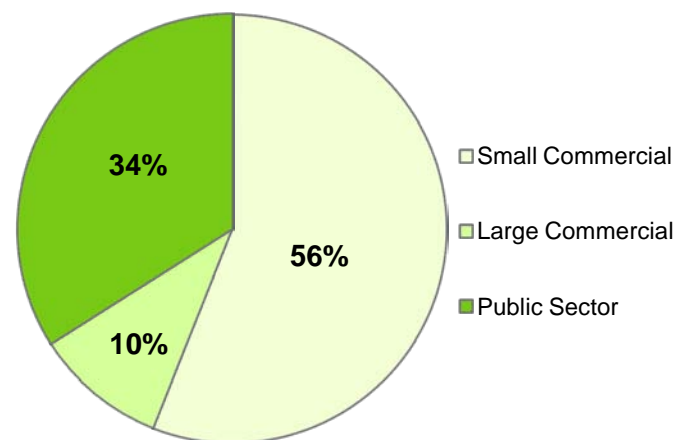
\* Year ended 12/31/2013

# Business Overview

## COLONIAL LIFE

- Products – Exclusive focus on voluntary benefits market, including:
  - Accident, Sickness, & Disability
  - Life
  - Cancer & Critical Illness
- Distribution – Agency-driven distribution that is national in scope and backed by extensive home office support
- Market Position
  - A leading Voluntary Benefits provider
  - Serving more than 80,000 businesses and over 3 million policies in force

### Premium Distribution\*



### Colonial\*

Earned Premium	\$1.2 billion
Before Tax Operating Income	\$285 million
Operating Return on Equity	16.5%

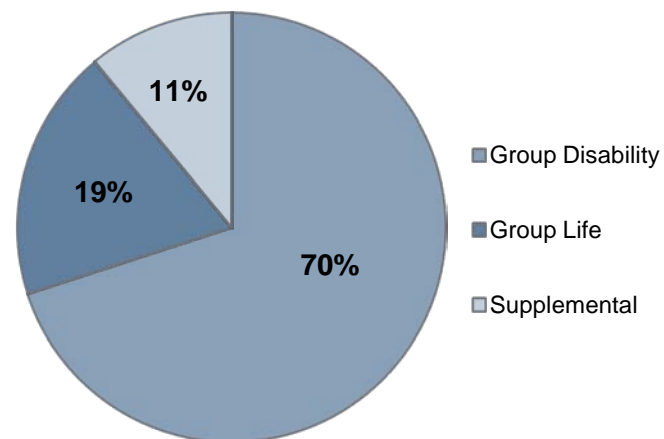
\* Year ended 12/31/2013

# Business Overview

## UNUM UK

- Products – Specializing in employer-paid protection products, including:
  - Group Income Protection (GIP)
  - Group Life and Critical Illness
  - Sick Pay Insurance
- Distribution – Broker-driven distribution backed by extensive home office support
- Market Position
  - Market leader in Group Income Protection
  - A leading provider of Group Life

Premium Distribution\*



	Unum UK*
Earned Premium	\$557 million
Before Tax Operating Income	\$132 million
Operating Return on Equity	14.0%

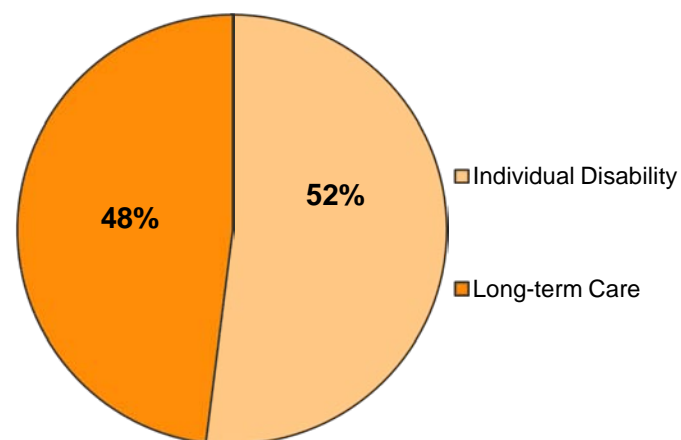
\* Year ended 12/31/2013

# Business Overview

## CLOSED BLOCK

- Products – Legacy block of discontinued products, split primarily between:
  - Individual Disability
  - Long-term Care
- History
  - IDI sales discontinued in the mid-90s
  - ILTC sales discontinued in 2009
  - GLTC sales discontinued in 2011

Premium Distribution\*



### Closed Block\*

Earned Premium	\$1.3 billion
Before Tax Operating Income	\$109 million
Operating Return on Equity	2.8%

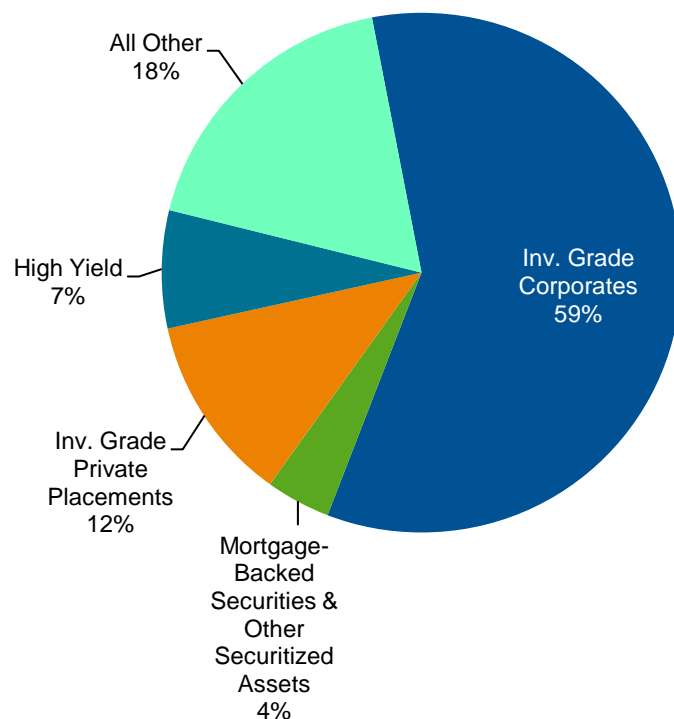
\* Year ended 12/31/2013

# Business Overview

## INVESTMENTS AND INTEREST RATE MANAGEMENT

### Invested Asset Distribution

(Book Value - \$41.8B)



Investment grade corporate bonds remain our core holding.

### Interest Rate Management

- Pricing Flexibility
- Manageable Investable Cash Flows
- Disciplined Asset Selection
- Discount Rate Adjustments

# Capital Management

## CONSISTENT CAPITAL RETURNS

	Share Repurchases	Dividend Increase	Rating Agency Actions
2008	\$700 million	---	S&P Upgrade
2009	---	+10%	
2010	\$356 million	+12%	Moody's Upgrade Fitch Upgrade
2011	\$620 million	+14%	A.M. Best Upgrade
2012	\$500 million	+24%	S&P Upgrade Moody's Upgrade
2013	\$319 million	+12%	
2014	\$200 million*	+14%	
<b>TOTAL</b>	<b>\$2,695 million</b>	<b>\$800 million*</b>	

\*Through June 30, 2014

# Outlook

## FURTHER OPPORTUNITIES FOR GROWTH

### INDIVIDUALS AND FAMILIES AT RISK

**40%** LIVE PAYCHECK TO  
PAYCHECK, WITH  
ONE-THIRD CHANCE OF  
BEING OUT OF WORK

### LOW LEVELS OF INSURANCE PROTECTION

**70%** LACK DISABILITY  
PROTECTION  
**30%** LACK LIFE  
INSURANCE

### WORKPLACE ATTRACTIVE DISTRIBUTION CHANNEL

**70%** OF EMPLOYERS SAY THEY  
HAVE RESPONSIBILITY TO  
HELP PROTECT EMPLOYEE  
WELL-BEING

### GOVERNMENT PRESSURES MOUNT

SUSTAINABILITY OF PUBLIC ASSISTANCE  
PRESSURES GROWING – PRIVATE SECTOR  
PART OF SOLUTION

# Outlook

## 2014 BUSINESS SEGMENT OUTLOOK

	Sales Growth	Premium Growth	Operating Earnings Growth	Operating ROE
Unum US	7 – 10%	0 – 2%	1 – 3%	12 – 14%
Unum UK (£)	4 – 7%	0 – 2%	5 – 8%	16 – 18%
Colonial Life	4 – 7%	2 – 4%	1 – 3%	15 – 17%
<b>Core Operations</b>	<b>5 – 9%</b>	<b>1 – 3%</b>	<b>2 – 4%</b>	<b>13 – 15%</b>
Closed Block		(4 – 6%)	6 – 9%	2 – 4%
Total Operations*			3 – 6%	10 – 12%
<b>Capital Management</b>			<b>3 – 5%</b>	<b>0 – 1%</b>
<b>Total</b>			<b>5 – 10%</b>	<b>11 – 12%</b>

\* Consolidated After-Tax Operating Earnings including Corporate Segment



# Closing Comments

- Good operating businesses with positive long-term trends
- An intense focus on the management of our closed block
- Solid financial foundation and financial flexibility
- Building value with disciplined execution

# Reconciliation of Non-GAAP Financial Measures

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# Reconciliation of Non-GAAP Financial Measures

	Year Ended December 31*						
	2013	2012	2011	2010	2009	2008	2007**
After-tax Operating Earnings	\$ 3.32	\$ 3.15	\$ 2.98	\$ 2.73	\$ 2.64	\$ 2.54	\$ 2.25
Net Realized Investment Gain (Loss), Net of Tax	0.02	0.13	(0.01)	0.05	-	(0.89)	(0.12)
Non-operating Retirement-related Loss, Net of Tax	(0.08)	(0.11)	(0.07)	(0.06)	(0.09)	(0.03)	(0.04)
Deferred Acquisition Costs and Reserve Charges for Closed Block, Net of Tax	-	-	(2.04)	-	-	-	-
Regulatory Reassessment Charges, Net of Tax	-	-	-	-	-	-	(0.10)
Special Tax Items and Debt Extinguishment Costs	-	-	0.08	(0.03)	-	-	(0.10)
Unclaimed Death Benefits Reserve Increase, Net of Tax	(0.24)	-	-	-	-	-	-
Group Life Waiver of Premium Benefit Reserve Reduction, Net of Tax	0.21	-	-	-	-	-	-
Other, Net of Tax	-	-	-	-	-	-	-
Income from Continuing Operations	3.23	3.17	0.94	2.69	2.55	1.62	1.89
Income from Discontinued Operations	-	-	-	-	-	-	0.02
Net Income	\$ 3.23	\$ 3.17	\$ 0.94	\$ 2.69	\$ 2.55	\$ 1.62	\$ 1.91

\* Assuming dilution

\*\* Does not reflect the impact of ASU 2010-26.

	Six Months Ended June 30*	
	2014	2013
After-tax Operating Earnings	\$ 1.78	\$ 1.62
Net Realized Investment Gain, Net of Tax	0.09	0.06
Non-operating Retirement-related Loss, Net of Tax	(0.01)	(0.07)
Costs Related to Early Retirement of Debt, Net of Tax	(0.04)	-
Net Income	\$ 1.82	\$ 1.61

\* Assuming dilution

	June 30	2013	2012	2011	December 31	2009	2008	2007**
	2014				2010			
					(per share)			
Total Stockholders' Equity (Book Value)	\$ 36.28	\$ 33.30	\$ 31.87	\$ 27.91	\$ 26.80	\$ 24.25	\$ 17.94	\$ 22.28
Net Unrealized Gain (Loss) on Securities	1.97	0.52	3.23	2.11	1.31	1.16	(2.53)	0.99
Net Gain on Cash Flow Hedges	1.44	1.52	1.48	1.39	1.14	1.12	1.38	0.50
Subtotal	32.87	31.26	27.16	24.41	24.35	21.97	19.09	20.79
Foreign Currency Translation Adjustment	(0.03)	(0.18)	(0.26)	(0.41)	(0.34)	(0.23)	(0.52)	0.35
Subtotal	32.90	31.44	27.42	24.82	24.69	22.20	19.61	20.44
Unrecognized Pension and Postretirement Benefit Costs	(0.90)	(0.88)	(2.13)	(1.51)	(1.00)	(1.00)	(1.23)	(0.55)
Total Stockholders' Equity, Excluding Accumulated Other Comprehensive Income	\$ 33.80	\$ 32.32	\$ 29.55	\$ 26.33	\$ 25.69	\$ 23.20	\$ 20.84	\$ 20.99

\*\* Does not reflect the impact of ASU 2010-26.

# Reconciliation of Non-GAAP Financial Measures

	After-Tax Operating Earnings (Loss)	Average Allocated Equity*	Annualized Operating Return On Equity
	(in millions)		
Six Months Ended June 30, 2014			
Unum US	\$ 281.4	\$ 4,134.1	13.6%
Unum UK	60.7	655.4	18.5%
Colonial Life	100.6	1,144.0	17.6%
Closed Block	43.9	2,738.4	3.2%
Corporate	(26.1)	(421.9)	
Total	<u>\$ 460.5</u>	<u>\$ 8,250.0</u>	11.2%

	After-Tax Operating Earnings (Loss)	Average Allocated Equity*	Operating Return On Equity
	(in millions)		
Year Ended December 31, 2013			
Unum US	\$ 563.1	\$ 4,141.8	13.6%
Unum UK	104.5	744.3	14.0%
Colonial Life	185.2	1,122.6	16.5%
Closed Block	71.3	2,580.4	2.8%
Corporate	(41.6)	(856.8)	
Total	<u>\$ 882.5</u>	<u>\$ 7,732.3</u>	11.4%

\* Excludes unrealized gain on securities and net gain on cash flow hedges and is calculated using the stockholders' equity balances presented below.

# Reconciliation of Non-GAAP Financial Measures

	Six Months Ended June 30	Year Ended December 31	
	2014	2013	
After-tax Operating Earnings	\$ 460.5	\$ 882.5	
Net Realized Investment Gain, Net of Tax	23.1	3.9	
Non-operating Retirement-related Loss, Net of Tax	(1.8)	(21.4)	
Costs Related to Early Retirement of Debt, Net of Tax	(10.4)	-	
Unclaimed Death Benefits Reserve Increase, Net of Tax	-	(62.1)	
Group Life Waiver of Premium Benefit Reserve Reduction, Net of Tax	-	55.2	
Net Income	<u>\$ 471.4</u>	<u>\$ 858.1</u>	

	June 30 2014	December 31 2013	December 31 2012
	(in millions)		
Total Stockholders' Equity, As Reported	\$ 9,243.7	\$ 8,659.1	\$ 8,612.6
Net Unrealized Gain on Securities	501.2	135.7	873.5
Net Gain on Cash Flow Hedges	369.5	396.3	401.6
Total Stockholders' Equity, As Adjusted	<u>\$ 8,373.0</u>	<u>\$ 8,127.1</u>	<u>\$ 7,337.5</u>

Average Stockholders' Equity Excluding Net Unrealized Gain on Securities and Net Gain on Cash Flow Hedges	\$ 8,250.0	\$ 7,732.3	
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	December 31 2013 (in millions)
Operating Income (Loss) by Segment	
Unum US	\$ 859.0
Unum UK	132.0
Colonial Life	284.9
Closed Block	109.4
Corporate	(143.5)
Total Before Tax Operating Earnings	1,241.8
Net Realized Investment Gain	6.8
Non-operating Retirement-related Loss	(32.9)
Unclaimed Death Benefits Reserve Increase	(95.5)
Group Life Waiver of Premium Benefit Reserve Reduction	85.0
Income Tax	(347.1)
Net Income	<u>\$ 858.1</u>